

# THE COMPOUNDING POWER OF TEAMWORK

A 6 STEP  
TEAM INVESTMENT STRATEGY  
FOR LONG-TERM PROFITABILITY

The JOHN MAXWELL Team



- Compound Benefits
- Compound Liabilities
- Strategies for Developing a Profitable Team

## The Compounding Power of Teamwork

Leaders in the banking and investment industries know the power of compound interest and, conversely, the high cost of compound debt.

But it isn't just about money. Business owners make investments. And for most, their largest investment is in people.



In fact, a common statement from CEOs of large organizations is, ***“People are our most appreciable asset.”*** John Maxwell adds this caveat, ***“...only if leaders are developing them. Team members don't get better unless leaders are pouring into them.”***<sup>1</sup>

### Compound Benefits

An obvious example of how investing in people compounds, plays out in the life of a self-employed entrepreneur who understands the value of teamwork. There are only so many hours in the day, and there are physical limitations on what one person can do. The average successful entrepreneur can realistically earn \$50,000 - \$75,000 per year on their own. Some may reach six figures in their business. However, extending beyond that without a team becomes a recipe for [entrepreneurial burnout](#).<sup>2</sup>

Highly successful entrepreneurs – the “overnight millionaires” you hear about – become so by tapping into the power of teamwork. They have a network of collaborators, partners, and affiliates who have helped them push beyond the singular limits.

Small business owners recognize the compounded value of teamwork and know that with the right team and a good system, they can increase their business exponentially. While an individual can generally reach five or six figures in business, a small business can push into seven or eight figures and beyond.



**“One is too small a number to achieve greatness. You cannot do anything of real value alone.”**<sup>3</sup>

At the highest levels in business are large corporations, where compounded teamwork is most evident. Departments and employees bring even more varied and specialized skill sets, which help expand scope and depth of business. While one department concentrates on development, another can focus on marketing. The CEO can focus on growth while the CFO battles the bottom line. Innovation and implementation are carried out simultaneously.

**“The compounded value of teamwork is depth and scope, growth and protection, innovation and implementation.”**

*“Teams also keep leaders accountable for the goal. Individuals connected to no one can change the goal without accountability.”<sup>4</sup>*

While not every company is or should be a large corporation, every company can benefit from the power of compounded teamwork.

## Compound Liabilities

Companies with high turnover rates are like credit card holders who just keep paying for their mistakes year after year. They end up losing money and getting nowhere.

An article on [HRDive](#)<sup>5</sup>, reports, “In dollar figures, the replacement cost is \$15,000 per person for an employee earning a median salary of \$45,000 a year, according to the [Work Institute’s](#) 2017 Retention Report.”<sup>6</sup>

Astonishingly, the article goes on to note that **“the study of 34,000 respondents concluded that 75% of the causes of employee turnover are preventable.”**

*“Employee turnover is costly but preventable.”*



# The Compounding Power of Teamwork

## Developing a Profitable Team

As a savvy business leader, you have the ability to create a profitable team that can, as John Maxwell states, ***“maximize your potential, minimize your weakness and prevent costly turnover.”***

### THE 6-STEP TEAM INVESTMENT STRATEGY

#### 1. Make a thoughtful initial investment.

Do your due diligence to find the best qualified candidate for each position. Look for character, culture, collaborative skills, and strengths that are a good fit for the organization and the position. Invest the time to interview, check references, and assess each candidate's strengths. Hiring well ensures you have a team member who can hit the ground running, which generates immediate returns on your initial investment.

90%

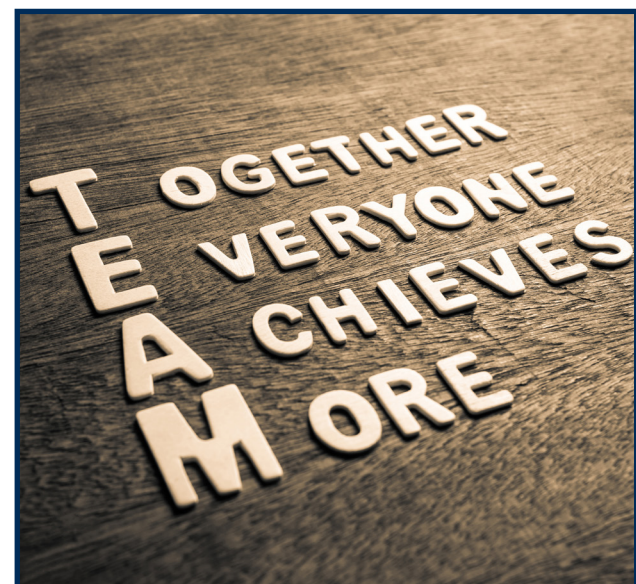
of leadership failures are  
failures of character.

Norman Schwarzkopf

#### 2. Contribute regularly to growth.

*“Growing today is the only guarantee tomorrow will be better.”* –John Maxwell

A good investor knows that purposeful and regular contributions made now pay major dividends over time. And yet, in the workplace, the number of employees who receive additional training for skills, leadership, and best practices is astoundingly low. While you may sustain profitability to some level based on your initial investment, you will miss the exponential payouts that could have happened in the future by investing in your people now. Corporate training, mentorship programs, and individual coaching are avenues for growth available for your team.





### 3. Realize the value of time.

*“We want to build a company that will be here fifty and sixty years from now.”<sup>7</sup>*

—Jim Sinegal, Co-founder, Costco

When invested well, your portfolio could earn a return on investment (ROI) of double in 5-9 years on average. What if the same is true for your employees? Imagine the difference that time and tenure will have on your investment.



According to the [Bureau of Labor and Statistics](#)<sup>7</sup>, the average tenure of an employee is 4.2 years. For companies with a high turnover rate, the tenure is even shorter. Essentially, if you have made strong initial investments in your people and have contributed to their growth, but they leave in just 4 years or less, you are losing enormous value.

In recent years, employees have been considered expendable, and high turnover has become the expected norm. Good leaders will value their people and cultivate an environment that rewards long-term service to the organization.

### 4. Reflect on your rate of return.

*“Follow effective action with quiet reflection. From the quiet reflection will come even more effective action.”* —Peter Drucker

As the leader of an organization, you are the guardian of the bottom line. If an employee is under-performing, it is your responsibility to determine why and find a solution.

- » ***Is there a placement issue?*** Have you given the employee the opportunity to serve in their strength zone?
- » ***Is there a people issue?*** Are you helping your team resolve conflict or communicate better?

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» *Is there a performance issue?* Have you trained and mentored the employee well? Are you holding them accountable to their work? Have you identified any underlying problems that can be resolved?

## 5. Adjust for inflation and other factors.

*“Balancing optimism and realism, intuition and planning, faith and fact can be very difficult. But that’s what it takes to be effective as a navigating leader.”* –John Maxwell

In any equation, you must factor in the variables. Be a leader who proactively anticipates and manages risk, not one who fails to count the cost. When it comes to teams, there will be “other factors.” People will make mistakes. Deadlines will be missed. Results will be impacted. Acknowledge them as appropriate and necessary. Pay the dues, and move forward with your team.



## 6. Compound growth.

*“If you want to maximize your leadership and help your organization reach its potential, you need to develop leaders. There is no other way to experience explosive growth.”* –John Maxwell

Compound growth is the magic that happens when you get the formula right and then build on it; line upon line, precept upon precept. Doing so requires an entirely different focus and attitude from simply attracting and leading followers. It takes a mind-set that embraces the value of attracting leaders who develop leaders. Build a team of that kind of leaders, and your interest and investments are compounded exponentially.

## Application: Take Action to Build Your Team

Applying the six steps in this guide will require a game plan to ensure the best results. Make time to review each of the steps and assess your current team development plan to see which areas you need to improve. Imagine the outcome if you begin to make improvements in just one of these areas.

Great people are attracted to places where they are allowed to grow and develop their potential. As you create an environment for your team members to grow, you will reap the benefits of attracting great talent as well as retaining your winners.

Investing in the development of your team can yield exponential returns. Although you may invest money on the front end, on the back end, you get higher productivity and increased performance which can lead to higher profits. The good news is you can begin to maximize your investment today!



<sup>1</sup> John Maxwell, "Great Leaders Have Great Depth," John Maxwell Blog, July 15, 2015.

<sup>2</sup> Jose Vasquez, Contributor, "The 5 Reasons Most Entrepreneurs Burnout," Huffington Post, July 25, 2017.

<sup>3</sup> John Maxwell, "One is Too Small a Number," John Maxwell Blog, May 31, 2011.

<sup>4</sup> John Maxwell, "One is Too Small a Number, John Maxwell Blog, May 31, 2011.

<sup>5</sup> Valerie Bolden-Barrett, "Study: Turnover Costs Employers \$15,000 per Worker," HRDive.

<sup>6</sup> Bureau of Labor Statistics, News Release, Employee Tenure in 2016.

<sup>7</sup> Steven Greenhouse, "How Costco Became the Anti-Walmart," New York Times, July 17, 2005.



As an Executive Director with the John Maxwell Team, I am committed to serving business leaders and their teams with leadership and professional development programs that will help you to leverage the 6-Step Team Investment Strategy for your organization.



**Contact me for more information.**