



Management's Corner

With Greg Weismantel

Epic Management Group – 630.587.9988 x22 ▶ greg.weismantel@epicglobaldtech.com

July 20, 2010

Time now to hire Line personnel....not Staff!

Most of you receiving this newsletter recognize the difference between Line and Staff positions, but to refresh memories, Line personnel are directly accountable for achieving the key objectives of the company; Staff personnel are not accountable for achieving the key objectives of the company, but ARE accountable for fully supporting and servicing the Line positions who are.

These tough economic times have been brutal on practically every company, but in particular the small and mid-level businesses (called SMB) that have had to reduce fixed costs in order to break even, and this means reducing head count in particular.

Inevitably, the economy starts to improve, profit increases start to be seen, and at some point in time the markets begin showing recovery for the products and services of the SMBs. The cries for more staff personnel always begin to be heard first, because staff personnel were usually the first people to receive their pink slips, such as those in the departments who support the line departments in administration, IT, and support services. If you are an engineering company, the cry is for more cad-drawers, drafters, and staff support; if you are a manufacturing company, more accounting, admin and IT people. The cries for more staff personnel are insurmountable as an economic down time begins to improve as is happening today. But note, I said “begins to improve.”

The temptation to hire staff is normal, and staff managers will be heard the loudest because their departments have normally been hit the hardest. After all, in reducing head count or fixed costs what actually occurred was that you pushed your breakeven point lower, requiring fewer sales to meet payroll, and you probably did it as every other company, with staff personnel eliminated first, then line. However, now the profits show improvement and markets appear improving versus year ago, even though revenues remain tepid. What you need, however, is more and more revenue while keeping the fixed costs of support personnel the sameand more revenue is only achieved when line personnel accountable for the revenue are hired first, and then as your company moves out of the recovery stage into the growth stage, hire necessary staff who are accountable for supporting the line!

So what should management do at this time as they listen to these cries to hire more staff personnel? The answer: Hire only line personnel who are accountable for the key objectives of the company – hire staff when it is no longer a recovery, but a stable period of sales and profit growth.

“You cannot be a great coach or manager until you are humble enough to know you have weaknesses.” Brian Kelly, Head Football Coach of Notre Dame