

Smart Talk

Insights from entrepreneurs

MICHAEL SHERLOCK ON BUILDING A WINNING TEAM



Smart Talk is a weekly column by successful entrepreneurs about their daily challenges. This week Michael Sherlock, founder of Brumby's Bakeries and board member of Krispy Kreme and Ice Rock, talks about building a winning team.

● To mould a great TEAM (Together Everyone Achieves More) to achieve the goals of your strategic business plan, you need to select the members carefully.

The job interview is such an artificial environment that it is difficult to select the right TEAM members. After the usual preliminaries of the interview, I like to throw a few curve balls to see how interviewees respond once taken off their personal interview plan (somewhat similar to the Roy and HG approach).

Examples of some of my curve ball questions include: What songs are playing on your iPod? Who do you barrack for? What's the best book you've ever read? And what's your star sign?

While recruitment companies use the latest psychological tests in selection, I find that astrology works best for me. Astrology is based on 12 star signs divided into four elements of fire, water, earth and air. I used to ask questions based on star signs to see whether interviewees' traits would complement others in the TEAM (eg, air signs for selecting for marketing positions).

I do not believe astrology should be slavishly followed as a pre-determiner of a person's character but it helps by giving insights into general traits and to assist in remembering TEAM members' birthdays. Today I'd also recommend looking at applicants' Facebook pages to gain insights into how they see themselves.

I have never been a big fan of cumbersome and time-consuming performance review schemes. Nevertheless, the one we introduced at Brumby's worked a treat. It was not a complete, formal 360 degree system but involved self-assessment by the person being appraised and the supervisor was encouraged to obtain input from the person's colleagues, managers and stakeholders.

The appraisal process allowed for an assessment against competencies and behaviour linked to the core values as well as against key performance indicators negotiated with individuals at the start of the financial year and assessed formally twice a year.

Of particular importance was the regular updating of position descriptions

and setting new priorities, stretch targets related to the strategic business plan and linked to transparent incentives. This kept the accountability process in the employee's face all the time.

Another idea is the herd concept, which was developed by general manager Steve Brown. The concept likened the Brumby's TEAM to a herd of buffalo being chased by wolves on the prairie. Within the TEAM there were different spots in which people could hide – the hardest positions were at the side or up front. TEAM members were asked to identify their current position in the herd and where they wanted to be.

The concept helped TEAM members to understand in a visual sense where they fitted into the overall TEAM. Some thought the wolves chasing them were me and Brown!

Bonuses were negotiated with all TEAM members based on their contributions to the BHAG (Big Hairy Audacious Goal from Jim Collins' *Built to Last*) which was a "super stretch" share price target to double the share price every year and achieving an individual stretch target.

The focus on share price went a long way to focusing the board and management on increasing shareholder value in a highly transparent manner and was partly the reason Brumby's eventually did so well on the sale share price deal. Part of the philosophy behind the rewards process was to give the senior TEAM members the "owner's eye" so they saw the business from the owner's perspective and their behaviour would change as a result.

We used a "golden handcuff" approach to retain our top people. These people were the ones who ran at the front or side of the herd, not the ones in the middle. This involved granting of share options in tranches exercisable after a three- to five-year period. When we slapped on the "golden handcuffs" we were trying to provide our stars with an aspirational goal that locked them in for five years where they were striving for the Porsche – a "Grange" moment.

All these measures were designed to create a high-performance culture where everybody enjoyed coming to work and being part of a successful TEAM, and that's what happened. **BRW**

Next week: John McGrath, founder and chief executive of McGrath Estate Agents



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