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Careful What You Call People: There's More to a Title Than Some Entrepreneurs Realize

by Jack Roseman, Contributing Columnist

Most entrepreneurs say they don't care about titles. I'm not sure that's true, but that's what they'll tell you. In fact, I don't think they feel any differently about titles than anybody else. Titles are important to people. And that is the point of this column: Be careful when you hand them out. I didn't always realize this, but I learned.

I know when I hired my first employee at my first company, I thought I didn't care about titles, and so I didn't give it any thought. My partner and I were selling all day and programming at night, and we were falling behind. When I finally found a programmer willing to take a chance on our two-man company, the last thing on my mind was what would go beneath his name on his business card.

The day after we hired him, he comes into my office. (Now, you have to understand, it took a while to find

somebody, so we had fallen pretty far behind in our programming, and we had quit selling to catch up. This was the one thing on my mind.)

So this employee pokes his head into my office, and he says, "Excuse me, but I forgot: What is my title?"

In my mind I'm thinking, who the hell cares, but of course saying that wouldn't be good management style. So I say, "I'll tell you what. I'm Chairman. You can be Assistant to the Chairman. Now just get programming because we're late on this job."

About a week later, this guy has business cards printed up with "Assistant to the Chairman" on them, and he's giving them out to everybody who comes in the office. So that's why I say be careful with titles. You may not think they mean much to you, but they mean something to the outside world and to the person you give the title.

In all honesty, I remember the first time I had a card that said "Manager" on it, and I was very proud of that. It's just human nature to take titles seriously.

By the time I had grown and sold my company to KMS Industries, I had figured that out. After they bought us, they renamed my company the KMS Technology Center and named me Vice President of the KMS Technology Center. But my partner, who had just a handful fewer shares than I did, didn't get the same title.

So one day, I was attending one of the management meetings for the vice presidents and I thought, you know, this isn't fair. I'm here, and my partner is back at the ranch. So I announced to the assembled executives that I would like to have my partner given the title of vice president.

And right away, one guy says, "Jack, that's crazy. What's a title worth?"

“Bernie,” I told him, “let me do this: You can stay Vice President, except your business cards cannot say ‘Vice President.’ And any stationery you have, if it has ‘Vice President’ on it will have to be changed so that it has no title. And let’s do that beginning today. Do you mind?”

“Well,” he said, “Yeah, I mind.”

I said, “I’ll tell you what. I’ll give you \$500 to take the ‘Vice President’ off your calling card. Now is that okay?”

“No.”

I said, “Well, I don’t know what a title is worth, but you just proved it’s worth at least \$500.”

Now by the time I became President of On Line Systems, I understood the importance of titles well enough to maybe save the company a little money. So I tried an experiment.

I don’t remember how many cities we had, but we were in cities all over the place and in most cities we had only one salesman. This was during a time when money was extremely important to the company. So I structured a compensation plan with this stipulation - you could take the title Manager or Salesman, but if you took the title Manager, your compensation would work out to be \$1,000 less than if you took the title Salesman. I laid it right out and let everyone choose. The result didn’t surprise me. They all took the title of manager, which

ended up saving the company many thousands of dollars.

I think there were two things going on here: They wanted a manager title, but they also figured that if they became managers, they would eventually have people working under them and make more in the long run. So they’d take less now for future rewards. And that’s what happened.

Jack Roseman is the Director of The Roseman Institute. He was the founder of two successful computer firms and was president of a third, On-Line Systems. Jack formerly was the associate director of the Donald H. Jones Center for Entrepreneurship at Carnegie Mellon University’s Graduate School of Industrial Administration (GSIA). This column was written with Steven N. Czetli, former Executive Editor of T.E.Q.