





# Everyone's Job Matters

10 steps to help your staff understand how their daily tasks affect the bottom line

*By Paul Butler and Mark Griffiths*

What do you think might happen if your employees approached their jobs as if they owned the club? What if every employee in your club understood the language of finance, and how his or her daily tasks impact your business model? In short, imagine if everyone had *business financial intelligence*.

Is this a utopia that's just unrealistic? Who has the time to educate all employees on this level of acumen? Do most employees care about anything other than their next paychecks? From our experience, a strong correlation exists between investing in the business financial intelligence of employees and superior results. These results can be measured on the income statement (profitability) and balance sheet (liquidity), and in employee engagement and retention.

If you're intrigued by the business benefits of increasing the financial intelligence of your club's employees, here is a checklist you can use for implementation.

### 1. START AT THE TOP

Great leaders always go first. Any initiative that will yield significant and sustainable results has to start at the top. The club's board of directors must be in agreement with you. Without board support, your efforts will yield minimal results, at best.

### 2. SHARE FINANCIALS

Sports teams keep score, and players are more engaged when they know whether they're winning or losing. Employees are more enthused when you share financials with them. Break the budgets down into digestible and relatable targets for teams and individuals. If you don't share financials—or share financials just with senior management—you will be setting up an “us and them” hierarchy.

### 3. CELEBRATE SUCCESS

What you celebrate tends to get repeated, so celebrate success. If you share financials, but don't acknowledge success, employees will not see any point in going the extra mile. They'll just do what's on the job description—nothing more, nothing less.

### 4. CREATE VISUAL SCOREBOARDS

Very few people have an appetite for thoroughly understanding financial statements. We have noticed that most employees engage around visual scoreboards that are quick and easy to read. A useful test of an effective scoreboard is this: Can someone glancing at it know the score and identify whether they're winning or losing within 10 seconds, or preferably less? Colors can be great; red, yellow, and green work well. So do arrows (up, sideways, or down). Even emoticons can be visually arresting (smile, concerned, or sad).

### 5. MAKE THE GOAL DIGESTIBLE

Department managers should break the income and/or expense budget into manageable units. What are we shooting for this week or this month? Even better, break it down into specific and tangible items. For example, if you have a goal to reduce the number of broken dishes in the restaurant, show last year's loss and track this year's loss.

### 6. EMPHASIZE BEHAVIORS

Human beings help deliver business results, especially in a service industry. Think through the three or four specific behaviors you want employees to do, not do, or do differently to help achieve your financial goals, and emphasize those. For example, do you need your team to know which brands of liquor yield the highest profit margins and offer those to members? Do you need your team to change how items are carried to avoid breakage? Do you need to change procedures to avoid loss or theft?

### 7. EDUCATE PEOPLE ON THE VALUE OF A DOLLAR

A wise person once said that a dollar saved is a dollar earned. We like to say it's more than that. If your net profit (income minus all expenses) is 5 percent, that suggests that for every dollar of income, you hold onto just 5 cents at the bottom line. Well, then, what's the impact of wasting a dollar?

Here is how to find out: Take \$1 and divide it by 0.05 (5 percent, as a decimal) and then bring it back up to the top line (income) by multiplying it by 1. For every

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\$1 of wasted expense, you need to drive \$21 of extra income.

Why \$21 instead of \$20? The \$20 will yield the \$1 (5 percent) that you should have made, but you also need to make up for the dollar that was wasted. That is a lot of extra work!

This is very powerful information to share with your team—and a very engaging way of rallying people around saving costs.

### 8. SPEAK THEIR LANGUAGE

Organizations that get superior financial results educate employees at all levels on the language of business. An effective way to do this is to relate business finances as often as possible to personal finances. The principle here is that employees are more likely to care about your business if they can relate it to their own finances.

Employees understand income and expenses, as they can relate those to their paychecks. They have assets that they know they have to look after. They also have liabilities they want to minimize, and they know they need cash to be able to pay those off as quickly as possible.

### 9. TAP INTO THE INTREPRENEURIAL SPIRIT

The intreprenurial spirit is the concept of employees working as if they owned the company. If you can inspire this in your club's staff, the ideas will flow and your profits will soar. Ask them what they would do if it were their club. Ask for their input whenever practical. Incentivize them around driving sales and reducing costs—without negatively affecting the quality of service.

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### 10. STICK WITH IT

Clubs that focus on business financial intelligence in the good *and* bad times are much better equipped to ride out the bad times and “make hay while the sun shines” in the good times. Yet, most clubs will mount efforts to control costs or to drive income only in the bad times. Such clubs may get minimal results for a short period, but will not yield the very significant and sustainable results we have observed from clubs that stick with this principle in the best of times as well as in the worst of times.

That should get you started. We have found that 99 percent of people come to work with a desire to do their very best, and great leaders know how to bring that out. One way of doing so is to invest in their financial intelligence. Communicate everything you can to your employees, regardless of their level within your organization. Once they care, there’s no stopping them. 

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