

EPISODE 1258

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[INTRODUCTION]

ANNOUNCER: You’re listening to Money with award-winning money guru, Farnoosh Torabi. Each day, you get a 30-minute dose of financial inspiration from the world’s top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas or double your double coupons? Sorry, you’re in the wrong place. Seeking profound ways to live a richer, happier life? Welcome to Money.

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FT: Welcome to So Money, everybody. I’m your host, Farnoosh Torabi. Managing people is the topic of conversation today. Managing people at work and in life. When we are in relationship with other people, it requires a level of awareness and management. Our guest today is Rachel Pacheco, she’s the author of the book *Bringing Up the Boss*, who is an expert at helping startups solve their management and culture challenges. She’s a former Chief People Officer and founding team executive at many startups.

She has conducted research on management and works with CEOs and their managers to build skills necessary to navigate a rapidly scaling organization. If you’re working for a startup, or you’re thinking about up-leveling your career, becoming a manager, you want to listen to this conversation, because Rachel has really important timely advice on how to be the most effective manager at work. Also, as we discover in many realms of your life.

Rachel is also a Management Instructor at the Wharton School, and the Graduate School of Education at University of Pennsylvania. She speaks openly about her own mistakes as a manager. Here’s Rachel Pacheco.

[INTERVIEW]

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FT: Rachel Pacheco, welcome to So Money. Congratulations on your very new book, *Bringing Up the Boss: Practical Lessons for New Managers*.

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RP: Thanks. It's so great to be here and be talking to you about the book.

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FT: Yes. I mean, you come to this book with your own professional experience. You teach management at Wharton. You have a lot of stories from your professional academic career to bring to this book, to offer to readers, but also, your personal journey as well, navigating the world of management makes for a rich book. I have to say, I don't really manage anybody, really. I don't have an employee, let's say, in my life that I am responsible for grooming and managing by choice, by design. We'll get to that in a second.

Because, I think, sometimes, you should know yourself. If you're not really up for the task, you should maybe not do that job. It's not everybody needs to be a manager. It's an interesting time for the book, Rachel. A lot of people are quitting their jobs, or at least they say they're going to quit. I wonder, the boss is usually what you're trying to quit. Not always the job. Talk about that. How important it is to actually be a good manager, because it is the bottom line for so many employees? If you don't have a good relationship with your boss, you're out of there. You're not happy and you're going to quit and that's costly for everybody.

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RP: Yeah. We're facing this so much right now with what you alluded to the great resignation. People are quitting in droves. Quitting their companies and to your point, really quitting their

bosses. As managers, we have this outsized responsibility to make sure our employees are cared for, they feel motivated, they feel seen, and we're managing their burnout, especially during the past 18 months.

Managers right now have a ton of pressure on them, to figure out how to retain their teams, keep them happy, and manage their own sense of burnout, disillusionment, and manage their own bosses.

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FT: Yeah. The pandemic has certainly added another layer of stress. Frankly, a lot of people are, as you point out, it's at an inflection point, where we're reflecting on our lives, purpose of our careers, the purpose of our personal choices. What else about now makes it important and urgent for a book like yours? There's a new generation of leaders and managers. Our grandparents and parents were a different generation of manager. What is required now of the job that we are increasingly demanding, perhaps that wasn't practiced before, but should? I mean, I watch *Mad Men*. I watch all those sorts of shows. I'm like, "Well, that could never happen today, some of the office scenes." Tell us about why now.

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RP: One of the reasons I wrote this book was I was a Chief People Officer in a quickly growing healthcare startup. I realized that my managers weren't equipped to the task. I set out to find a book that spoke to the challenges that these managers faced and helped them upscale really quickly. What I found to your point was that most of the management books were written 25, 30 years ago, and spoke to a really different time and a really different context from what we're facing now.

Managers now have the responsibility of addressing and reckoning the social change, and the racial justice that has really come to the forefront in the last couple of years. Managers also have a responsibility now, especially with the millennial group to help their team members find meaning in their work. We look to work and we look for it as a sense of purpose and as a sense

of meaning. Now, managers aren't just delegating tasks and helping you manage your time. They're also helping you find your purpose and helping you find your path.

Then, just in the last year, again, managers are helping people manage their personal lives in terms of burnout, and work-life balance and hybrid work. We really need, which is why I wrote the book, we really needed a book that spoke to the challenges of today, and the requirements and the demands that the workforce is looking for in their managers.

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FT: I would imagine, it's really hard to reconcile making the work meaningful for your employees, but also answering to your shareholders. You want to take care of your team first, right? You want to take care of your employees first, and not be bottom-line-driven. How do you square that with so much pressure from both ends? I think managers have, in some ways, an even harder job now, because their job is just far more demanding from both angles.

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RP: We have this assumption that to be a great manager means it costs the company a lot of money. Or that the way to keep people happy is to throw a lot of resources, additional compensation at them. What we often fail to recognize is that our team members are motivated by a whole bunch of different things, and that those things often don't cost a lot of money. We might have a team member that's really motivated by a sense of learning, or a sense of community. What I often tell folks is that, think about how your team members are motivated? What drives them? Manage to those unique characteristics and unique dynamics of your team.

Say, the second thing, too, is good management directly speaks to the bottom line of an organization. I saw a statistic recently that – and I think this was from Amazon, but I'm not a 100% correct, if my memory serves me right, that the cost of managing and firing a bad hire is five times their annual salary. It's that huge amount. Think about it. Think about for folks listening, when you've had a bad employee, or an employee that hasn't done well, the amount of time, energy and resources that goes into managing that person is astronomical.

If we can hire well, if we can manage people well, if we can keep them happy, that's great for the employees, that's great for the managers, and it's great for the shareholders and the organization overall.

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FT: Managers should empower their team to come to them with what meaningful means, because what is meaningful to me is different than maybe my colleague. I want more flexible time. My colleague might want a different project. What can employees do to as you say, manage up? You write about that in your book.

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RP: The two biggest things, I think, to managing up well, number one, employees can think about, "What can I do to make my boss's job easier? What can I do to make my boss more successful?" That does a couple things. First, it puts you in the mindset of being proactive, being solution-oriented, and not just creating problems. Because all of a sudden, you're going to your boss with ideas and suggestions and solutions, as opposed to looking to your boss just to correct problems and fix things.

The second thing it does is it helps you develop the skills, the strategic thinking skills, the higher-level thinking skills that's going to get you to the position of being a boss one day as well. That's the first thing. The second thing in terms of managing up is identifying and owning your own skill development. A lot of times, employees look to their managers, look to their bosses to tell them how to develop and how to grow. That's a huge amount of responsibility on the manager, and the manager might not know what the employee needs or wants from a skill perspective.

I work to coach managers, to coach their employees to own their own development and identify, "Hey, I want to be a sales manager in three years. Here are the skills I want to develop. How can you, manager, help me develop those skills? How can work together for me to build those skills?" It really puts the employee in the driver's seat of their own development, and it becomes super empowering, exciting and motivating for these employees.

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FT: What's the most important skill for a manager, you think? Is it empathy? Is it, if you're listening and you're wondering if you've got it, you've got what it takes? I mean, maybe you don't have all of the things yet, because of course, even the best of managers are still learning. At the core of it, what is the best signal that you're ready for this task?

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RP: I would say, the best, or the most important skill for managing, it actually comes from a piece of advice that someone gave me around dating. The best skill to build first and foremost when you're a manager, or aspiring to be a manager is setting clear expectations with your team members. It's really, really simple. It feels straightforward, like we should all do it, but it's actually really hard.

If I was on a desert island, and someone said, "What's the one management skill you could bring?" It's be really clear in the expectations you have of your team members. Because often, we think our team members know what we want from them, but they don't, and they have no idea, especially if they're more junior, or haven't done the role before. As a manager, we need to explain the vision and the end-goal of an activity. We need to explain what good looks like, set the timing, and give examples of what's good. If all managers did that, the entire population of managers would be far better than they are now, because we just don't do it enough.

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FT: There's that famous line on 30 Rock, Tracy Morgan's character, Tracy Jordan, is yelling at his, I guess, I don't know, his intern, or his assistant like, "Anticipate me. Why don't I have my French fries yet?" We always joke about that, because you're right. I mean, we falsely think that people should be reading our minds, and they're not. I think, to add on to what you're saying, and this is from your book, is establish those expectations, but provide the feedback frequently. Because in your mind, you might change expectations, and you haven't communicated that to your team, and that might be a trip up as well.

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RP: Totally. I would add, a lot of times that we do as we think we're setting expectations. We say something like, "Hey, team member. My expectation is for you to be proactive." Then we let them go, try to think about what proactive might mean to us. Instead of saying, "Proactive means these things in my mind. This is how I want you to be proactive." Sometimes we get there about halfway, and we think we're setting expectations, but we could be even clearer in terms of what we want and what we need.

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FT: I'm good at many things. Being someone's boss is not one of them. I'm the first to admit. I don't know, I think I overcome, say, in the friend department. I try to be very inviting and very welcoming. Then if someone doesn't perform a task well, I don't know where to go from there. Because I have been so nice, I feel I'm doing a 180 and being, "You did this wrong." For me, feedback was the ultimate pain point as someone's manager. You write about this in your book, because I think I'm not alone in this, and this is a huge pain point for a lot of managers is how to give feedback, where you're not over-critical, that everybody leaves feeling good about the meeting.

I'll give you one example of maybe how this could work well, as I interviewed John Paul DeJoria, who is the founder of Paul Mitchell, that huge beauty company. He also owns Patron Tequila. He's a billionaire times two. I had the opportunity to follow him around for a couple of days for an old life. In an old life, I was a TV host. He said, "The key to giving feedback is you want to be direct, you want to be kind and you want to end the meeting on a positive note. Make sure that that person is leaving your room, possibly feeling better than when they walked in, even though the criticism, or the feedback was not great."

You don't obsess over the problem. You just state what went wrong. You talk about how you're going to correct it, or how you'd like to see corrected, and then you also uplift them on their way out, which I thought was not something that you would think to do. He says, it works like a charm. He's got people working for him for many years. What would you say to that?

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RP: Yeah. I love that ending. What I always share is that constructive feedback done well is incredibly motivating. Because the individual now knows what they can change, or what they can work on to become better at what they're doing. To his point, someone leaves a feedback conversation and is inspired and energized and motivated to do better, to do better tomorrow, to do better to do better immediately. What happens is when we don't give feedback, people are left in the dark, and it's really scary.

It's scary to come into work every day and think, "Where do I stand? Does my boss think I'm doing a good job? Does she think I'm doing a poor job? Where am I?" Then when they get feedback once every six months, it's like, "Why is this coming now? Has this person been keeping this in for the last six months and hasn't been telling me?"

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FT: Where did this come from? Right.

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RP: Where did this come from? It's really scary. I would say, one thing you said about this idea of being nice and being scared to then give feedback, because we feel like we're being mean, I try to convince people, or decouple the idea that feedback is mean. Really, that we're actually being mean, if we're not telling people what they could be doing to get better. Because what ends up happening is you just kick the can down the road. The worst-case scenario is, you're nice for a year, and at the end of the year, the person has not performed up to standards, and you have to let them go. Then who's mean, right?

It's this idea of as a manager, it's your responsibility to give someone feedback, because you could really harm their career, their long-term career trajectory, if you're not giving them that honest, constructive, concise, precise feedback right when it happens.

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FT: You got to trust that it's coming from a good place. As I'm hearing you speak, Rachel, I can't help but think how much this advice, yes, pertains to our careers, and as managers in a professional realm, but also, all the other relationships that we may have outside of work where there is a power dynamic. Giving feedback to your partner in your relationship, super critical. Setting expectations, you talked about dating. Setting expectations with any relationship, whether it's your babysitter, your sister-in-law on how you're going to organize the family reunion. I mean, all these scenarios in our lives require effective management. Did you think about that as you're writing the book? Like, this is actually a life skill book.

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RP: I did. the book actually started as a blog, which was really fun, because I got a lot of feedback along the way. The most fun feedback I would get would be people writing in and saying, "This just happened with my spouse and I." Or, "You talk about job crafting, but what about marriage crafting?" Things like that. Yeah, it's really about to your point, it's really about managing relationships, whether those relationships are in the office, whether they're at home, whether they're in a social setting. It's how do we effectively manage relationships and manage ourselves?

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FT: Sticking with expectations here for just a second, the difference between micromanaging and being hands off is vast. Both extreme. What's the best way to strike that balance?

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RP: I would say, a lot of new managers, one of their biggest fear in why they don't set expectations is because they're afraid of being a micromanager. We've all worked for micromanagers in the past, and it's terrible. It's really disempowering, it's demotivating. The distinction I make is micromanagers tell you and guide you every step of the way. They're telling you how to do things, how to get to an endpoint, and then directing you on that process.

A great manager sets the end goal, sets the vision, tells you what good looks like, and then lets you figure out how to get there yourself. Research shows that when we let people chart their own course to figure out how to finish a project, or figure out how to design a product, or figure it out themselves, it's far more meaningful. They get far more enjoyment and satisfaction. That's really the difference. That's really what we try to get to is this idea of set the end goal, set the vision, share what's good, and be there to help along the way, if needed, but let your team member figure out how to get there, versus micromanaging is telling them how to get there every step of the way.

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FT: There's a great saying at Red Ventures, the parent company to CNET, where I'm working currently, as editor at large, they have many tenets, but one of them, which I love, is everything is written in pencil. When I was onboarding, we broke into groups, and that was the one tenet that our little group had to explain in our own words, like what we thought it meant. I think, to me, it meant that – well, many things. Many good things. One is that we foster an environment here that allows for experimentation. With that, we assume failure. Failing is healthy. It's important. It's part of the journey. I really thought that that was a great thing to say very boldly.

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RP: It's so important to be able to fail. I would say, the best thing that a manager can do to allow their team members to fail and make mistakes is to be a role model. A lot of times, especially new managers, there's this thought, or this self-expectation that, "I'm a manager. I should know everything now. I should know the answer to every employee question. I should know the answer to every question asked about the company. I'm not allowed to fail."

For a manager to say, "Hey, I don't know the answer to this, or I messed up. I told you guys one thing, and I should have gone a different path." That's incredibly powerful, because A, it takes a lot of pressure off of you as a manager to be perfect. People can smell BS from a mile away, and people know if you're making things up. It takes the pressure off of you to be perfect, and it shows your employees that failing, making mistakes, not knowing the answer is okay. It's better

to ask for help, or to say, you don't know, or to fail and admit that failure, than to not. I think, it's really powerful being a role model with failure.

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FT: It strangely makes you more confident, I think, in your capabilities. I remember, I had this very difficult job anchoring, and local news cast and very nervous every day. Then I went into the bathroom one day, and I was doing my breathing exercises, or whatever I was doing, and lighting my candles, praying. The head anchor of New York City was in there, teasing her hair, whatever she was doing. She was very nice to me and she said, "Hi, how are you?" I said, "Hello. I know who you are." She's like, "How's your day going?" I said, "Oh, it's okay. I totally flubbed on the prompter live." She goes, "I fail every day. I mess up at least once a day." This is the head anchor.

I went back to the office, feeling a lot better, a pep in my step. It was weeks later, a colleague said to me, "You seem really calm, Farnoosh. Why are you so chill, relaxed?" I was like, "I don't know. Maybe it's because I figured out that I can screw up and still be successful," back in that bathroom. So important just to say, I agree with you. I've experienced this in my life. Knowing that failure is an option makes you probably better at your job.

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RP: It's super liberating.

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FT: Yeah. Oh, my God. I'm going to like it. It's a privilege to feel I can fail and still maybe have my job.

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RP: Right. Can laugh at yourself and keep moving forward.

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FT: Rachel, before we go, we have a few minutes left, I want to hear about your best and worse moment as a manager, or being managed.

[00:24:12]

RP: Oh, boy. That's such a hard question. One that I haven't before. The moments that stick out in my mind from the worst moments are when I've had to let someone go, and realized that a lot of it was because of me, my fault. This feeling like, I failed this person. I was a terrible manager. I didn't give them the tools they needed. I didn't give them the resources they needed, and that's why I'm now in this position of letting them go. That just feels miserable every time.

Luckily, over time as you get to be a better manager, those situations happen less frequently, but that sticks in my mind. There's a couple early management experiences, where I was having a conversation with someone and it was like, this is this is completely my fault. Those are really, really hard.

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FT: It's not you. It's me.

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RP: Right. Totally. I really mean it. It's true. Believe me. It is me. I would say, the best ones are those individuals that you manage, there's a handful of people that I've managed that I'm still really close with. They still come to me for career advice, or work advice, or life advice. Because that bond, especially when someone's early in their career, can be really powerful. It helped someone chart their path early on. Those are my favorite ones, where like, "Oh, I impacted someone's life in a positive way." That just means so much.

I think, part of the reason why I wrote this book is to allow people to have more of those experiences, because it is such a privilege to be in the role of a manager. I wanted to help people have those experiences, where they really feel they can impact others.

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FT: Rachel Pacheco, thank you so much. The book is called *Bringing Up the Boss*. Excellent book. If you are thinking about, or currently in a management position, but like we've discussed for 30 minutes here, transcends all sorts of relationships and power dynamics. I think, this advice is good all around. Rachel, thank you so much for writing the book, for joining us. Congrats again.

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RP: Thanks so much, Farnoosh. It was great to be here.

[END OF INTERVIEW]

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FT: Thank you to Rachel for joining us. Her book again is called *Bringing Up the Boss*. It's available everywhere. Came out earlier this summer. Highly recommended, if you're looking to up-level your career this year and move up to management.

Coming up on Wednesday, a conversation with married couple Nate and Kaley Klemp. Their book *The 80/80 Marriage: A New Model for a Happier, Stronger Relationship, and Why Trying to Reach 50/50 Equality in Your Marriage is a Losing Game*. Stay tuned for that. Thanks for sharing part of your day with me. I hope your day is so money.

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