

Ties that bind

Hiring solely on personal relationships can restrict a company's growth

BY NANCY KAFFER
CRAIN'S DETROIT BUSINESS

When Link Howard III founded **Powerlink LLC**, he looked for employees and managers he trusted, and people he'd worked with before.

Looking back, Howard has one piece of advice for people in his position who might be tempted to make the same choices: Don't.

As Detroit-based Powerlink grew, Howard made a lot of changes. The company started in 2002 as an automotive-oriented staffing company. Now, Powerlink is a non-automotive facilities management company, grossing \$21 million in 2011.

But the hardest changes Howard made were those that involved people.

"I initially brought in people I knew, people I was comfortable with, people I'd worked with before," he said. "As I grew, I found out people with the skill set necessary to operate at the next level weren't always the same people. We had to revamp what our leadership was, to make sure they were able to operate in the tough, fast-paced environment of the second-stage company."

But it was necessary to set the stage for growth.



Powerlink LLC founder Link Howard III (left) and COO Scott Rice found it necessary, but not easy, to change the makeup of the leadership team at their facilities management company.

"It was probably one of the most difficult, emotional periods of my life," Howard said. "Some of these were people I had close relationships with and still have ongoing relationships with — friends, family members. ... It was not an easy thing to do."

COO Scott Rice jokes that he'll always remember that part of Powerlink's history as the "**P.F. Chang's** conversations" — Rice and Howard made a habit of talking out difficult decisions over lunch at the Asian chain restaurant.

"As uncomfortable as it was, we had

to put people in positions where they could thrive," said Rice, who's been with the company since its inception. "Some people we couldn't find positions for, and they had to move on."

What it all boiled down to — and what made the decisions so hard — was prioritizing company growth over friendships or relationships, Howard said.

"What you have to decide is what's most important to you," Howard said. "Is it growing the company, maintaining personal relationships or being liked by everyone? To us, the most

significant thing was making sure the company was growing and strong."

What Howard and Rice said Powerlink needed was a management team that was knowledgeable, but more importantly, flexible and hungry.

Rice said these days Powerlink prizes the right attitude, a kind of "let me at it" energy, over specific skills or a certain résumé.

"What we look at is, does the person have a really strong basic skill set and a highly competitive nature where they really like to succeed?" he said. "We're not building rocket ships — we can teach people the technical skills. So we look for personality first when we hire."

One recent hire in Powerlink's human resource department had no HR experience, but rather had just graduated from law school, Rice said.

"He had strong oral and written skills, but he was hungry to make a difference," he said. "He wanted to show what a great asset he could be to the organization."

The ability to move quickly is a key requirement, Howard said.

"One of the things we found with people we hired early on is that they couldn't really operate at the pace necessary to operate as a second-stage business," he said. "They came in with one particular pace that they were doing things, and we were so far different from the type of company we are now that they weren't able to operate."

Revamping the management team, Rice said, has enabled the company to increase sales dramatically, but also to meet challenges at a greater speed.

"The speed at which we can make changes" is the biggest benefit, he said. "We have change-ready people. It's so valuable to have people who embrace change, who understand that it is part of the way you're able to grow a business."

In one case, the company had to set up a new accounting system, estimated to take up to a year.

"We got it done in four months," Rice said.

Similarly, when the company had to launch new quality control tools at the

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continued from page 1

company's janitorial locations, it only took six weeks. "The capacity of our team is far greater to embrace projects and run with it in an independent manner."

Rice said the company's revenue has doubled since revamping the management team, with the same size staff. The company has about 600 employees and about 25 managers, many of whom serve on-site.

Treating employees gently in these situations isn't just the right thing to do, it's the smart thing to do, said Dana Davis, staffing services manager for human resources at Livonia-based Phillips Service Industries Inc. and president of the Human Resources Association of Greater Detroit. If you expect the departing employee to find another job in the same industry, it's a bad idea to burn bridges.

"From a legal standpoint, we always have to check things like non-competes and confidentiality. From the resource-management side, you make sure there are no loose ends there," she said. "That's especially important if they may go and work for a competing company of some kind."

"By the same token, if you know there are competitors out there or even folks in your network who may be able to refer this person to future employment, those connections are very important."



Powerlink LLC founder Link Howard III (left) and COO Scott Rice.

Offering outplacement coaching can help ease the transition, she said, or additional benefits may help sweeten the parting.

It's also important to have legal ducks in a row, asking departing employees to sign a separation agreement that details the terms of any settlement or non-compete clause and requires the employee to continue to hold information learned while working at the company confidentially, Davis said.

Avoiding adding full-time employees when there's not a true need also can help avoid unnecessary cuts down the road.

"We had to start leveraging our internal talent more," said Joe Wichowski, president of Wixom-based Traction Consulting Group.

“ You have got to look for the best person or the person with the greatest knowledge, skills and ability... You can't be clouded with emotional baggage. ”

Link Howard III, Powerlink LLC

The company helps business owners find and use the right software for their processes. "As a single business owner, an entrepreneur, I utilized myself way too much, to the point that you end up realizing you can no longer do everything yourself and still grow the business. I had to pick my core strengths and my core competencies and delegate everything else."

Wichowski said that his company, which grossed \$1.1 million last year, has used consultants to avoid adding full-time personnel when there's not a true demand. This frees up the fast-moving management team to continue to guide the growing company.

"Everybody here now is wearing a ton of hats, which is indicative of a smaller company," he said. "Everybody here understands where we're going, where our focus is for the next 12 months. Everybody here is playing more to the strengths of where the company's going to be 12 months from now when we grow 35 percent."

Howard said he and Rice tried to

find new roles for folks who needed to be transitioned out, but that wasn't always possible.

"You have got to look for the best person or the person with the greatest knowledge, skills and ability," Howard said. "You can't be clouded with emotional baggage. ... As I've grown as a leader, I've seen how people who made emotional decisions are usually making the wrong decision."

There's one useful rule Rice said he uses when evaluating a hire that cuts down on baggage: "Why are you hiring that person? Because your competitor would love to have that person on staff? Is it because of your need or because of their need?" he said. "If it's because of your need, if it benefits your organization, that's fine, but if you're trying to give somebody else an opportunity just for the sake of it, more times than not you are going to struggle with it later."

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