

Sharing power

Mike Rydin, HCSS Inc.

Fast Lane

How Mike Rydin empowers employees to take ownership of HCSS **By Kristy J. O'Hara**

After two weeks on vacation in Taiwan followed by a week at a tradeshow, Mike Rydin realized HCSS Inc. could survive without him. When he returned, the company hadn't slipped into bankruptcy, and the building hadn't burned down. His employees had figured out what to do on their own.

"From that point on, I delegated more because I knew they could do that," says Rydin, president and CEO.

As a result, the 75 employees at his software company have more authority and have helped the company continue to grow — it expects to hit \$13.1 million in revenue this year, a 28 percent increase over last year's \$10.2 million.

Smart Business spoke with Rydin about how he delegates and empowers at HCSS.

Q: How do you delegate?

You think they can't do it as well as you can. You may be right. Even though they may not do things as well as you'd do it yourself, it's well enough. Let go and accept that. It's always hard to do, and a lot of people can never get past it.

If you're going to rush to the cell phone every few minutes to handle every little crisis, you're not doing the kind of planning you need to be doing to grow. You just can't handle every little thing that comes up in your business and still be doing big stuff. That's going to get you big time.

Q: How do you empower employees?

Employees can help you more than you think if you make sure they understand the problem. We have lunch meetings every week and go over various things about the company — where we're going, what we're doing.

One week every month we go over the financials because we're an open-book management company. Our goal is to make the employees understand how the business is run and for them to know all the goals, so they know how to contribute.

Q: How do you create buy-in for those goals?

Educate employees about how the business runs so they can come up with ideas on how to improve it to increase the profits. We ask them where they want money to be spent.

Make sure employees understand how the money is made and how they get paid. We do cash profit-sharing at the end of the year, and we're an ESOP company. That gives them a share in the long-term future of the company, and the year-end cash profit-sharing gives them a short-term interest in the company.



One of my goals with the program was to put the employees in the same boat I was in, so that they have short-term profit and long-term ownership, so that whenever a problem occurs, instead of it being my problem, it's our problem.

They have a real interest in how the company is doing. Then they try to figure out everything they can to improve the company.

Q: How do you balance differences of opinion?

Most of the time we go with what the employees say, but sometimes it conflicts with some of our company goals. In the end, you can't always listen to the employees.

For example, we have aerobics in the office three times a week. Out of 75 employees, only about a dozen do it. If we took a vote, would they

outvote us and say it's a waste of money? I don't know, but we're not going to because we're trying to give employees every opportunity to do healthy things because part of management's desire is to make a healthy work force.

Q: How does empowerment help the business?

If it's a few people at the top making all the decisions, that's not near as good as having dozens of employees trying to improve the business.

We're a customer service-oriented company, and everybody here knows that. When a new person starts, everybody's watching to see that they're going to treat the customer well.

Employees take new employees under their wing and try to make them successful. If they're not servicing the customer the way they should, they know that's a problem for the company, and they want to do something about it.

Q: How do you deal with employees who aren't a good fit?

It's obvious that you need to let him go, but you don't want to because nobody wants to fire anyone.

Most of the time, you'll wait months or years. The person knows they're ineffective and they should be somewhere else where they fit in better. The employees know who's ineffective, and they're not happy about it. When you have a profit-sharing plan and they know the person next to them that's incompetent is getting a profit off of them, it's not fair.

Let the person go that's not working out. The employees are happy they're gone, and you don't have to agonize every day over what am I going to do with this person.



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