

Thought Leadership



Banyan Tree Strategies

Hiring People That Stick

Scaling A Business with Millennials

www.banyantreestrategies.com



Hiring People That Stick and Scaling A Business with Millennials

Operational leverage in a business can come from the hiring of people you pay less than you can bill out their services for in the marketplace. Getting these people to stay with you for the right amount of time can be a challenge.

The tension that exists between job creator and job fulfiller, or employer and employee has been around for centuries. Both parties are time constrained and each party can convince themselves that they have more at risk. The employer feels they have their capital at risk and the employee thinks that their time, which they trade in return for compensation, is more precious than the employer's capital.

Several large trends are impacting this age-old conflict which is leading the youngest demographic in the work force (millennials) to behave differently than Gen X and the Boomers did prior to them. The millennials are taking quite a lot of heat for this, but from our point of view they are using the tools available to them to work their own advantages which older generations would have done willingly if these same tools had been present when they were young.

The "At Will" contract, long tail economics, and online collaboration coupled with the cloud (Amazon's AWS), global shipping (UPS/FEDEX), and micro payments (SQUARE) have created a generation of small business owners the likes of which our country hasn't seen since the early 1800's.

In short, the 25-year-old with a website, iPhone and \$2500 can be in your business and disrupting it from the bottom, all the while reading Clayton Christenson's "Innovators Dilemma" which you paid \$200,000 to learn from while going to Harvard Business School.

Wait, what did you just say? "But I have a professional certification and we are regulated by XYZ. These young people have to play by the rules."

Yes, they do have to play by the rules, but the older generations have been using "the rules" to extract operational leverage in their businesses that have gone unchecked for decades, and much of the current problems surrounding duration and commitment of employees is just another example of people leveraging technology to disrupt distribution. In this case it is the distribution of who does the work.

This new playing field calls for some innovative techniques and it also helps to start with a fresh mindset based on forming an alliance with your employees and giving them shorter duration projects. Reid Hoffman and Ben Casnocha collaborated on a book "The Alliance" in 2014 that chronicles what LinkedIn learned while scaling their company in the middle of Silicon Valley with upwardly mobile millennials.

They came up with a few terms that could be helpful for you as you seek to scale your business. The first thing they suggest is that you look at the roles that are needed in your business and break them into three different categories: **foundational, rotational, and transformational**. They then suggest that you overlay a mission for each category and match it up with the appropriate duration. They call these missions "**Tours of Duty**."

The Concept in Story Format

An example of this terminology in use could be Mel's Diner. Mel and his wife Susan decide to open a breakfast and lunch restaurant on Main Street in Springfield, Illinois. Mel is in the kitchen cooking up the food and Susan is out front greeting the customers and getting them to their tables where they are greeted by Bill, their server.

Mel and Susan would be considered **foundational** employees of the business because the business really couldn't function without them. Bill has a job that doesn't ever change, and in fact his skills can be transferred to almost any other restaurant. Bill's is a **rotational** job.

Business moves along nicely for three years and Mel and Susan have a constant flow of servers and realize that the average duration of a server is about one year. Eventually, their daughter Hilary graduates from college and suggests that they should consider expanding to the towns of Litchfield and Decatur.

Hilary takes what she learned in college and comes up with a business plan for the expansion. Mel and Susan decide to support the plan and come up with a 24-month timeline. Hilary is considered a transformational employee. She is looking to transform the business with her efforts and in the process, she will have a more marketable career because of the experience that comes from helping expand the number of Mel's locations.

In the Alliance framework eventually, Mel and Susan would take on Foundational tours of duty and most likely leave their posts in the original Mel's. Mel might work on finding the right capital partners and start a line of sauces and condiments because the Mel's brand is so strong.

Susan could oversee company culture to make sure that the grace and atmosphere of the original restaurant is maintained throughout all the locations. Both Mel's and Susan's projects are long in duration and help position the business for the future.

Your Take-A-Ways

There are two key spots in this framework for you to focus. The first is to really understand what makes the rotational jobs work and how to earn those extra months and years with your employees. It is about knowing your market, knowing the details of the job, and how to make it a great fit for the business and the people.

Compensation and safety matter here, but so does culture. If the market for the job they hold is at all efficient, they aren't making that much more across the street, so you can keep them and earn those operational efficiencies when you get it right. Study your turnover and look at your workers compensation modification rate. If either of those metrics are above normal, you are paying a tax in this area.

Transformational Tours of Duty that are 18 to 24 months long can change your business. The more creative and interesting they are the easier it will be to bring talented people to your company. These

driven people aspire professionally, and this can inspire others. One of the benefits of a young upwardly mobile person is that you may only have to employ them for a couple of years and then you can clap them out as they go on to great heights. Both of you win in this situation as you each get a success story.

Summary

Consider looking at your business within these two frameworks: type of role, and duration of role. Then ask yourself if your offers to employees are made for the current and future marketplace that is shifting towards giving the younger professional more power. We think with just a few tweaks you may be able to change the perception of these roles and the type of people that work with and for you. You may end up with that operational leverage you were looking for all along but be able to do it with a nice group of people who moved in and through your company and look back on it fondly.

We help companies pursue the path to re-mark-ability with their best clients. This includes being both architects and anthropologists of customer acquisition and success. We look forward to helping you tinker with and build a winning culture that will transform the financials of your company, and the lives of those who work there.

Drew Y. Sanders
drew@banyantreestrategies.com
510-246-1446



Banyan Tree Strategies Relevant Docs

[The Great American Standoff](#)

[Why the Millennials Are Going to Crush It – White Paper](#)