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Title: When does the founder hire a general manager?

To balance a company's management team, many entrepreneurs hire a general manager. They find this to be an effective step in business growth when planned well.

Typically, a general manager helps to maximize a company's profit and to fulfill a role that complements the owner.

A company cannot afford a general manager until it has predictable monthly sales at or above the breakeven point.

What are the benefits of hiring a general manager?

First, the founder can create his/her "ideal" job description. This is the pay-off for taking the risk to start the company.

To start this effort, owners should analyze what tasks give them energy and what tasks take it away. It is okay to set the goal to have fun everyday.

Second, the entrepreneur can give up tasks where his/her skills are not fully developed. For example, if the founder prefers selling, then a general manager can oversee finance and operations.

Alternatively, as one local software company grew, the founder hired a general manager to oversee all business functions so that he could devote his time to programming.

Third, since many founders excel at creativity and vision (the leadership essentials), general managers provide tactical support by overseeing operations (the management essentials). This combination of leadership and management strengthens the firm's growth potential.

Founders should expect sales and profits to increase significantly when a general manager oversees the development of processes, systems, policies and procedures in a company.

The steps that a founder should take to hire a general manager are:

1. Assess personal skills and analyze the “fun quotient” for tasks.

A more complete analysis will result when other key employees or the company’s advisory board members provide input as well. This results in a list of the tasks that the founder wants to give up.

2. Assess the company’s business culture and determine the values that have driven success.

Many companies fail at their first attempt to hire a general manager because they do not screen effectively for values.

3. Review the knowledge, skills and abilities that already reside in the company.

Most companies succeed at incorporating a general manager when they hire people “smarter” and “with more experience” than others in the company, including the founder.

4. Develop comprehensive job descriptions for the founder first and then the general manager.

The bottom-line is that the founder writes his/her job description first based upon likes and dislikes, strengths and weaknesses, and company opportunities and problems.

Then the general manager’s job description is written to incorporate the tasks that the founder does not want to do or cannot do as capably as another.

5. Create a standard list of interview questions using the job descriptions as a foundation.

A prepared list of standard questions provides the most credible comparison between candidates.

6. Interview top candidates.

The best hiring occurs when three to five candidates are interviewed. Owners, managers and board members may all interview to provide multiple perspectives.

7. Provide personality profiles and employment assessments to top candidates.

These tools, available from human resources consultants and on the Internet, provide additional insight into each interviewee.

8. Ask interviewees to complete a general manager “in-basket” exercise.

An “in-basket” is a written tool that candidates complete during an interview providing another perspective on skills. A general manager “in-basket” covers sales forecasting, analysis of a financial statement, development of policies, and human resources case studies.

Two other alternatives exist to get a first-hand view of a candidate's ability to perform. Some companies contract a project before hiring the full-time employee.

Or, entrepreneurs may be more comfortable hiring a sales manager or production manager and then promoting that person to general manager after one or two years.

9. Check references of three to six personal and professional contacts for the final candidate.

10. Check background of the final candidate.

Most entrepreneurs err in hiring by cutting the screening process short. Spending 20 to 30 hours per final candidate is a minimal investment compared to the 40 plus hours per week that the person will spend at the company. Therefore, the time invested in hiring a general manager should provide a high rate of return for an entrepreneurial company.

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