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Hire Fewer People but Pay Them More

I'm surprised more companies have not discovered this simple secret to reduced employee turnover, increased customer satisfaction, and higher profits. Best-selling author Verne Harnish reports a good employee outperforms a mediocre one by a margin of 3 to 1. For some specialized jobs, like computer programming, the difference can be as much as 10 to 1.

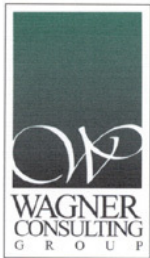
Employee pay is not the most important determinant of employee satisfaction, but paying slightly more than the market average is a hiring and retention advantage. Even better, you can beneficially shift your hiring, management, and reward paradigm if you make a strategic decision to employ only "A" players. In this regard, an "A" player is someone in the top 10% of the available talent pool who is willing to accept your offer. That last phrase is important; we're dealing in the real world here, not a fantasy land where pay and benefits are unlimited.

This means a long and deliberate hiring process, but the results are worth it. Fortunately for you, dear reader, most of your competitors lack the patience to hire only "A" players, so there's an opportunity for you! Just imagine your team with 80% "A" players. Think about their work ethic (they're intrinsically motivated, after all) and how much less management they would require. Turnover is much less because employees want to work with great coworkers, not slackers. Productivity skyrockets.

Moreover, fewer employees require less overhead, so there's another profit gain.

Finally, your corporate culture will gradually change as you employ a greater proportion of "A" players, such that: 1) Your company will become a talent magnet for great people, and 2) Underperformers will be extruded from the group, usually without much management initiative.

Tom



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