

How to increase empowerment and boost profit

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Would you like to save costs and to boost profit and sales? But you made plans, but implementation isn't great or people are resisting the cost savings. In today's episode, I share how I increase profit with 30% and boosted morale within a team. And let me tell you, it's probably not how you imagined it.

There are only two ways of increasing profit. Either you increase revenues or you decrease costs. And sometimes you're in this situation where your revenues are decreasing. And so you don't have any choice. But to first decrease costs to even find the extra investments to be able to build new things to increase the revenues again. And that's when cost savings are necessary. And what happens usually is that you have like the management team who isolates itself goes through the whole P&L looking at the costs and looking at: "yeah, maybe we can save here and here or every director is looking at the costs and looking at where can we save things and then the management team comes back and communicates the cost savings to the whole organization and then you need to implement it.

And usually it's not working that well, because morale is then down. People are sometimes getting fired, or you don't get the means that you feel are necessary to make your plans. And so you have a lot of resignation and anger, standing in the way of your success.

Or another thing is okay, you want to increase revenues. And so everyone can think about how they could increase revenues. And each team comes as a management team or the exco and comes up with plans where they ask for investments. And with those investments, they will build things that will generate more revenues. And with the management team or the team of directors, you then isolate yourself, you think about those plan, you ask for revisions, and then you come back and you communicate a decision.





And when the decision is okay, then of course, it's great for everyone. But when you have to communicate a decision like no guys, sorry, it will not be possible because what is asked for most is even more profit and you're asking for a lot of investment, but the revenues will only be in two or three years, so we cannot afford it this year.

And what happens then, again, is that the team is really angry, resented, and they're not even looking for another solution because they had a plan. They had a solution. But now somebody said it was not a goal. And so they're only blaming because they think okay, there is no way out then I don't see any solution.

And that was the old way but unfortunately, it's still the way in a lot of organizations where a lot of decisions are taking top down And you have to fight to get your budget. And of course, if you can sell like a pro, like I taught in the previous episode, it will help you to get what you want.

But I wanted to share a story about the time when I was a CEO, where I had one team that was 30% more profitable than the rest of the organization, and what was happening in that team because that team was functioning in a market that was much smaller than the other markets.

So why were they more profitable? And also, why were they so motivated as well. And the only thing that made the difference between that team and the other team was the way they were organized and the way we had organized them. That team was almost in self-management or was very empowered me. Because of that empowerment, they found ways to increase their revenues with very low costs. And so low in fact, and so high revenues that they were 30% more profitable than the rest of the organization. And on top of that, they were also growing much faster than the rest of the organization. And that was all because that team was empowered.

So if you want to increase profit in your organization or in your team, what you need to do now is not look at your cost savings and look at the revenues and look at solutions. You have to find a way to empower the teams so that they can find the solutions. And that team was not only more profitable, but the people in the team were also much happier because they had the freedom to decide a lot of things and they could actually see the effects of everything they put in place.

So what I'm going to explain now is the five steps that I believe were necessary for that team to be empowered and to have these great results. Because I know a lot of organizations, they understand now that empowerment is the way to go. And I hear that in a lot of organization: "Yeah, we want empowerment. We want the people in our organizations to be accountable to make better decisions". And then it's not working





because I believe they don't have these five necessary steps to make empowerment possible.

And the first step was having a vision and values because you don't want to give empowerment to people to just do whatever they want. You want them to be empowered to follow the vision to go somewhere and so With that team, we had a big vision, we had the vision of wanting to improve the education. And we were in the markets of educational publishing. What we noticed also is that the teachers, they had a lot of administrative work and their work was not fun anymore. So one of the goals we had one of the vision was that we wanted to make life easier for the teachers so that they could teach and have great results with the pupils. So that was our vision.

But not only that, in that team in the past, that team didn't have such great results. It's a small team in a small market with no economies of scale. And there were deburring a lot and so that team also wanted to prove themselves and prove that they could work productively be efficient, which great results. They want to grow, and that's what I see in a lot of organizations, people, they want to be the best in what they do. Everyone wants to be the best in what they do. Nobody likes to, to suck.

So we have this great vision not only of wanting to improve education of making the lives of the teacher easier, but also to prove that we could deliver great results as a team. That was the first step vision and values because you don't give empowerment to a team to just do whatever they want you to empower them to reach a vision that you have with your organization.

Then the second step, it takes two to than go in empowerment. It's not just the people in the team that needs to learn how to make better decisions, and how to try new things and when they fail to try again to analyze to understand how a profit and loss works a P&L. I, as a leader of that team had also, I also had to learn how to let go, how to give them more freedom, how to let them make mistakes. So it's really a game of how can you empower that team? You really have to think about what your conditions of satisfaction are. So as a team member, what do I need to feel able or to be empowered? I want training, I want to proper systems with the information available. I also want you not to be mad when I make a mistake. I want I don't know I want more. I want these kinds of investments. And what did I need for letting go more?

What I needed is I want to be informed I want to be sure that you follow this process. And these are the decisions that you can make. But these are the decisions that you cannot make. Because, for instance, hiring extra people, that was a decision that I even couldn't make. This was a decision where the final decision had to be made by the headquarters. So I couldn't empower them to do that, because I wasn't even allowed to do it.





So it's really about discussing the framework within which you're going to function. And within that framework, what do you need to be empowered? And what to the other person needs to be able to let go, because of course, it's not just okay. You decide, and I'll see what happens. I'll pray that everything happens, okay? Of course, it's not working like that you won't be able to let go.

So first values and a vision, secondly the conditions of satisfaction of both parties.

Thirdly, well, it's just like skiing. Imagine now that you learn to ski, you wouldn't go from the black rope or the more difficult rope. As soon as you learn how to ski, you will first try an easy one and then a harder one. And then the most difficult one. It's the same with empowerment, you have to take baby steps. And so for instance, one of the baby steps we took was in the beginning, when they made plans when my team made plans and they wanted my approval, I would make the P&L for them. So I would make all the calculations for them, and then I will, I would explain to them why it wouldn't work or why it was okay. I would then explain that to them.

The second Step once they understood how a P&L worked day would make the P&L. And I would sit next to them and challenge them on. Oh, I think there you got it wrong. This is the impact. have you thought about this? So the second step was I would sit with them to build to make that p&l for every decision that I would make. And for those who don't know what a p&l is, it's a profit and loss statement. It's how much costs are you going to make for how much revenues are you going to have? And so you will have the profitability then. So that was the second step.

And the last step was, when they asked me something, I would just ask, did you make the P&L and was it profitable, then do it and that was it. So we grew slowly from me doing it first, then to doing it together, and then they will do it by themselves.

And how did they then become so profitable? And could they grow? Instead of coming to me and asking me, I would like to make this, this and this, but it would cost that much. Can I do it? And then I would say, No, it's not possible. It's too expensive. It's not profitable in the first year. So no, it's not possible. And they would go back with frustration, with blame towards me, because I was the one preventing them from doing what they wanted. But now instead, I would just say, look at your P&L. Can you afford it, then do it and of course, there are risks included, but I'm willing to take those risks. And if it doesn't work, we will see together how we're going to fix that.

And so when they noticed, and they were doing their own calculations, and notice that it wasn't profitable, they would look for other solutions and they would keep looking until it's made, it was possible.





So that's the third step, take baby steps, don't throw it all to the team immediately because then it will be frightening not only for your team but also for you because a big mistakes will be made instead of small mistakes and that will spike your stress.

Then the fourth step that is also often forgotten in organization is if you want more empowerment, you have to have a systemic approach. It's not only about deciding what to do, it's also about for instance, changing your systems so that you have the information available to make better decisions. And it's also about changing your organizational structure. If I, in my team, I constantly, am facing issues that are that are in fact, coming from another team. And I cannot do anything about it except saying to the team, could you please fix that issue, but that team has other priorities. It's not even bad, we'll maybe they have too much work and have so many other priorities themselves. Well, you won't have empowerment.

So if you want empowerment, you have to take a systemic approach. And you will probably have to change your organizational structure so that the people can have the autonomy to solve their own issues. And that's what we did with that team. In the past we had marketing and that team was was French education, so it was responsible for all the solutions for the French educational publishing.

In the past, we would have marketing that was in A marketing team reporting to a marketing manager. We had sales in a sales team reporting to the sales manager. We had a production in a team, or publishing in a team reporting to the publishing manager. And what we did with that team is that the marketing manager came back to the team, the sales came back to the team. And the publishers were in the team and even the person responsible for the IT project came in that team. So we didn't have now a scattered team reporting to different persons with different priorities. We now had a team organized around the customer. So they could decide very easily, for instance, one year to decrease their marketing budget because they believed they needed to build something for publishing or they needed more IT costs that year. So they would find it by decreasing their marketing budget. Or another year, they would see big opportunities and they decided to increase the marketing budget or to higher temps in sales, because they could really feel that by increasing costs there and decreasing it a little bit in publishing, it would benefit the markets, they could make those decisions which would not have been possible if they had to negotiate with the marketing director, with a sales director, with a publishing director and IT director.

So if you want empowerment, you will have to take a systemic approach, not only by changing the people's skills, and because of course that is necessary, you will have to change also the culture, the habits of the people it's not because you know something, that it becomes automatically a habit





you have to practice and practice and practice before it becomes a ingrained behavior of yours, then you you might have to change your systems especially Information Systems, if you want the people to have access to all the information to make the best decisions and a lot of systems are now built to inform management team but are not always or to inform the separate divisions but are not always built to inform and to make a P&L of a cross functional team and then you will have to change your team also.

So your organizational structure instead of having like all these departments, if you want to be empowered, you will have to try to remove as much interdependencies as possible and to organize yourself for instance, around a customer or around a region or around a product type, whatever is necessary for you to remove these interdependencies so that people can sees their own opportunities or can fix their own issues without being too much dependent on other teams. So that was a fourth steps.

So, first step, value and vision. Secondly, your conditions of satisfaction of both parties. Thirdly, take baby steps, it won't happen overnight. Fourthly, take a systemic approach and probably you will have to change your organizational structure, which will be the hardest, especially since the people at the top of the organization the directors will probably lose their current job because if you change from a functional structure to a cross functional structure organized around the team, you don't need a marketing director and a sales director and a Production Director anymore, you will probably need new directors so you will lose your current role. But it doesn't mean that you lose your job. So in our organization, the people in the management team got new roles. But that's very hard. That's often the biggest barrier of changing an organization is, in fact, the fear of the people at the top because they are going to be the first ones to lose their current role.

And then the last thing you will need to do if you want empowerment is, again, something that I see happening a lot of times and that's how you have to increase your awareness. You have to be able to be the leader you want to be even under pressure because I can tell you, mistakes will happen, your team will make a mistake. And when they that mistake is there, and you become dominant again and show it instructions again, you will shatter an environment that took you months to build. So you really have to be aware of how you are when you are under pressure. And there I see also a lot of leaders who come to me and say: "you know, I tried that empowerment with my team, I tried it. And I said to the team, okay, now you can decide. And you know what, first of all, nobody decided, they didn't take any decision. And when they made the decision, it was really a bad one. And so it's not working and we're back to square one. I it's really not possible."





And that's probably because the leader of that team didn't wasn't aware that First of all, he didn't trust his team enough. He didn't accompany his team. And under pressure he was probably becoming dominant or or becoming angry or impatient. And so of course, people then are tetanized by fear and don't dare to take risks and to try new things.

And empowerment is in fact learning new skills. And when you learn new skills, you will make mistakes because you go out of your comfort zone. So you have, as a leader, you have to increase your awareness of how you behave under pressure. And you do that also by noticing what's happening inside of you. Where is the tension because often your body will react before you take action. But when you notice what is happening inside of you a mistake is made and you have like a compressed chest or your shoulders going on. This or you, your whole body is going in front in the direction of I want to do something when you notice this, you can first try to relax to centre to come back to think about what you want to achieve. You want more empowerment. It's okay. It's only a mistake. We're going to fix this.

Okay, so those were the five steps.

And within that way of working, my role changed my role as a team manager because I started this before I was a CEO. I was first, the manager of that team. My world changed from first approving things, finding solutions, giving instructions coming up with ideas. It evolved from that role towards a role of coaching people mentoring people, telling them, I believe in you, I know it's not easy, but we will get them, motivating them and in fact creating the best possible circumstances for them to be able to be empowered.

And so often the question I get is empowerment for everyone. So, or self-management because self-management is the ultimate form of empowerment. And it's a difficult question. I believe that. Yes, it is for everyone. Everyone can learn to be empowered. But some people might have this habit of not taking any risks, and only doing what is expected from them for so many years that it's might be very difficult for them to get out of this. So when we transformed our organization and increased empowerment, we had people who left and will left because they didn't, like they didn't feel comfortable with this. And we had some people that we had to let go off as well, because they were also, too... They were too much in the habits of the past. And especially the higher you are in an organization, the less time you have to transform yourself.

So if you are the leader of your team and have a team and within your organization, we decide that we want more empowerment, but you're unable to let go. You keep controlling things, you keep shouting instructions and getting nervous and you don't change fast enough. Well, your whole team or your whole division won't be able to change and so yes, we had to change some people within the organization.





But at the end, like I said, that team where we start Did this journey much sooner than with the rest of the organization? Well, that team, they got great results. They were very lean, they had very low costs, and they kept growing, because they could do something about the opportunities they saw. And they could also fix their own issues.

Now, if you want to know more about these five steps, I have a free guide on how to increase empowerment that you can download. You just go to the show notes of this episode, and you will find the guide with the five steps to increase empowerment. I hope that in your organization, you will increase empowerment, because believe me, everyone wins. Everyone wins. The people who are empowered are much more motivated because they have autonomy. They have the freedom to do what they want, they can see the impact of what they do, and it's much better for you as well. Because your role changes, you don't have to solve all the issues anymore. You just have to create a circumstance and to motivate your team to get the results that you want.

So, thank you for listening to this episode and I'll see you in the next one.

