

*The New York Times***You're the Boss***The Art of Running a Small Business*

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The Secret to Having Happy Employees

By JAY GOLTZ

About 10 years ago I was having my annual holiday party, and my niece had come with her newly minted M.B.A. boyfriend. As he looked around the room, he noted that my employees seemed happy. I told him that I thought they were.

Then, figuring I would take his new degree for a test drive, I asked him how he thought I did that. "I'm sure you treat them well," he replied.

"That's half of it," I said. "Do you know what the other half is?"

He didn't have the answer, and neither have the many other people that I have told this story. So what is the answer? I fired the unhappy people. People usually laugh at this point. I wish I were kidding.

I'm not. I have learned the long, hard and frustrating way that as a manager you cannot make everyone happy. You can try, you can listen, you can solve some problems, you can try some more. Good management requires training, counseling and patience, but there comes a point when you are robbing the business of precious time and energy.

Don't get me wrong. This doesn't happen a lot. There's no joy in the act of firing someone. And it's not always the employee's fault — there are many bad bosses out there. Bad management can make a good employee dysfunctional. On the other hand, good management will not always make a dysfunctional employee good. And sometimes people who would be great employees somewhere else just don't fit your company, whether it is the type of business or the company culture.

In the worst cases, the problem of a bad fit can have a bigger impact than just one employee's performance. Being in charge does not necessarily mean you are in control, and being in control does not necessarily mean being in charge. Have you ever seen a company or department paralyzed by someone who is unhappy and wants to take hostages? It is remarkable how much damage one person can do. If you haven't seen it, I suggest you watch "The Caine Mutiny." Basically, one guy takes apart the ship. He was unhappy. It only takes one.

This is only my opinion. I don't have a Ph.D., an M.B.A., or even an economics degree. What I do have is a happy company. And that makes me happy. Now I know some people argue that business is about making money, and not everyone has to be happy. That is also an opinion. Everyone has a right to his or her opinion. When you own a company, you also have the right to surround yourself with the people you choose.

I have spent the last year and a half focusing on cutting costs, figuring out how the market has

changed, and worrying about the economy. Things seem to be getting better, or perhaps I am just getting used to it.

Either way, I had a good day today. Not because I got a big order, great financial reports or even an employee stopping by to tell me what an awesome boss I am. (That generally doesn't happen. You have to tell yourself. It's a boss thing.) I had a great day because I spent most of it walking around the company and appreciating the fact that even after a year and a half of soft sales and cutbacks and furloughs, I have wonderful people working for me. They care. They are committed. They understand the whole customer-staff-company triangle, where all of the legs support each other.

If you read books on great companies, they usually leave out a dirty little secret. It doesn't make for good public relations — like talking about how you “empower people” or how your “greatest assets” are your people. Both of these well-worn clichés are true. What is also true is that it's hard to build a great company with the wrong people.

When you have the right people, business is much easier. I know because I have tried it both ways.

9:25 p.m. | Updated You can find a follow-up post here.

Jay Goltz owns five small businesses in Chicago.

The New York Times

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The Art of Running a Small Business

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More on Happy Employees

By JAY GOLTZ

In my last post, I wrote about my desire to have happy people working for me. Perhaps I could have been clearer when I said that I fire unhappy people. Instead of unhappy, I probably should have said disrespectful (to others, not me), incompetent, unreasonable, undependable, irresponsible, unproductive, dysfunctional (I did say that one), angry, whiny or mean — and beyond a manager's ability to repair (actually, I said that, too). I think most people understood the context of my post, but there were a few comments or questions that required a response.

First of all, more than one commenter substituted the word “cheerful” for happy. I don't care about cheerful. I care about the list above. Am I sure that my employees are not just *acting* happy? No! I lost my happy meter. But if they are just acting, that's O.K., too. Not preferred, but O.K.

When you are in the middle of a recession, the true character of an organization comes out. How is the communication? Are cutbacks handled in a fair and reasonable way? What is being done to react to the new economics? At my company, I appreciate the fact that everyone is working together to get back on track and that my managers can spend all of their time and energy improving operations instead of dealing with issues that cannot be fixed.

I also appreciate that I have good, hard-working people with good attitudes who *appear* to like working for me. Am I delusional? Maybe. Perception is my reality. They have been here an average of nine years, many more than 20. My first business, Artists Frame Service, is now 20 times the size of the average picture-framing company, making it the largest in the industry. The fact that I have happy employees is not unrelated.

In response to some of the commenters, let me emphasize that I do understand, as I said in the post, that there are many bad bosses. I get it. And firing is certainly not a cure for bad management. It was suggested that we “first try direct communication with the offending party.” I am sorry if anyone got the impression that my managers and I are running around firing people on a whim. As I wrote, we counsel, we listen, and we listen some more when employees raise problems and issues. I encourage and appreciate complaints. If I fired everyone who had complained at some point, there would be very few people here. I would have had to fire myself.

We get complaints of all kinds, and we deal with them — whether it is that the toilet paper is too rough, the lighting is bad or that a manager is not doing a good job. Some complaints are legitimate, some are not, some are about issues that can't be fixed. If there is a problem with something that someone is doing, we sit down, in private, and discuss the problem. We will do this three or four times. But I have learned that there is a point of no return. No return on your time and energy, and no return on the

damage done to customers and employees.

Some people need to work somewhere else, usually to the relief of everyone else. We document. We have a witness. We don't yell. We also don't try to win the argument when the employee says it isn't his fault.

Keep in mind, this blog is written for small businesses. I understand that big business has many different issues when it comes to firing people. Many corporations have legal departments that have no responsibility for productivity, corporate culture, customer service or profits, for that matter. That's their problem.

Small companies usually don't have legal departments. They probably should have a labor lawyer, one who counsels on how to manage and fire people legally. Don't ever want to get sued? Don't ever fire anyone — and live with the problems. I might add, I have never been sued for firing someone. And I'm tired of hearing people use the desire to avoid lawsuits as an excuse for not taking responsibility for running a company in a productive manner.

It isn't always fun or easy being the boss. Me? I'm happy. My employees *appear* to be happy. Then again, maybe I *am* delusional. Works for me.

Jay Goltz owns five small businesses in Chicago.