MBA Dinner Series

Topic: The Importance of Focusing on the Long-Term

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Key Knowledge Points Developed

- It's important to take the time to recognize your associates and to invest in them because the idea is that they'll be investing in *you* for the next 40 years. Whether you decide to write them handwritten notes, walk the shop floor, fly to another country to interview them, or simply take the time to get to know them, it will pay you back tenfold as far as their loyalty and commitment to the company.
- Other ways to invest in your associates include: moving from a *salary mindset*; providing the opportunity to do *real work*; employee recognition; executives and employees having similar pay structures (i.e. no stock options); inviting them to the “table” early to share their ideas; and promoting work life balance by executives setting an example.
- Don't forget how much value there is in ignoring titles and hierarchy and valuing the front line associates’ opinions just as much as the CEOs.
- Due to the goals of private equity firms, investing in employees is different than in public companies. The primary investments for private firms are compensation via bonuses and commission, gaining project-based knowledge, and growth that can be used outside of the firm. Sometimes people grow faster than the company itself.
- Define your key stakeholders and make sure they are on board. Engage them. Other stakeholders will see this and either get on board and engage or leave the organization altogether. This is not necessarily a bad thing; those stakeholders may be holding the organization back from its true potential.
- Defining your firm's "identity” and "maturity" is very important to establishing realistic goals to generate long term success.
- The way a company defines long-term and short-term is hugely influenced by the owner/board of governors/senior leadership and the financing structure. A short vs. long term outlook should depend on the company's strategic goals and be relevant to the business model.
- In general, for public companies, short-term is 3-5 years and long term is 10-20 years. It would behoove companies in the long run if investors would focus on the long-term. This would give companies more time to invest in and develop their employees resulting in improved employee loyalty, and employees being more comfortable giving a long-term commitment to the company.
- In private equity firms, short term is 1-2 years and long term can be as little as 7-10 years. The goals of these types of firms are owner driven. Owners want to recap their investment, grow the firm, and then exit.
- There is an increasing focus on delivering results from quarter to quarter, especially in public companies and for private equity firms; it's empowering to think that you don't have to bow to your investors. You also don't have to tell investors what to expect; it might be difficult to do at first but it becomes easier once you set the precedent.
- Longevity of the firm depends heavily on the culture of the organization and who is directing it. Having a 3-year goal vs. a 10-year goal is not necessarily good or bad. It all depends on how leadership hires, engages, and retains talented employees. Hiring to the culture rather than a particular "job" makes all the difference.
- It is very important to invest in the future of a company by trying to retain and capture top talent at a young age.
- Every company could benefit from a culture of collaborative decision-making and being open to opinions from all levels.
- You know that there's a need for a culture shift when good people leave the company. Look for signs at your company and try to understand trends – know why people stay or leave.
- After a big restructure or culture change, it's important to celebrate the successes with those who are remaining.
- Although it is difficult to build trust within a one-hour interview, top executives are successful at that. Having that skill when hiring helps their respective companies be successful as well.
- Mindfulness and self-awareness is important for employees at all levels. Start by understanding yourself and how you fit within an organization. The organization will be evaluating the same "fit" during interviews.
- Invest in your strategic plan and stick with it, embracing change if the market/industry necessitates it. Profits will follow.