

Builders, Cutters and Maintainers: How Much Do Poor Performers Cost *Your* Organization?

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Introduction

Why do CEO's tolerate poor performance from employees at every level? Leaders readily admit that there are employees, at every level, that hurt the company. They are "Cutters." In almost all cases, Cutters are so deficient in attitude, motivation, and/or ability that they negatively impact company performance.

The net result is billions in lost revenue due to lower output, lost market share, higher compensation claims, poor morale, missed opportunities for innovation, sluggish sales, underperforming business units, losses to the competition, and poor strategic decision making. Successfully addressing "The Cutter Problem" means survival and growth for many organizations.

As a leader in your company,

- Your first objective is to recognize that Cutters damage your company, and they need to be moved or removed because they rarely respond to coaching and training.
- Your second objective is to replace Cutters with more productive employees – Builders who are the "go to" people in the company.
- Your third objective is to create a work environment that allows all employees to work to their full potential. You owe this to the hard-working employees whose livelihood depends on the success of your company. You should not feel obligated to keep poor performing employees nor should you feel predestined to continue hiring Cutters.

Cutters

Cutters are truly underperforming employees. Although some stand out like lighted billboards, many others make a career out of hiding their liabilities and appearing as "A" players at the exact right times.

Examples of Cutters include the following:

- The retail clerk who makes you feel like a jerk for asking questions or allows you to stand and wait without acknowledging your presence.
- The manufacturing employee who doesn't care about quality and blames others for his/her mistakes.
- The executive who is more focused on managing her image than on solid, long-term decision-making.
- The manager who threatens and demeans his subordinates in one meeting, then cheerleads with his superiors in the next.
- The account executive who has lost the passion for winning sales awards and is satisfied to cut out early, hit the gym and get by on his base salary.
- The worker that believes it is okay to steal if it is just small amounts.
- The professional that is so disagreeable that others dread working with him.
- The "gossip" that wreaks havoc by spewing half-truths and inciting rumors.

Cutters and Collateral Damage

It is clear that just one Cutter can negatively affect an entire group. The boss who makes his/her people walk on eggshells and squelches their creativity will eliminate all innovation in his/her group. The employee who doesn't accept responsibility and blames co-workers will cause infighting and eventually sink the morale of the entire team. Cutters cut into morale, quality, output, customer relationships, innovation, profits, and eventually, the viability of your company. It is not practical to believe that Cutters can be salvaged through heroic training and development efforts.

Builders

Builders, on the other hand, are your top performers. They are “A” players who have a passion for their job and have a knack for making the right decisions and accomplishing tasks. Builders believe in hard work and are dissatisfied with average performance. Most are very achievement-oriented and tend to hold themselves and others to higher standards. Builders are the “go to” people in your company.

A Builder is:

- The order-taker who smiles, works at a brisk pace, and makes the customer feel valued.
- The executive who inspires his people to do more than they thought possible.
- The professional that always gets it done, even if it means staying late or coming in on a weekend.
- The manager that reframes problems and takes the time to develop his people.
- The janitor that cleans with pride.
- The sales person that always follows-up with creative solutions and makes her clients believe no one else matters.

Builders are at every level in the organization and perform every job.

- They don't blame, and they don't see themselves as victims.
- They hold themselves personally accountable and willingly accept the consequences for their actions.
- They believe the rewards pie is big enough for everyone, and they are not paranoid or threatened by other people's success.
- They make a difference because they believe they can.
- When asked why they do what they do, they generally respond by saying, “This is just how I was raised,” or “This is what I believe is right. What else would I do?”

While every Builder is unique, all Builders possess a combination of attitude and ability that allows them to reach the highest standards of performance.

Maintainers

Somewhere between Builders and Cutters are Maintainers. Maintainers are “B” players that serve the role of maintaining consistency in your organization. They are the steady Eddies and steady Edna's of the work world. Maintainers generally are not apt to move from company to company and are pleased to do an adequate job, receive a paycheck and hit the road on time. They are not motivated to provide stellar performance, but they are also not going to make big mistakes. Most people in organizations are Maintainers and feel very comfortable in that role. They do not have the desire or passion to speed through the job ranks and receive the commensurate rewards. They are the “memory” in your organization; the people that you know will be there year after year.

I always tell companies to “maintain your Maintainers and cut your Cutters, but cherish your Builders.”

The Cost of Cutters?

Cutters may stay in your company for their entire careers. Some companies actually promote Cutters to higher-level positions in an attempt to “hide” their current poor performance. Take a moment and calculate the cost of a cutter in your organization. At the executive level, the cost of a Cutter can quickly jump over the one million dollar mark due to lost talent, missed innovation, poor decision making and demoralized subordinates. In entry-level positions, replacing one Cutter with one Builder for a 20-year career can easily result in hundreds of thousands of additional performance revenue.

To further understand the many faces of “The Cutter Problem,” we need only to turn to studies in professional journals. A 2003 Harvard study indicates that executive placement mistakes cost millions and cause catastrophic problems due to poor strategic decision making, missed opportunities and inappropriate leadership behavior. Government data shows billions in lost revenue due to poor performance and high compensation claims in manufacturing and service jobs. A 2001 Colorado State University study reveals that the top 20% of sales representatives are out producing the bottom 20% of sales people by more than 600%. This represents millions to their company's bottom lines.

Why is the Cutter problem more critical than ever?

In the year 2000, our economy began a gradual decline that turned into a recession when 9/11 hit. Organizations everywhere took drastic cost-cutting measures that forced our nation's businesses to do more with less. With each expense reviewed and every capital request analyzed, businesses have become operationally stronger and more competitive.

With only incremental efficiencies remaining on the operational side, CEO's and boards have turned their attention to the greatest untapped potential within their organizations - people. With amazement, the best companies are discovering how "people decisions" can dwarf operational cost saving measures. Many of these organizations are determined to face Builders, Cutters and Maintainers with the same determination that they have unleashed on the operational side of the business.

Why do companies fail in their attempt to address the Cutter Problem?

Organizations are largely fatalistic when it comes to people. They tend to believe that you do your best to hire productive people, and then you work with what you get. In many companies, the mix of Builders, Cutters and Maintainers is simply viewed as a constant that cannot be changed. The idea that a company can replace Cutters, and even Maintainers, with Builders is simply not believed, and so nothing happens. In other companies, leadership simply does not have the stomach to take on the unpleasant task of correcting this problem.

Let's face it - people issues are always the most sensitive and challenging to address because they involve real people and real relationships, sometimes long-term relationships of 10 or 20 years. They are afraid of lawsuits or of being perceived as being mean-spirited. The result is that companies turn a blind eye to this very visible issue.

What these leaders do not know is that, just as there have been tremendous strides toward improving the operational side of business, there have also been parallel breakthrough improvements on the people side. The net results are sophisticated methods and technology that can successfully address this issue.

Conclusion

- Understand that the percentage of Builders, Cutters and Maintainers in your organization does not happen by chance – you make it happen and you can change it!
- Understand that Cutters keep on cutting, even after training and coaching. It is your responsibility to remove Cutters from your organization.
- Understand that 50 years of research has proven that conventional hiring and performance management approaches do not work. They predict Builders and Cutters about as accurately as a coin toss.
- Understand that through innovative people assessment methods, evaluation tools and performance tracking practices, you can identify Builders, Cutters and Maintainers, if you choose to.
- Select International is here to help aid you in how to identify Builders, Cutters and Maintainers in the Select Interviewing Training, which is a training focused on conducting structured behavioral interviews.