

# PREP TALK

## Managing Managers

From Permanent Equity's Ops Desk

Estimated reading time: 10 minutes



# First, some things about people.

Each of us is born with a distinct set of gifts and talents.

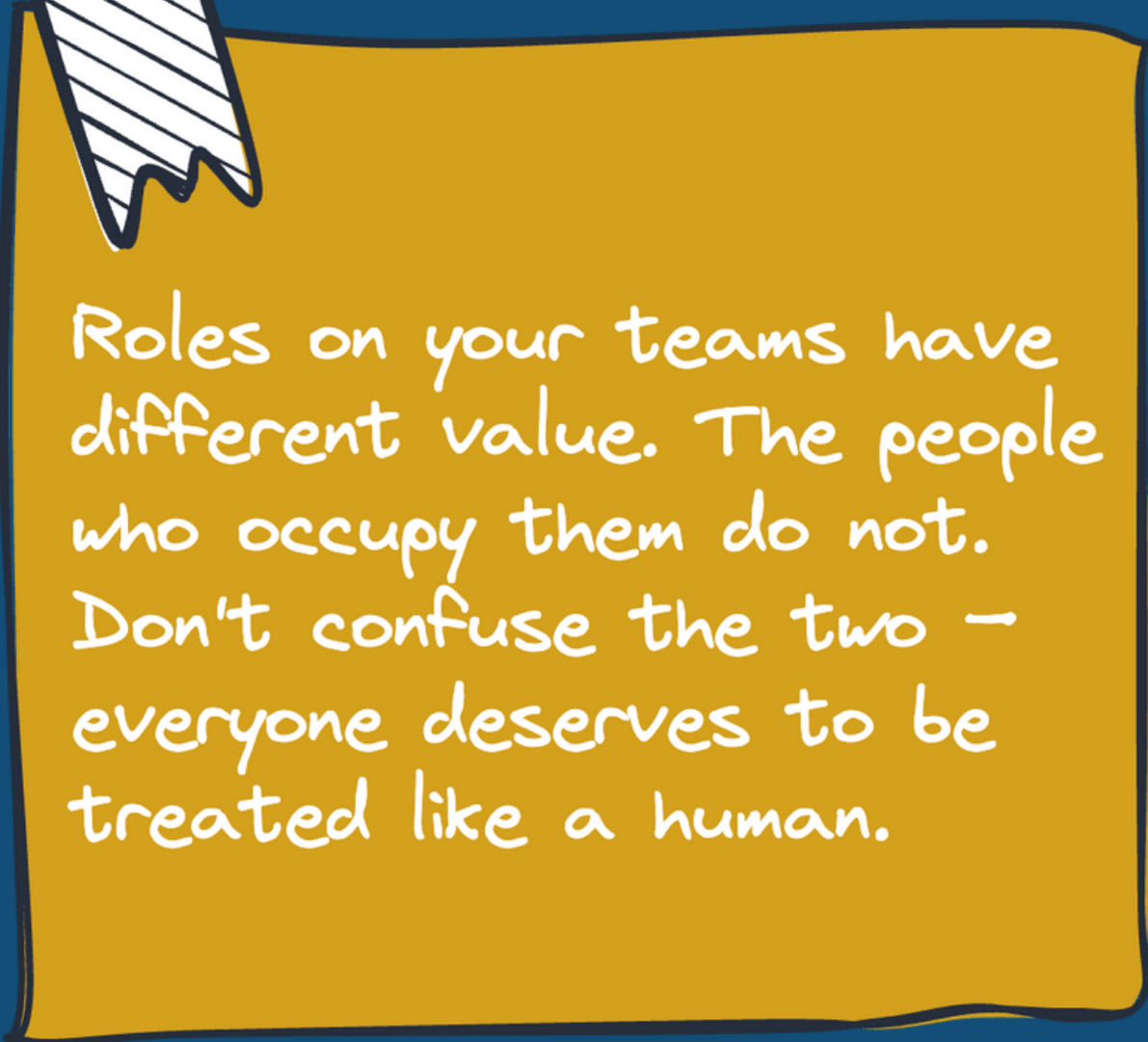
Subconscious Gifts

ˌsʌbˈkɒnʃəs ɡɪfts

(n.) skills/talents/abilities/insights/wisdom that are such an inherent part of who you are that you're nearly (or completely) unaware they exist.

A yellow pencil with a white eraser is positioned diagonally in the top left corner. A small, white, torn piece of paper with black diagonal lines is attached to the pencil's eraser.

**Despite those differences, we are all  
equally valuable in a broad sense.**

A yellow sticky note with a white, torn edge is pinned to the top left corner of the page.

Roles on your teams have  
different value. The people  
who occupy them do not.  
Don't confuse the two –  
everyone deserves to be  
treated like a human.



## Surprising Competitive Advantages:

- 1 Being kind to people.
- 2 Doing what you say you're going to.
- 3 Apologizing when you screw up and...
- 4 Making things right.
- 5 Being prompt.





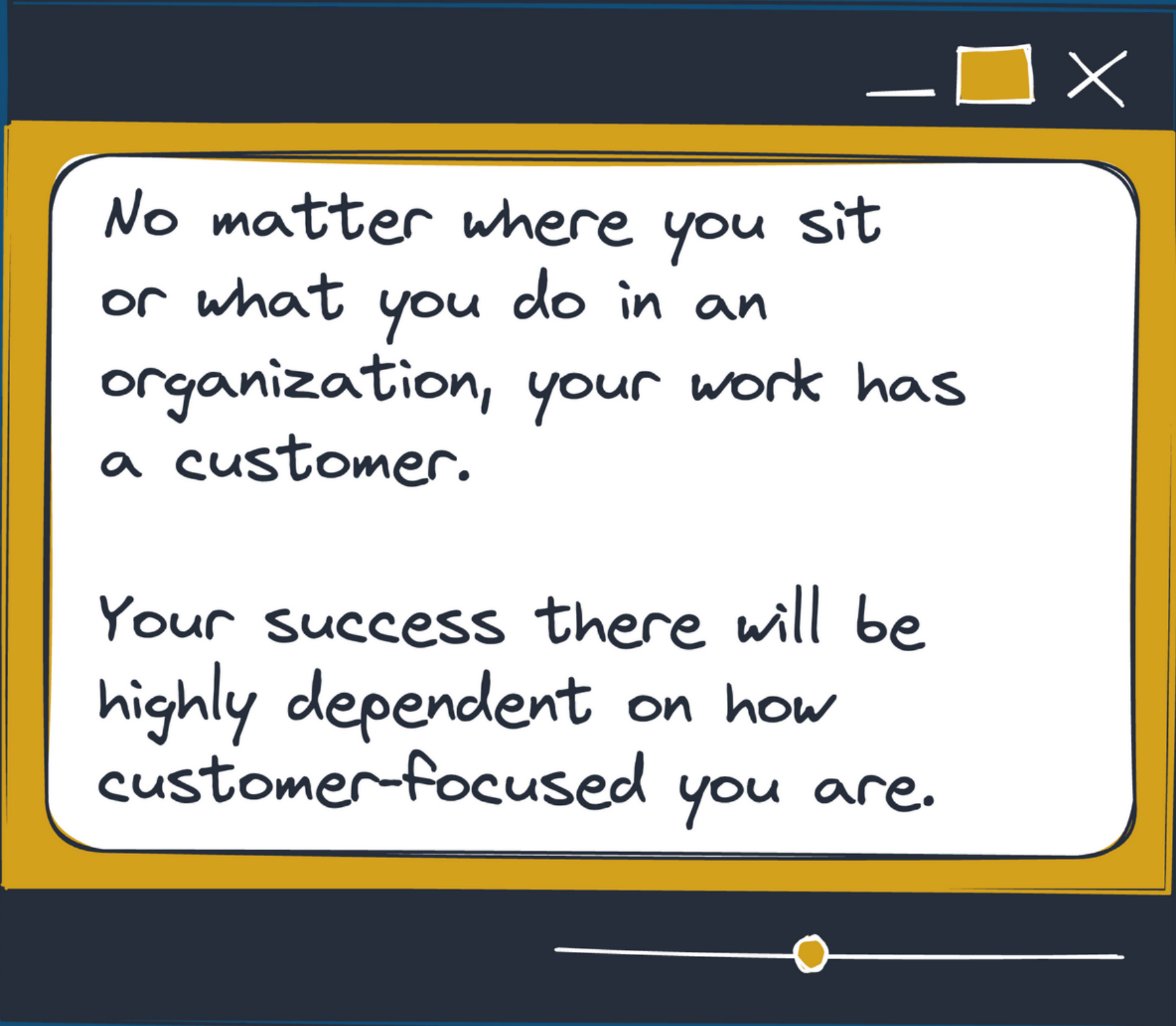



**But certain gifts and talents will be more valuable in the context of your firm or business.**




*Team members deserve an honest conversation about where they stand both with you and the organization.*

*Don't let them down.*



No matter where you sit  
or what you do in an  
organization, your work has  
a customer.

Your success there will be  
highly dependent on how  
customer-focused you are.



Because of these differences, every one of us is completely unique. There are no universal solutions.

There is a gap between how you think you create value and how you actually create value.

The smaller the gap, the more efficiently you use your skills.

The best way to shrink the gap is to surround yourself with people who care about you enough to tell you the truth.

Managers often respond to bad behavior by one employee by implementing policy that addresses the behavior rather than dealing with the employee.

Don't hamstring good people with policies designed for bad people.

Deal with the actual problem.

There are "introverted" and "extroverted"  
management styles.

Therefore, personality tools – Enneagram,  
MBTI, Strengths Finder, DiSC, and more –  
offer single lenses, but never the full picture.

Introverted management forms a few deep,  
high bandwidth relationships for mentorship.



Extroverted management forms numerous transaction-level relationships for operations.

Use both wisely.




Personality tests create harmful stereotypes. You've never met a pure introvert or a pure extrovert. Your team doesn't like being bucketized, they want to be thought of as individuals.

Therein lies both the beauty  
and the complication of  
working with people.

The most difficult words are  
also the most powerful:

---

- I was wrong.
- I'm sorry.
- I forgive you.
- I need to give you feedback.
- It's time to call it quits.
- I have enough.
- I don't know.



One of the greatest assets  
a manager can have  
is an insatiable desire  
to see the world  
through someone else's eyes.



Month:

Monday



Tuesday

Wednesday

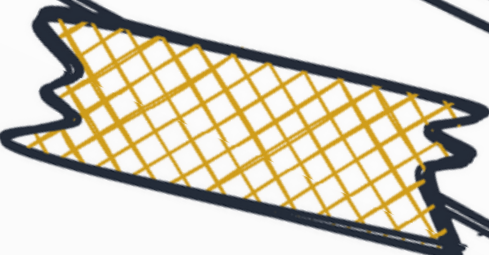
Thursday

Friday

Saturday

Sunday

Notes:



There's a world  
of difference between  
people who say  
"I don't get it"  
and people who say  
"I want to get it."



An illustration of a person's head and shoulders, wearing glasses, with a white shirt and a dark tie. The background is a solid blue color.

People are unpredictable.

We expect them to behave like we do.


But they don't.

An illustration of a yellow ruler with white markings, tilted diagonally. Below it is a white notepad with two binder rings at the top and a horizontal line. The ruler and notepad are connected by two lines.

Everyone has something to teach you.  
Don't jump to conclusions about who you can learn from.


It's counterintuitive, but one of the most freeing things you can do for your team is set boundaries.

Process and structure  
(decreased autonomy) offer  
the most effective path to  
predictable behavior.



Asking for "autonomy" in your work means you take on more accountability, not less.

Many employees mistake "autonomy" for not having a boss.  
Being autonomous means your boss shifts from a subjective human to the objective results you generate.



3 things necessary  
to give your team  
autonomy:

- 1 Clear expectations
- 2 Honest feedback
- 3 Constant communication about both

The healthiest (but less effective) way is to create a culture. It's way harder.



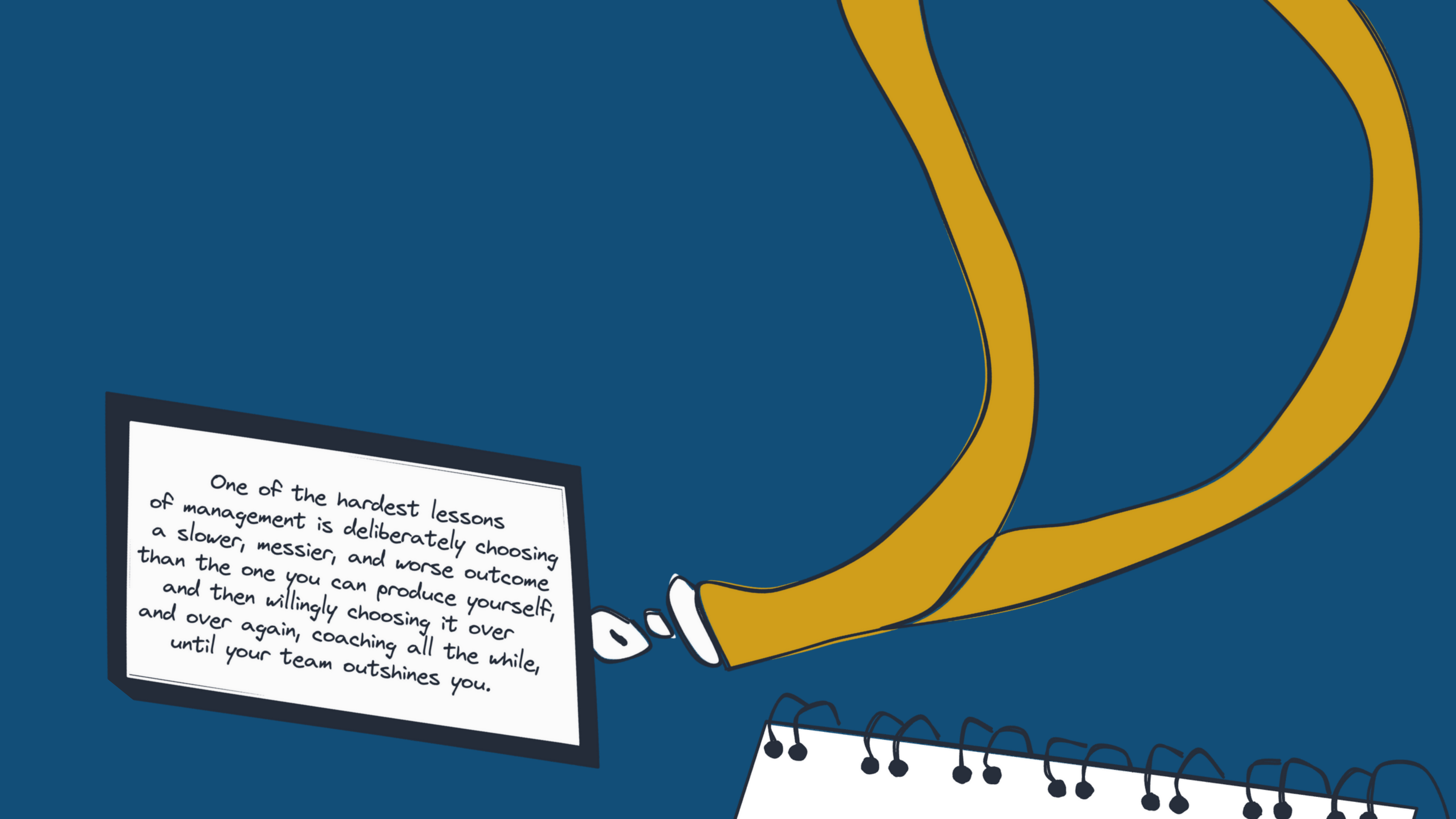
Create a

job and they'll bring their time.  
career and they'll bring their mind.  
culture and they'll bring their heart.

Help your team get good returns  
on those investments.

**Caring about people makes  
business short-term harder  
and long-term better.**





One of the hardest lessons  
of management is deliberately choosing  
a slower, messier, and worse outcome  
than the one you can produce yourself,  
and then willingly choosing it over  
and over again, coaching all the while,  
until your team outshines you.

Not caring about people makes business short-term easier and long-term worse.

The most effective people managers seek fame for their teammates, not for themselves.

They are constant promoters of their crew and their capabilities.

They deflect praise and absorb blame.


The culture they create is ripe for innovation.



# Next, some things about managers.

**Management is the first and only  
job that is not a trade.**





Typical transitions to management are one day being told "oh my gosh you're so amazing at this" and the next day being told "oh my gosh don't do that anymore."



If a company's highest paid people had jobs they'd only observed, had never trained for, and had no actual experience doing, you'd think it was crazy.

Yet this describes people managers in most orgs.

No, really. We talk about plumbers and electricians and masons. But software development is a trade. Dentistry is a trade. Investing in its various forms is a trade. Each has a distinct outcome that is expected with a certain amount of work. Management does not.

# Because of this, management is a different career.

1. Human connection for individual contributors

2. Give team "cover" to innovate without fear

3. Translate strategy to execution

4. Translate front line blockers into management priorities

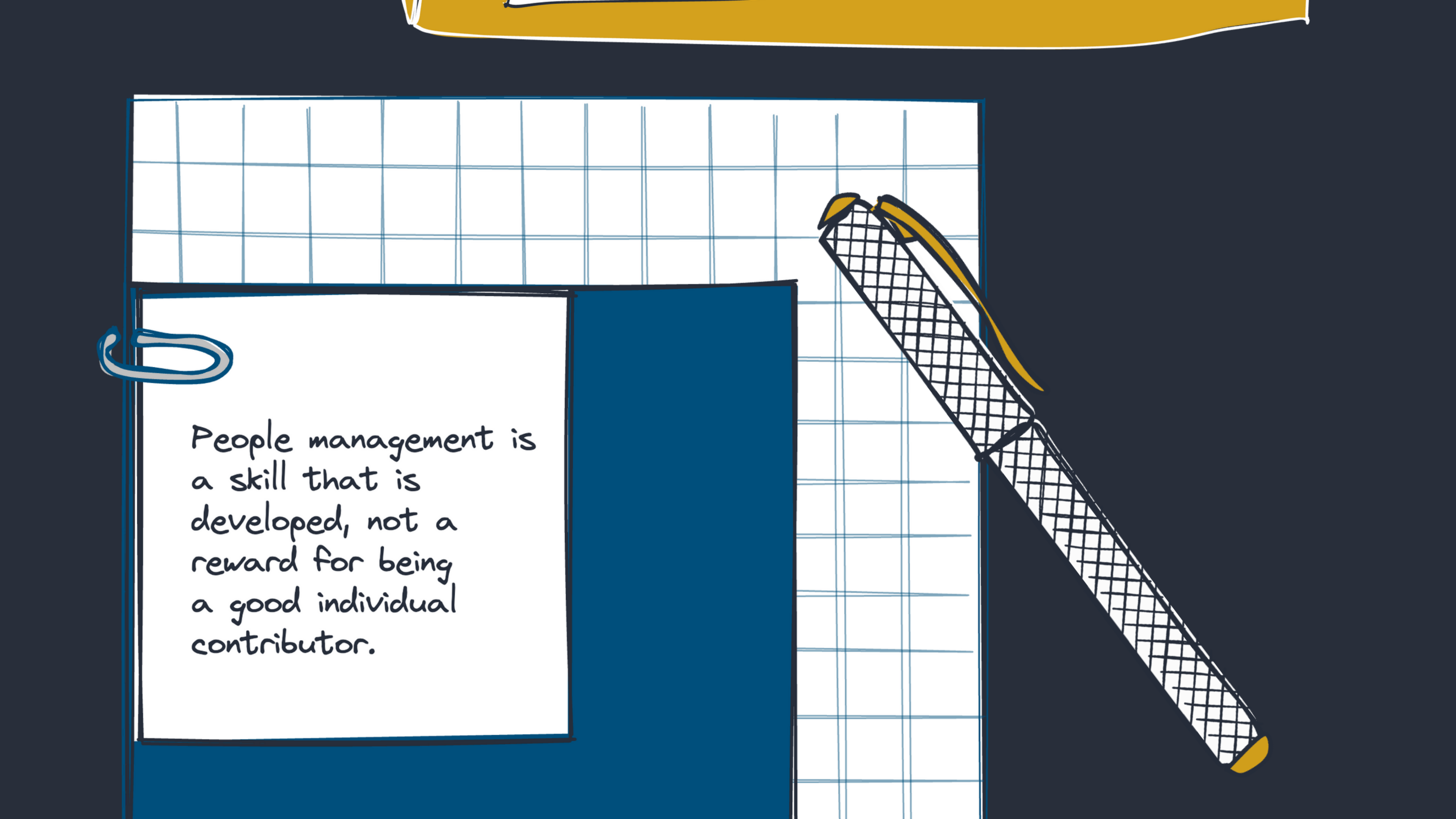
5. Teach others how to manage

It's common to have a negative perception of "middle management."

But done well, these managers allow an org to lead with humanity instead of policy.

Some value adds of "middle managers"



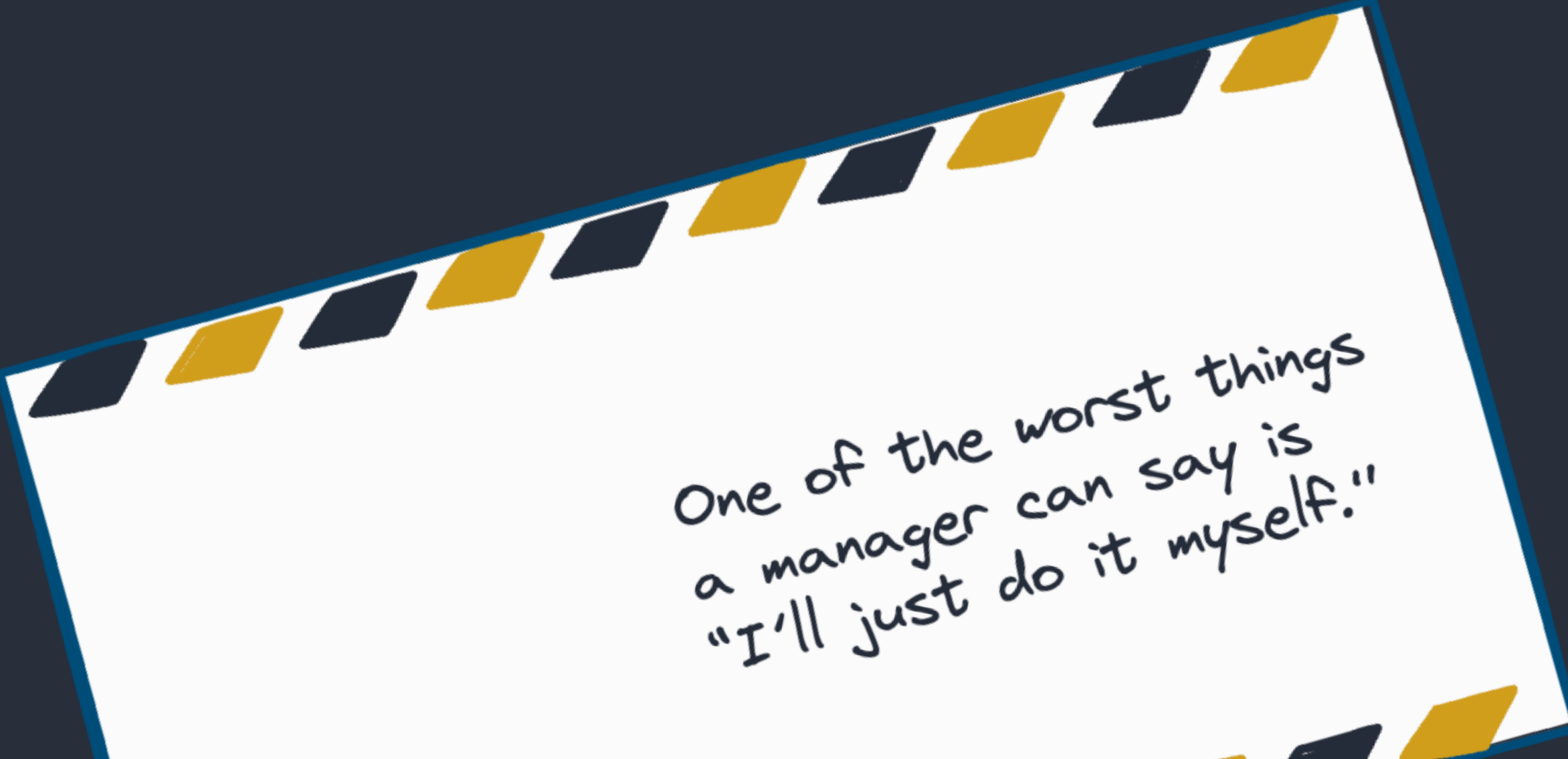


People management is  
a skill that is  
developed, not a  
reward for being  
a good individual  
contributor.





Management is wide, not deep.




One of the worst things  
a manager can say is  
"I'll just do it myself."

The deeper you go, the more  
you're taking your eye off  
something else.

99.9% of General Managers  
manage  $\geq 1$  function where  
they've never been an individual  
contributor.

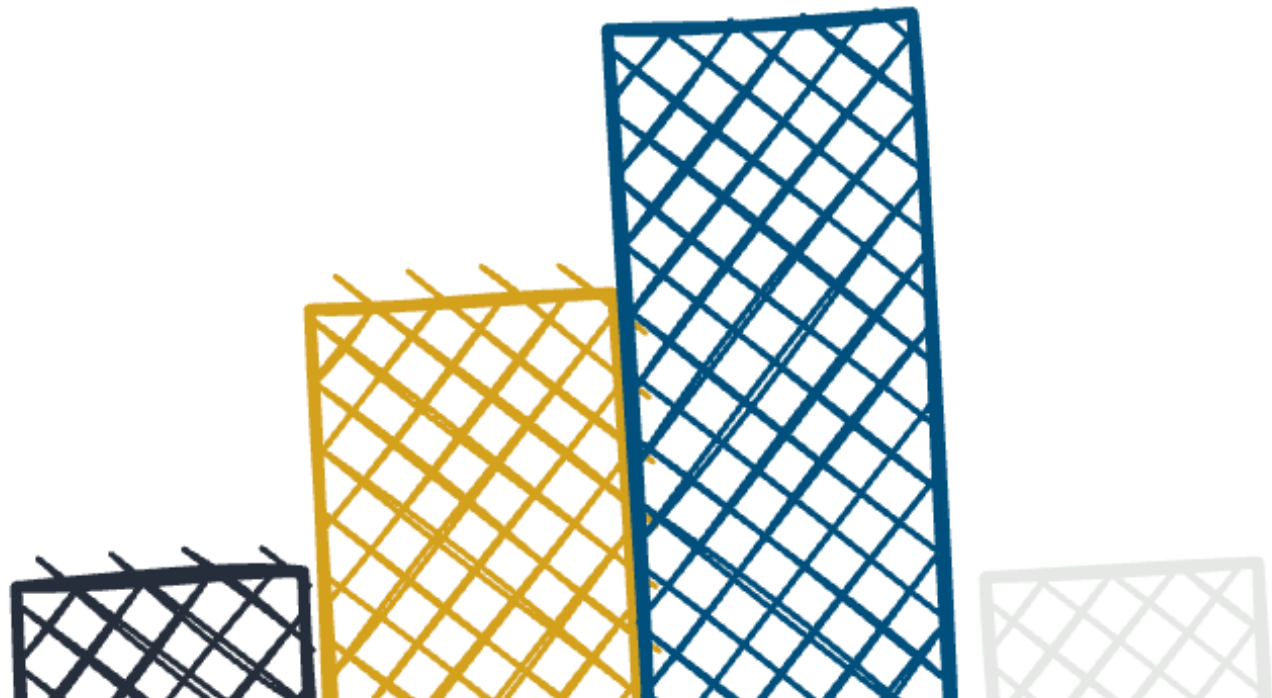
Yet 99.9% of GMs started  
their careers as a  
specialist in something.

The journey is a transition  
from knowing everything about  
one thing to knowing very little  
about lots of things.



As your company grows,  
employees can grow in two ways:  
deeper through specialization,  
or wider through management.

Anything else is a choke point.



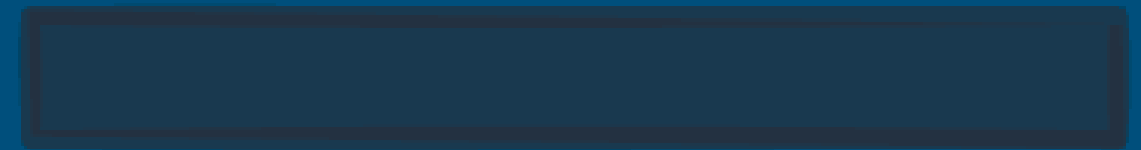
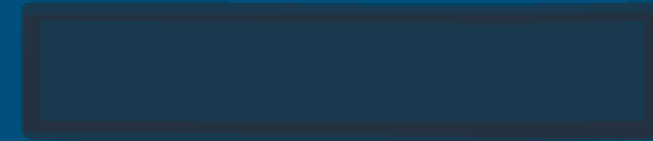




## Distinguish between managers and principals.

If your employees feel like they have to manage people to make more money, that's a fail. Management jobs are for people who are passionate about helping others optimize their gifts, not just for people looking for more compensation.

Provide non-management career options that offer better compensation for specializing in a certain area and documenting/communicating what you know. This helps keep bad managers out of management.






**Finally, some things about  
managing managers.**

**It's hard to manage managers  
with misaligned incentives.**



An illustration of a desk with a mustard yellow background. On the left, a pair of black-rimmed glasses with a white grid pattern on the temples is shown. In the center, a stack of white papers is visible. On the right, a blue sticky note is attached to the papers, containing handwritten text in yellow. The overall style is clean and modern with bold outlines.

If your employees face consequences when they err but have no tangible upside when they succeed, you cannot expect them to take risks for you.

Your team is made up  
of human beings and  
humans are naturally

inclined toward self-  
preservation and to  
seek their own prosperity.

A good incentive plan  
harnesses this innate  
energy for the benefit

of your organization  
in a way that both  
parties prosper.

"When we win,  
you win."

**"Drink from the same straw."  
Make it as similar as possible  
— even slight differences can  
lead to tough conversations.**

Incentivize on things they can control and only those. The higher on the org chart, the lower on the income sheet.





Ego is not your friend as a manager of managers. If the relationship is important, save your chips for items of strategic importance.

The focus of leadership should be becoming dispensable.  
Manage so well that you're no longer needed.  
Perhaps the best measure of your success as a leader is:

will the company continue to grow after you leave?

What you lose when you delegate:



Speed (temporarily)



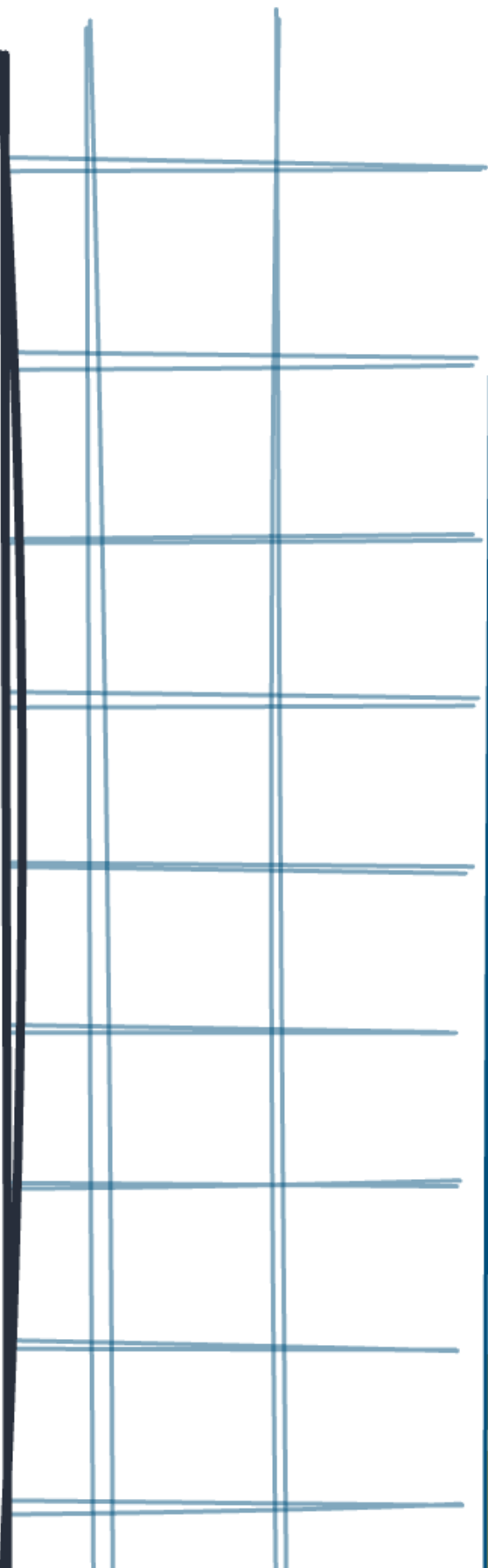
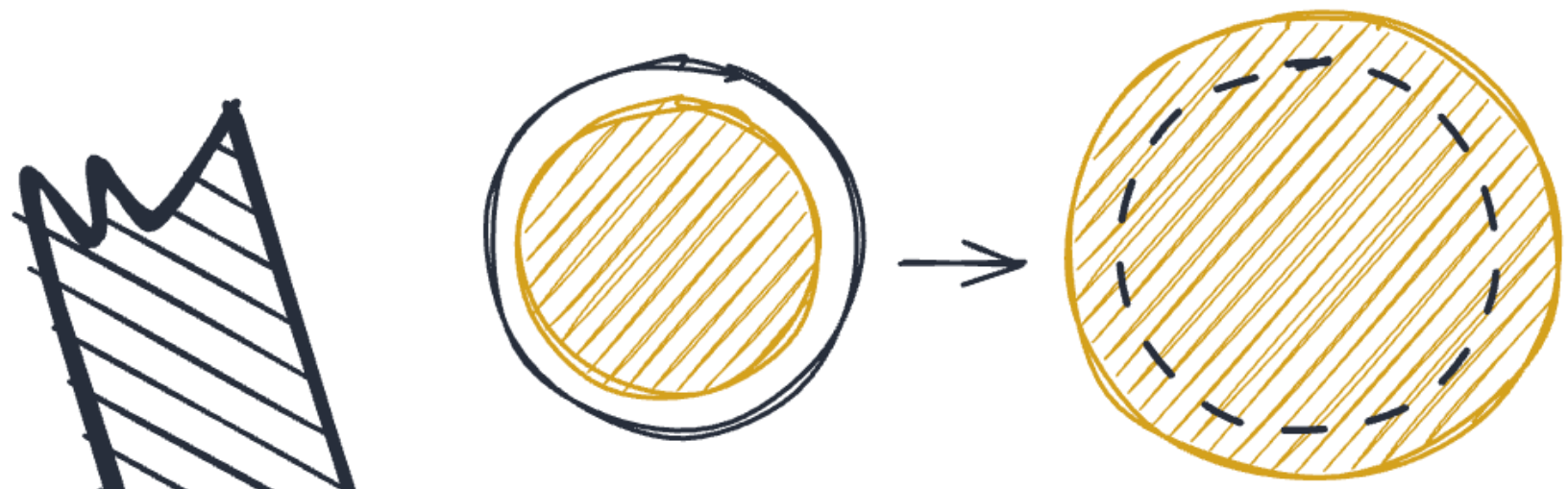
Accuracy (temporarily)

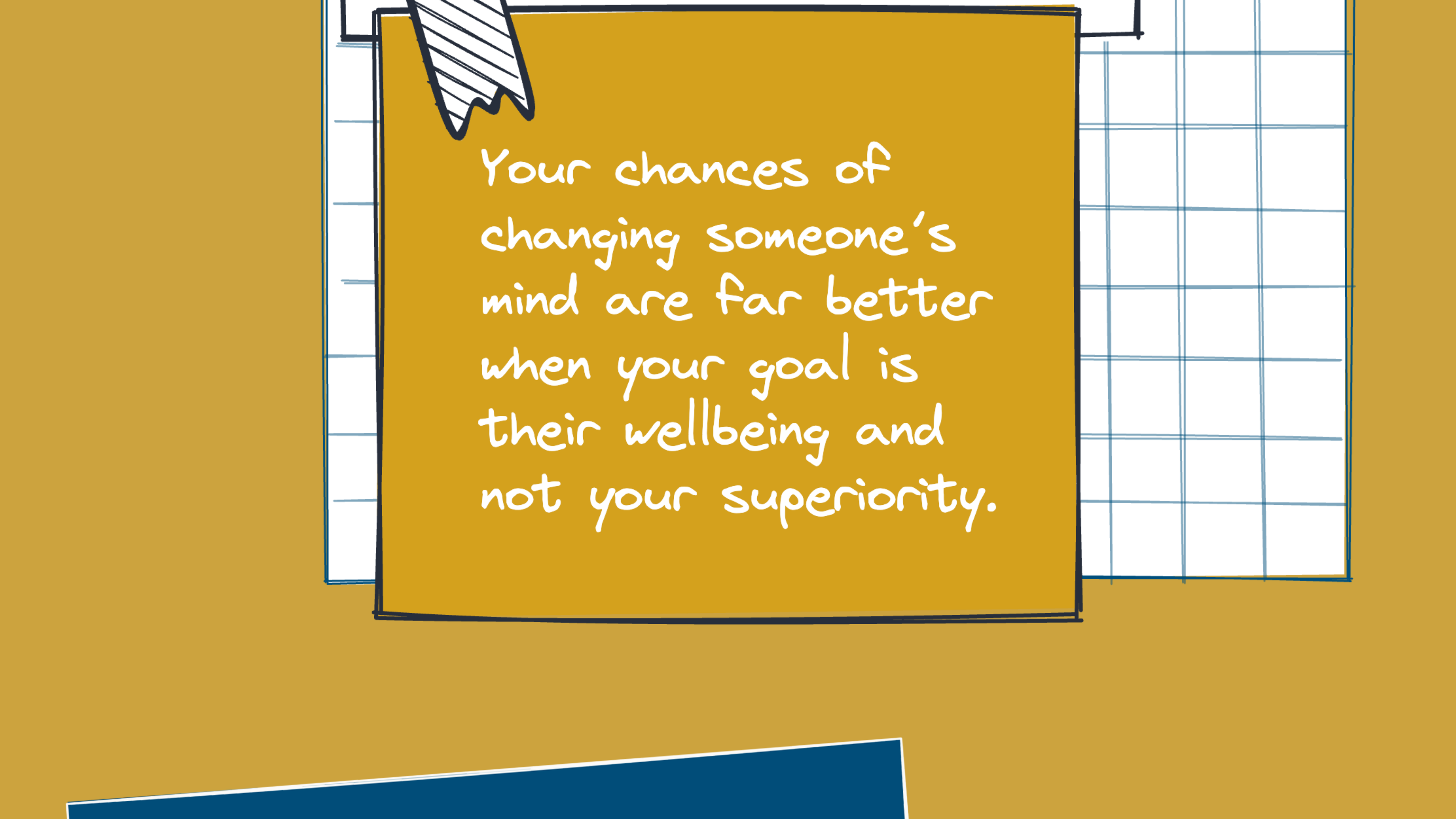


Quality (temporarily)



Self-imposed limits on growth (forever)





Your chances of  
changing someone's  
mind are far better  
when your goal is  
their wellbeing and  
not your superiority.



As difficult as it is to do, people managers should pull back on rewarding great outcomes if they came from bad process.

On the flip side, managers should work to reward good process even if it led to an unfavorable outcome.

## Don't give feedback based on outcomes, give feedback based on inputs:

Hypothesis — how they thought about the problem

Process — how they chose which steps to take

Execution — how each step was performed

Analysis — how they interpreted the result

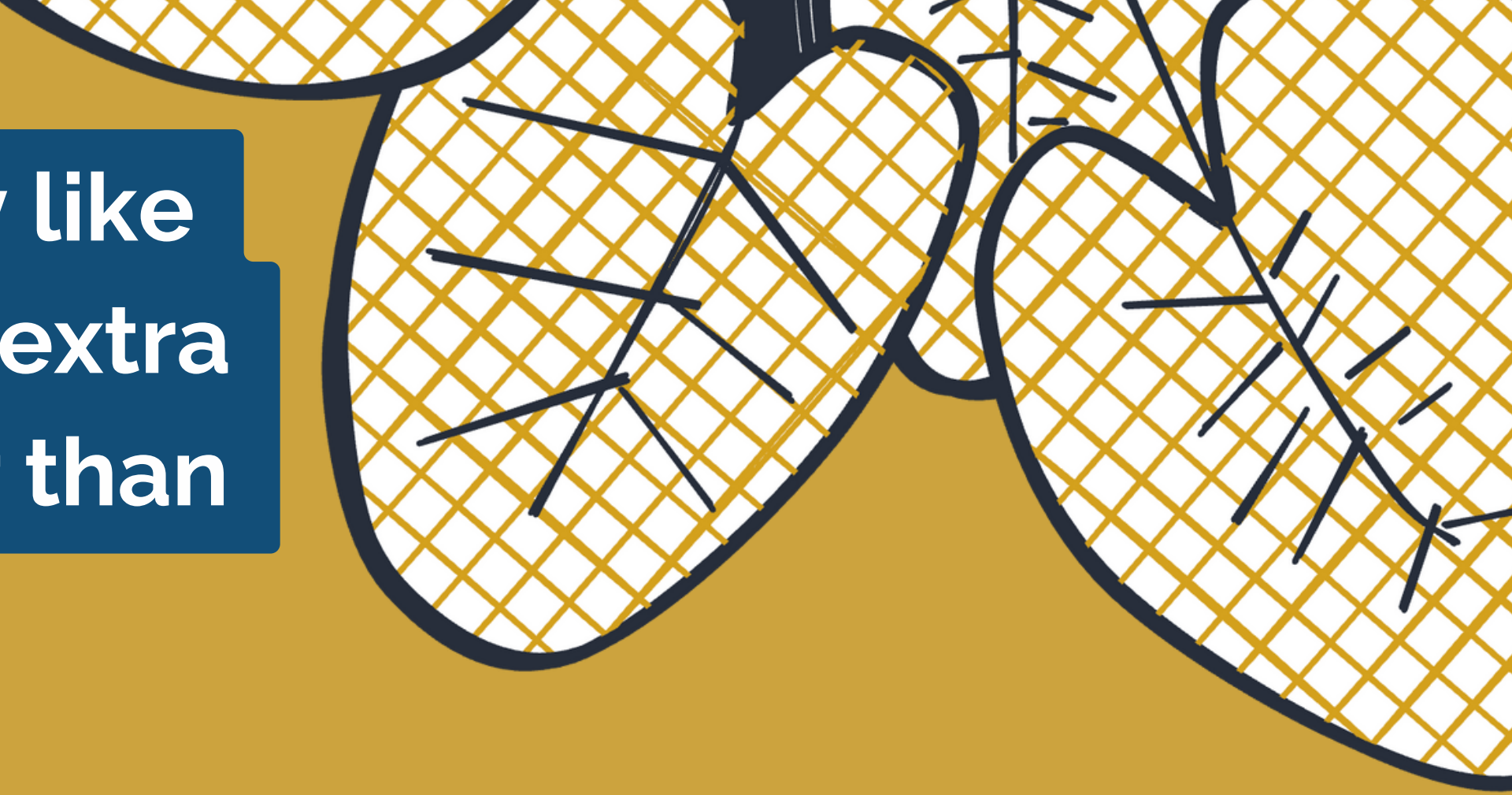
Giving your team prescriptive solutions to problems not only robs them of the chance to exercise their current creative muscle, but also the opportunity to build new.

Let them solve problems  
for you now  
and they'll prevent  
future ones from even  
crossing your desk.





Managers are like you — they like their own ideas. It's worth the extra time to make your case rather than force the issue.



MAIL

now


The best teams...

...are built by people who are aware of their weaknesses and unafraid to hire people smarter than they are.




If you aspire to empower your team,  
teach them how you assess risk.

You can train them on tools and tactics,  
but you will continue to be a bottleneck  
on decisions (either for approval or cleanup)  
until they understand healthy risk-taking.



*If you're earnestly  
asking for advice,  
make sure you're prepared  
to change your mind.*

**Leadership is lonely. The best working relationships involve listening a lot. If this gets inverted, you're not managing, you're directing.**





"You are the average  
of the 5 people you spend  
the most time with."

In business, you're the average  
of the 5 people you listen to  
the most. Averaging finds the  
middle of extremes. Surround  
yourself with diverse viewpoints  
and your average will serve you well.



You set the stage. Culture is:

1. What leadership actually does
2. What leadership tolerates  
(including underperformance).

Cultural impacts, ranked:

- ① The decisions you make every day.
- ② The way you treat employees, customers suppliers.
- .
- .
- .
- .
- ⑨7. Your "Mission & Values" statement.

12:01



REMINDER

now

True leaders work for their teams, not vice versa



REMINDER

now

True leaders seek recognition for their teams, not themselves



REMINDER

now

Highest achievement of a true leader is to make themselves obsolete

True management is an inversion. We should be doing everything we can to make their jobs easier. So ask how you can help, and follow through when they give you something.

Successful leaders spend zero time thinking about how their team can serve them

and a lot of time thinking about how they can serve their team.



# PREP TALKS



Advice & Motivation

**from** Permanent Equity's Ops Desk

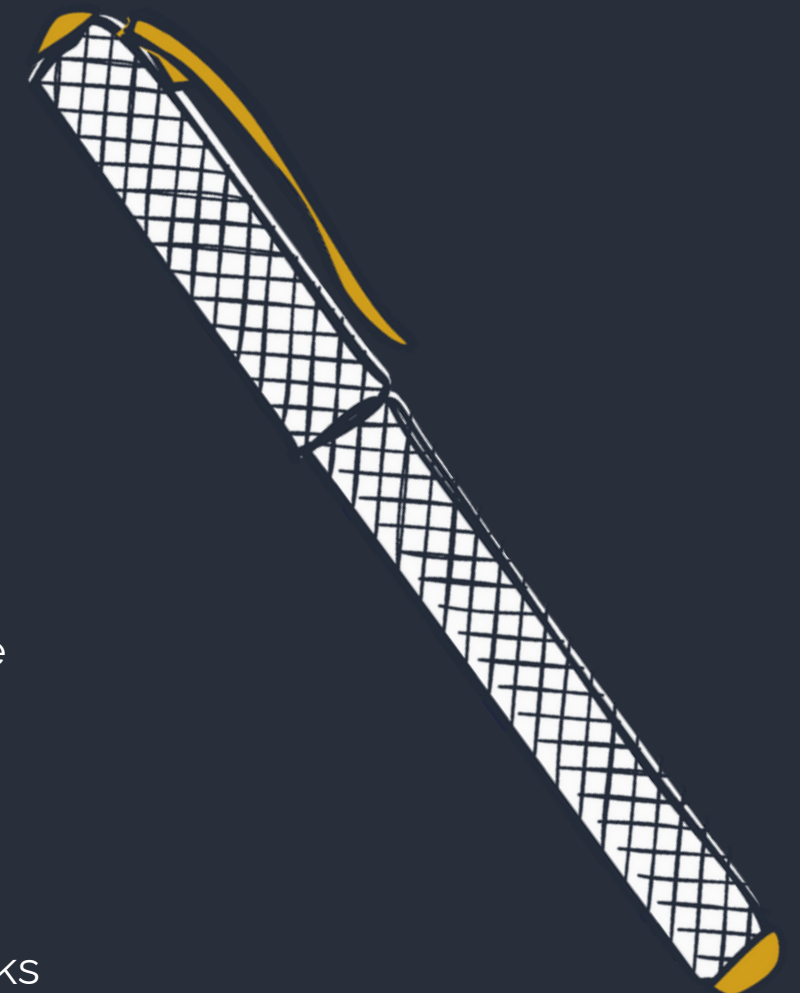
Leadership is hard. And it can be lonely. Big decisions, hard conversations, and ambiguous futures are day-to-day realities – particularly in small businesses. We all occasionally need a sounding board and someone cheering us on.

Here on the Permanent Equity Operations Team, we have the privilege of helping 15 businesses in different industries and geographies, with different people and skills. For us to stay helpful, we do our best to collect wisdom from our experiences so we can share it with our leaders. And now we want to share it with you.

We're collecting what we call Prep Talks (you know, a Preparatory Pep Talk) for the tough calls and conversations leaders face. Each Prep Talk is based on conversations we've had internally and with our portfolio companies. They're a bit stream of consciousness, but guess what? So is leadership. Think of them as collections of those bits of wisdom (on topics from moving into management to firing well to finding the right tech for your business) we've picked up along the way.

For more Prep Talks, visit [www.permanentequity.com/prep-talks](http://www.permanentequity.com/prep-talks). We hope they're helpful!

– Co-President and COO Mark Brooks







Copyright Notice:

© 2024 Permanent Equity Management, LLC.

The materials and other content contained herein ("content") are protected by United States copyright law and are the property of Permanent Equity Management, LLC. The content may not be reproduced, distributed, transmitted, displayed, published or broadcast without the prior written consent of Permanent Equity Management, LLC, and you may not alter or remove any copyright or other notice from copies of the content.