

# Management- Questions (Mag. Johannes Schwarz)

---

## Inhalt

Basics .....	4
1. Why do we need to study management? .....	4
2. How can you learn management?.....	4
3. How shall the performance of a manager be evaluated? .....	4
4. What role does the following factors play - working hard, enduring stress, straining oneself? 4	
5. How can you reach the "focus on the essentials"? .....	4
6. Goals: should a manager agree the goals with employees or should he establish the targets by himself? .....	5
7. How should objectives be formulated? .....	5
8. What should the manager consider while defining his own goals?.....	5
9. Is it useful to define goals in a written form? .....	5
10. How should a manager evaluate his employees and how should he act based on it? .....	5
11. How far does the performance of a manager depend on the quality of his employees? .....	6
12. Isn't it easier to look for top people who want to provide good performance on their own initiative? .....	6
13. Where managers see their biggest problems? .....	6
14. How important it is for a company the recruitment and the training of managers? .....	6
15. Should a manager work day and night? .....	6
16. Should a business owner or a manager take over tasks of daily business operations?.....	6
17. Why a manager of a growing company must delegate a particularly large number of tasks?7	
18. How many tasks should a manager perform himself? What are they? .....	7
19. Which 3 questions help to relieve you of tasks? .....	7
20. How important is dealing with employees for a company's management? .....	7
21. How shall the manager organize his own work in order to be credible?.....	7
22. How much time should a manager use for representative tasks?.....	7
23. How much PR is useful? .....	7
24. Shall a manager always act like a "sunny boy"?.....	7
25. How important is positive thinking? How can you educate yourself?.....	8
26. Which three corporate objectives should a company follow? .....	8
27. Why innovations are essential for the stability of a company? .....	8
28. What should be done for a change of strategy? .....	8
29. How can a manager observe competitors and markets?.....	8
30. Does a manager need contact to customers?.....	9

31.	Does a manager need to know figures and deal with controlling?.....	9
32.	For which key figures a manager should be responsible? .....	9
33.	How "informal leaders" come up and how a manager can cope with this?.....	9
Decision making .....		9
34.	What is the main principle for a manager for dealing with people? .....	9
35.	Why should a manager always question his own motives?.....	9
36.	How important are "secret rules" and how to recognize them? .....	10
37.	What are four points to be considered while taking important decisions?.....	10
38.	How long should you wait for the decisions? .....	10
39.	When shall a manager consider sufficient time for his decisions? .....	10
40.	What decisions have special consequences? .....	10
41.	What role does intuition play? .....	10
42.	What is the role of sympathy in personnel decisions? .....	11
43.	Should a manager make decisions alone or involve others? .....	11
44.	Should we compromise? .....	11
45.	Why should we look for alternatives before making a decision? .....	11
46.	Which first alternative should not be forgotten while making decisions? .....	11
47.	How to get from the decisions to the implementation?.....	11
48.	Should decisions be distributed in a written form? .....	11
49.	Which reaction should be expected with the release of surprising decisions? .....	11
50.	How do you know when to make a criticism or not?.....	12
51.	Which mistakes are happening when a manager wants to be popular? .....	12
52.	Which mistakes are happening when a manager wants to be important? .....	12
53.	How to educate employees to act independently? .....	13
54.	How do you deal with intriguers? .....	13
55.	How to prevent employees from abusing company rules in their personal interests? .....	13
56.	Why should a manager always stay within the law? .....	13
Organize and delegate.....		13
57.	What is the right organization structure? .....	13
58.	Are conflicts at interfaces a sign of a bad structure? .....	13
59.	Shall departments as part of an organization have different goals? .....	13
60.	How to achieve a stable process structure? .....	14
61.	What questions should be asked for each task of a process?.....	14
62.	How to establish priorities?.....	14
63.	How to secure effectiveness? .....	14
64.	What should you do when you want to delegate a task? .....	14
65.	How can you delegate decisions in standard situations? .....	14
66.	In what situations should a manager tend not to delegate decisions? .....	14
67.	What decision areas are assigned to sources of power wisely? .....	14

68.	What is the danger of the assistant positions? .....	15
69.	How to develop middle management? .....	15
70.	Should we take care of weak or critical employee in a special way?.....	15
71.	Should we always act the same way in similar situations? .....	15
Controlling .....		15
72.	Why to control? .....	15
73.	Why control is often neglected? .....	15
74.	Which are the cases in which to follow-up is required as a control?.....	16
75.	How to follow up properly?.....	16
76.	Where does the 4 eye principle help?.....	16
77.	Does control means the lack of confidence? .....	16
78.	How far shall control go?.....	16
79.	How important is "management by walking around"?.....	16
80.	How can you educate the "chaotic" staff so that they can organize themselves better? ....	16
Recruitment and employee relations.....		17
81.	Can a manager recognize good employees when recruiting? .....	17
82.	Which question helps in the selection of leaders? .....	17
83.	Which qualities are innate and can only be changed slightly? .....	17
84.	Which additional points show persons with high potential ?.....	17
85.	What motivates high potentials? .....	17
86.	Which points shall be part of each employment contract? .....	17
87.	Where shall a manager place an employee? .....	17
88.	How does one proceed if no suitable employee for a particular job can be found?.....	18
89.	How to recognize the strengths of an employee? .....	18
90.	Shall employees always get tasks that are equal to his greatest strength?.....	18
91.	How important is the intelligence of an employee? .....	18
92.	How to manage intelligent people? .....	18
93.	What kind of corporate culture is desirable?.....	18
94.	Is a cooperative management style better than an authoritarian? .....	18
95.	Is it essential how quickly people work?.....	19
96.	How can a manager win a lot of confidence? .....	19
97.	How important is the trust of the employees to the manager from a corporate point of view?	19
98.	How can a healthy, customer-oriented corporate culture be recognised? .....	19
99.	Does work have to mean fun and joy? How important is happiness?.....	19
100.	Shall an employee be praised?.....	20
101.	Can we overload an employee with work? .....	20
102.	Under what circumstances can a manager change preferences of people? .....	20
103.	Can you change habits and behaviour? .....	20

104.	How to make people have a more open and flexible view? .....	20
105.	Should employees work overtime? .....	21
106.	When does outsourcing make sense? .....	21
107.	How should discussions or meetings be made?.....	21
108.	Who should draft protocols?.....	21
109.	How should you deal with employees who repeatedly explain why something does not work? 21	
Family Businesses .....		22
110.	What main principle should be applied in all areas regarding family businesses? .....	22
111.	Which value systems have to be made aware in family businesses and which must be separated from family values? .....	22
112.	How should a successor enter into operation?.....	22
113.	110 Which conflict of interest is prevailing in family businesses if it comes to definition of company strategy? .....	22
114.	How to handle expense accounts?.....	22
115.	Why does it often make sense to recruit a manager from outside? .....	23

## Basics

### 1. Why do we need to study management?

Management includes tasks that are being taught neither in school nor in a vocational training. These tasks can be learned by average talented people like a craft. Many leaders fail at their task merely because they have never learned it.

### 2. How can you learn management?

To learn management it is necessary to know the basics, to make planable tasks and to check your own behaviour towards them, especially with basic points and standard situations. The rest is experience.

### 3. How shall the performance of a manager be evaluated?

Primarily it depends on the results for which the manager is responsible. As a manager, he proves his qualities only when he ensures that his employees are performing well (not only his own one).

### 4. What role does the following factors play - working hard, enduring stress, straining oneself?

These points are usually requirements, but not results. Theoretically, it may happen that someone does not fulfil the requirements perfectly, but results are achieved. However, much more often it occurs that someone fulfils all these requirements perfectly, but still does not reach goals. In such cases it is especially important to illustrate clearly that it is essential to achieve the results.

### 5. How can you reach the "focus on the essentials"?

There is one answer for basic situations and one answer for special situations: for basic questions an entrepreneur should know the critical success factors which are important to be successful in the industry and in the each area, and ensure in these areas that the performance of these critical success

factors is above average. In special situations, a good manager should just lean back, look at it from a bird's perspective, and ask himself three questions: "Is this matter relevant?", "What is the goal to be achieved?" and "What is essential in this case?". Effective managers focus on the essential points, while less effective managers are guided by personal motives (such as to be important, to be significant, to be popular or interesting). A famous example from the literature describes that a large corporation, despite the brilliant efforts of marketing of a particular pet food could not promote it until they have found out from porter that dogs did not eat the food.

## **6. Goals: should a manager agree the goals with employees or should he establish the targets by himself?**

A manager should ensure that all goals are defined, but not too many and only where it does make sense. If the objectives are specified or agreed, depends on the situation, on the qualification of the employees and the corporate culture.

When employees are involved, it should be noted that they follow also their own interests, especially when a part of their remuneration depends on the achievement of these goals.

When persons receive a bonus, they are interested that it is easy to reach the goals. Conversely, persons who negotiate for a budget tend to plan very optimistic in order to receive high budgets.

Sales persons sometimes make unrealistically high plans because of optimism. If there is doubt, a manager shall correct the proposals of his employees or define their goals by himself.

## **7. How should objectives be formulated?**

Short and simple. They should represent what has to be achieved exactly by what time, and which person is responsible for it (we recommend only one person).

## **8. What should the manager consider while defining his own goals?**

Skills, personnel, financial and other resources and agreements that affect the environment.

For example a sales manager reaches his goals more easily if the company supports his activities with comprehensive marketing and if short delivery times are possible.

Often competencies are essential, such as the right to negotiate discounts or to put orders of jobs in production into another time schedule. A buyer can negotiate better prices when can accept longer delivery times or procure goods of different quality. If a manager worries that his best employees are promoted, it will be hard for him to keep the results with new people.

## **9. Is it useful to define goals in a written form?**

Yes, because a written description of the objectives and the conditions which were assumed, creates clarity in following discussions and it definitely helps to narrow the interpretation.

Such clarification includes key figures, ratios and their definition (for example, if sales are billed or paid by the customer), in special cases it is important to define when there is a credit for their achievement (for example if there are framework contracts in the sale, and single deliveries after the end of the period).

## **10. How should a manager evaluate his employees and how should he act based on it?**

The assessment should be done in two dimensions: performance and values. In the best case both of it should match, and if they do not fit, you should quickly dispose of this employee.

If the values are correct, but the performance is not good, additional training or transfer of job makes sense.

The most difficult case occurs when the performance matches, but the values do not: if this condition persists, you should dismiss that employee if possible. One bad apple spoils a whole basket.

**11. How far does the performance of a manager depend on the quality of his employees?**

Of course it is the case: the better the employees the better the performance. Managers are often in conflict because they cannot always choose their employees by themselves, sometimes because they do not have the appropriate budget. Good management means the capability to provide excellence with personnel that is normally available.

**12. Isn't it easier to look for top people who want to provide good performance on their own initiative?**

Top people could be found very rarely and usually they are very expensive. Moreover, top people are developing rapidly and that means that after a short period they must get new tasks or be promoted, or they will leave the company. Then the manager will be held responsible to continue the performances in his area with other, normal people.

**13. Where managers see their biggest problems?**

Surveys show that the biggest problem of dealing with the boss, with the top management or with other managers, is that sometimes a large part of the time is just spent to negotiate internally. A wise manager knows therefore, that his results and his career depend not only on how he is leading his employees, but also on how he pursues his in-house interests and how he deals with other managers.

**14. How important it is for a company the recruitment and the training of managers?**

Usually promotion is done internally, especially in small and medium enterprises. That means that someone is first recruited to carry out tasks and only later promoted. Therefore, at the time of the recruitment it is more likely professional that qualifications play role. Later, the company needs someone as a manager and then you look for someone in the team who is able to take over this task (if there are no persons with management potential within the company, then someone should be recruited from outside). Since this employee has never studied how to manage, he must be appropriately trained, and obviously before the person assumes a leadership role.

**15. Should a manager work day and night?**

The question depends on the context and the objectives. What is important is how to get from mere work to performance, from the effort to the result. What matters is the efficiency.

**16. Should a business owner or a manager take over tasks of daily business operations?**

In some cases, especially in small companies, managers take over technical tasks. This usually consists in performing everyday work, such as sales, purchasing and production. Then, when special instances occur, the operation is neglected. For example, it happens that a major client goes bankrupt, the company has to deal with it, the entrepreneur is continuously negotiating with banks, and there is no time left for daily business.

Therefore, the following rules should be applied: first, the manager shall perform tasks from the daily business only if there is sufficient time to perform the essential functions in management. Second, for each task from the daily business there should be a deputy so that this person can step in in an emergency case.

### **17. Why a manager of a growing company must delegate a particularly large number of tasks?**

As companies grow, the complexity and the amount of tasks for management are increasing disproportionately. A manager who does not delegate existing tasks and always takes on more work for himself once won't be able to carry them out anymore. In the course of an overload, major tasks are neglected, and this can easily cause damage to the company.

### **18. How many tasks should a manager perform himself? What are they?**

In any case, a manager should be focused on a few things, and they shall be essential.

What are the tasks depends on the company, the function and the situation?

### **19. Which 3 questions help to relieve you of tasks?**

The first question is: "Who can do that- at least after a short initial time?" (possibly: "What happens if that person makes the task incorrectly?")

The second question is: "What happens if no one makes it?" (short or long-term?).

This leads to the third and crucial question: "What tasks should I no longer perform?". Here, the manager must set a goal, with the implementation plan and systematic self-control.

### **20. How important is dealing with employees for a company's management?**

Dealing with employees, often referred to as "leading", is an important task. However, it is only one out of many tasks. Management must not be "psychologised", it should not be understood exclusively as the art of leadership -as it is promoted by some psychologically oriented consultants.

### **21. How shall the manager organize his own work in order to be credible?**

For a manager to be credible, he must ensure that all employees know that open tasks are not forgotten. Therefore, a calendar and a waterproof system for follow up are required.

Good managers go after open points constantly.

### **22. How much time should a manager use for representative tasks?**

It depends on the nature of the business. In most cases, it is useful to build up a network of contacts, so that later you know well whom to ask.

### **23. How much PR is useful?**

If the PR is a key factor for success, the skilful use of the media will be difficult to avoid. PR needs clear goals and the focus on the benefit of the company. Sometimes it is necessary to prevent that a manager engages strongly into PR activities to increase his personal value on the cost of the company, so that he has later a strong position when he negotiates the conditions for the renewal of his contract.

In any case vanity should not be the primary motive for PR, and certainly a manager should not be impressed by the success stories that were placed into the media by his own PR department.

### **24. Shall a manager always act like a "sunny boy"?**

This point is often exaggerated by authors and consultants, and is more suitable for managers of large corporations that have only occasional contacts with employees. However, if a manager or an entrepreneur is in constant contact with his staff, it depends more on the daily decisions, on his

credibility and on contents in everyday life, and less on dynamic movements, fashionable clothes and bright smile.

Of course, a manager should not represent by his appearance an attitude that is contrary to the goals of the company.

### **25. How important is positive thinking? How can you educate yourself?**

A manager shall have a positive approach to things, to a certain degree; he must think positively, emit confidence while dealing with problems and not complain too much in front of his employees.

Of course, this shall not be a kind of naive optimism, more likely an authentic attitude, “We can do it.”

Jesus established Peter as head of the church with the words: “You are Peter, this is the Rock, and on this rock I will build my church...”

A manager can educate himself to think positive by controlling his inner voice when he evaluates changes, thoughts or ideas of employees.

The first thought should be “Why not?” with a meaning “yes, why shouldn’t we do this?” and not “Why not?” with the meaning “that is not possible”.

### **26. Which three corporate objectives should a company follow?**

Profitability, liquidity and stability. The last one is often forgotten, these include innovations.

### **27. Why innovations are essential for the stability of a company?**

In the environment of an enterprise technical, social, economic and political developments happen. Therefore, customer's needs and the structure of markets changes, products have a lifecycle. But this does not include only risks, but also good business opportunities.

An analogy shows markets with their lifecycles as a long escalator that leads downhill, and it compares companies with people that are running on this escalator in the opposite direction uphill. When a person stops running, he moves back downwards, but for those who continue to run rapidly enough, there is stable movement upward.

### **28. What should be done for a change of strategy?**

External changes in the environment, within the company or in exploitation of opportunities make it necessary to change the strategy of a company accordingly. In this context, the requirements on the organisation and on the qualification of employees have to change, too.

Therefore, people have to get additional qualifications, but also competences and responsibilities have to be redistributed.

Changes require tactically intelligent procedures combined with well-prepared communication because it affects employees, who feel unfairly treated especially if they were among the best and have always achieved their goals.

### **29. How can a manager observe competitors and markets?**

Through the Internet, businesses have the opportunity to observe others and to adapt its offers to the market as well. In the Internet one can find standard prices, and also a lot of information about the product lines of competitors and related arguments.

A manager, therefore, shall periodically visit the websites of major competitors and monitor changes, in order to early detect trends in the market.

Particularly interesting are the offers of successful or rapidly growing companies at home or abroad that are comparable with the own business. What are they doing better?

### **30. Does a manager need contact to customers?**

In the long term perspective: who is away from the action will lose the sense of developments. This applies both to proximity to customers and employees as well as to the development of countries.

### **31. Does a manager need to know figures and deal with controlling?**

A manager needs not to be a controlling expert, but in such a job it is reasonable to know the basics of business management. Figures show reality and results are measured in numbers. A manager who is at least reasonably familiar with numbers can foresee the consequences of his decisions better.

### **32. For which key figures a manager should be responsible?**

In any case, he should be responsible for those indicators that show the success in his area of responsibility. This includes two figures that affect the personnel management: first, the "head count" that means the number of persons per unit of performance, and second, the personnel costs.

Part-time employees have to be converted to full-time, temporary workers and outsourcing should be considered accordingly.

Only if these measures are collected continuously, it is possible to make immediate adjustments. Basis for the adjustments is not the output of the last period, but the planned output of the period after the adjustment.

### **33. How "informal leaders" come up and how a manager can cope with this?**

In groups, there are three basic needs: expert advice, human relationships and structure.

If a manager neglects one of these factors, then an informal leadership can be developed by a person who fills the hole.

The solution is not to fight the informal leader of the group before or to expose him as a "nerd power." Not the informal leader is the problem, but the unmet need group he represents.

Therefore, this deficit must be eliminated, either by the manager or through the assistance of others.

## **Decision making**

### **34. What is the main principle for a manager for dealing with people?**

The question "What is rewarded?" A behaviour that is reinforced is repeated. When a manager is rewarded for the results of his actions and decisions will adjust them, however, he is rewarded - often unconsciously - for other things, he reinforces this. Examples are punctuality, dress style, presence in the evening, dealing with the manager, never to come with problems, etc.

In the course of making a decision, the question "what is rewarded" is of great importance: what behaviour do I want to get, what do I actually reward?

### **35. Why should a manager always question his own motives?**

Each manager follows unconscious motives in his decisions. In the most cases, they are "want to be popular" and "want to be important," ambition, but also aspects related to sympathy and worldviews. Effective management, however, focuses on achieving results. Unconscious motives may therefore lead to wrong decisions.

### **36. How important are "secret rules" and how to recognize them?**

Organizations can learn and are influenced by the behaviour of managers and their decisions.

The staff arranges its own behaviour accordingly, so "secret rules" are important for creating a corporate culture.

The best way to learn about the "secret rules" is to ask the staff what stories are told in the company about the manager and to evaluate them.

A secret rule can consist, for example, that a manager wants to look professional at meetings and distributes tasks in a very professional style, but later rarely follows up and often accepts if the tasks are not done. Employees will therefore act diligently and try to make a good impression in the meeting, but at the end they will realize little.

### **37. What are four points to be considered while taking important decisions?**

First, it's not just about listening to the opinions, but looking for facts. Second, listen to all sides before they settle. Third, note the fields of interests of all parties. Fourth, pay attention to the consequences of your decision, in particular how long one is bound to it.

### **38. How long should you wait for the decisions?**

Some managers decide "super fast" and often reverse the decision after.

It is based on a desire to get things done and complies with a stereotype image of a manager.

On the other hand, there are managers, who postpone decisions because they recognize potential problems or they are afraid to take responsibility (such people should actually not be in management).

A wise manager tries to obtain information in a reasonable time in order to get an adequate picture of the situation, and then he takes a decision. If it is not possible to obtain sufficient information in a reasonable time, he has to take decision under uncertainty and to provide the best possible knowledge, but he should not wait too long.

### **39. When shall a manager consider sufficient time for his decisions?**

Whenever the decision has consequential effects because this might result in multiplied costs.

For example, if a manager grants an employee to take a day between a holiday and a weekend, he must expect that this and other employees will try to establish a permanent habit by reminding the next time this case.

In such a case it helps to reconsider the case carefully, to find credible explanation for the exception or to introduce a new scheme for a certain period.

### **40. What decisions have special consequences?**

Decisions have special consequences if they bind the company in the long term perspective; this includes the usual things (e.g. investment, strategy) but also many decisions concerning personnel issues, qualifications, prices and conditions for customers.

Special consequences have particularly personnel matters - such as days off, salary increases, overtime approval, rewards and competency assignments.

### **41. What role does intuition play?**

A manager can have it, but definitely he should not rely on it. Intuition can have different causes, so a decision based on intuition can lead by chance to a good result or to an error.

Even if intuition has been correct sometimes in the past, you never know if this feeling now will deceive you or not.

#### **42. What is the role of sympathy in personnel decisions?**

You should not let yourself be guided by sympathy. Conversely, there are people with whom a manager knows he cannot get along, and in the long run such person should be put in positions where the manager does not need to have a permanent contact.

#### **43. Should a manager make decisions alone or involve others?**

Where several people with different knowledge are required and where cooperation is important for the realization, it is essential to listen to the opinions of those who are affected. However to involve them does not mean to let them decide.

Decisions must be made by those who are responsible for the results, and the focus should not be on the consensus but on the results.

#### **44. Should we compromise?**

We rarely can make a decision without compromise, but they are often pursued too early with the objective of striving for harmony.

#### **45. Why should we look for alternatives before making a decision?**

The unconscious behaviour is to choose the first workable solution that will lead to an acceptable result.

This is not always the best thing to do.

In addition, it happens often that only after prolonged thinking additional aspects are taken into consideration.

#### **46. Which first alternative should not be forgotten while making decisions?**

The status quo, because this is a possibility that can be chosen actively, but it also arises automatically when no other decision is made. Especially where it comes to cost, the status quo can have expensive consequences, if a cost-saving investment or a personnel adjustment is postponed and the cost continue day after day.

#### **47. How to get from the decisions to the implementation?**

Strictly speaking, a decision is just a planning instrument, and the real consequence comes with implementation for which a time period should be defined. To do this, in many cases the cooperation of others is required. Therefore it is important to observe the behaviour of those, who are part of the inferior minority, to communicate goal oriented and to follow up open points consequently.

#### **48. Should decisions be distributed in a written form?**

In some situations it is more human when people say things personally. Never the less, it makes sense to confirm such decision in writing (e.g. by internal mail) in a clearly formulated form. This way the content can be proven later, it will not be reinterpreted in an undesirable manner and the facts and assumptions under which the decision was made is documented.

#### **49. Which reaction should be expected with the release of surprising decisions?**

Especially negative news cannot be immediately processed correctly by the brain. Therefore, it comes to blockages even if it just a proposal and not yet a decision.

Such a blockage results in reactions as "this does not work", "we've always done it this way", "we've ever tried" etc. Only over time, the idea becomes familiar, and only later should be expected cooperative behaviour.

Therefore, in such cases a manager should elaborate the plan which content will be communicated in which intervals, what arguments will be used for explanation and how often they are repeated in order to be accepted.

By the way, it is equally important to be aware that a manager reacts to bad news in the same way.

### **50. How do you know when to make a criticism or not?**

After an improper behaviour of the employee the manager shall ask two questions: "Can't he do it or doesn't he want to do it?".

If he cannot, qualification is required and possibly other activities (dislocation, separation), depending on the task.

If he does not want, then there is the second question: "Who now has the problem - the company or the employee?"

If the employee has a problem, help him with response and listen. However, if the company has the problem, usually there is a conflict of interests and this requires a clear statement of criticism.

### **51. Which mistakes are happening when a manager wants to be popular?**

Such a manager tries to show solidarity with his employees. Especially young business owners and managers are striving sometimes to be a "buddy" (instead of a manager).

They are afraid to make decisions that are against conflicting interests of certain employees to conduct salary negotiations effectively and to pay attention to productivity.

Often it happens that control is neglected, and even if unacceptable behaviour is repeated, such a manager is reluctant to act consistently.

Sometimes it occurs that important, but unpleasant tasks simply are not be performed by the employees, because they prefer to fulfil other tasks (more pleasant and interesting).

Ultimately, a manager who wants to be popular in the first place creates high costs, is responsible for poor productivity and there will be unregulated structures.

### **52. Which mistakes are happening when a manager wants to be important?**

In addition to the effect on the employees who soon realize that they have to give him a feeling of importance (instead of doing their tasks effectively) in order to be promoted, such managers tend to create expensive investments and unprofitable transactions.

Manager who wants to be important will surround himself with symbols that give him more "weight" such as an expensive company car, company building, office equipment and etc., of course, there are always good reasons to justify such investments.

If someone is looking for regional recognition, various clubs will be supported and official duties will be adopted in economically unjustifiable manner, while time and money are missing in the business.

Other persons want to be important and get recognition within their industry or profession, and they invest in expensive machinery and equipment with a performance that exceeds the need by many times.

If someone wants to get scientific importance, excessive funds are invested in research and often the sales of the company are neglected.

### **53. How to educate employees to act independently?**

When an employee comes up with a problem or a question, a manager asks you "What do you suggest?" Then the employee realises that he cannot get an answer without a proposal. So after the proposals are getting better, and with time the employees will be able to decide by themselves.

In the medium term perspective, employees develop when they get their own tasks and responsibilities.

### **54. How do you deal with intriguers?**

If it is possible, you should separate from them as quickly as possible. This way you set an example.

### **55. How to prevent employees from abusing company rules in their personal interests?**

One can make a general scheme, similar to the tax law: if somebody uses a special company structure primarily to save taxes then the tax authorities have the right to allocate the tax that the tax payer would have to pay with a normal structure.

If someone (mis-)uses an in-house regulation in a way that it creates an advantage to him against the interests of the company, he should get the same result he would have received by following the rules in a normal way.

### **56. Why should a manager always stay within the law?**

If it is not the case, expensive dependencies and additional risks are arising because of others who know. This can be more expensive than, for example, taxes.

Moreover, there is little confidence in the integrity of the Manager by the employees.

## **Organize and delegate**

### **57. What is the right organization structure?**

This question is a constant problem. Any form of corporate structure has advantages and disadvantages and immanent conflicts. If there are changes, new aspects come into consideration. Nevertheless, the structure has to be constantly adapted to changing conditions, so that the company can continue strong performance.

### **58. Are conflicts at interfaces a sign of a bad structure?**

If it occurs that frictions arise at interfaces of departments, it is often not a problem of the corporate culture, but an organizational problem because the department structure does not correspond to the business processes (a regular process runs through different departments with different goals).

### **59. Shall departments as part of an organization have different goals?**

Different interests are natural. For example a purchasing department will like to order cheaper goods, but the production manager prefers goods that are easy to work with.

A sales person makes more sales if he can tell the customer that all goods are in stock, while aware house manager's job is to keep the stock low.

Generally, such opposites make sense, but they should not put the company to a standstill. Ultimately, all forms of organization are accompanied by compromises.

### **60. How to achieve a stable process structure?**

A process is stable and protected if there is a written definition of essential elements, if the order of physical and digital files and data is transparent and if every procedure has at least two persons who know how to handle it so someone can take over a task quickly in an emergency.

This additional effort pays off, because more tasks can be delegated, the absence of one person doesn't create losses, and the company is not dependent on a single person.

### **61. What questions should be asked for each task of a process?**

Is this task really necessary? What happens if that is not done? If it cannot be left out completely, can it be done with less cost?

Most commonly only the question is asked: "What has to be done in addition?", but it's often just a goal to avoid inefficiencies by eliminating unnecessary tasks.

### **62. How to establish priorities?**

Important tasks should be done prior to urgent tasks (not: interesting first).

In addition, one should constantly make the decision, not to do certain tasks anymore, even if it itches. (for example to answer in detail to a long letter that was written in an aggressive style by an unsuccessful job applicant)

### **63. How to secure effectiveness?**

Effective managers focus on a small number of key aspects that they choose very carefully. They are effective, not just busy and bustling. For intellectual tasks (decision making, checking contracts etc.) they reserve blocks of time in which they can finish such tasks without interruption.

Vice versa many managers fail in fragmentation.

### **64. What should you do when you want to delegate a task?**

The person who performs a task must be qualified to do it.

Tasks are best transferred if you first show and explain it well, and then they are carried out by the employee under observation until the manager is sure that the employee can perform the task alone in the future. This takes time, but it is necessary.

### **65. How can you delegate decisions in standard situations?**

A manager can make a decision and set a policy for recurring situations.

Once the employees are trained on this policy, they can decide independently within the scope of the specifications. With a policy, the decision framework is still defined by the manager, however he does not need to spend time on multiplying his decision.

### **66. In what situations should a manager tend not to delegate decisions?**

Decisions shall not be delegated, when a decision is especially difficult, when it can endanger the company or if conflicts of interests are affected, such as salary and competency questions. Other situations are limited time, emotionally instable situations and strategic questions.

### **67. What decision areas are assigned to sources of power wisely?**

Sources of power are access to information sources and distribution of resources, because both are often used for the pursuit of their own interests.

A good manager, therefore, always should control whom he delegated these things, and what margin of discretion he grants.

### **68. What is the danger of the assistant positions?**

Such positions give power without responsibility, which leads to carelessness and hypocrisy. Sometimes such positions are occupied by secretaries or family members.

Especially with such positions and related tasks, responsibilities should be clearly defined and announced to all participants.

### **69. How to develop middle management?**

Even with managers mistakes have to be taken into account. There are often problems in dealing with employees, which are no longer reversible. In doubt, a higher manager has to be loyal to his middle manager.

However, he has to force middle management to challenge their personnel instead of making themselves popular, so it is useful that from time to time the top management kicks out nonperforming employees at a lower level.

### **70. Should we take care of weak or critical employee in a special way?**

Support provided by the management and co-workers to employees is a cost factor and management time is precious. A rule for the economically optimum allocation of scarce resources is to choose the option with the highest contribution margin per unit of the bottleneck.

Usually a manager can get the best results if he cares about the majority of good performing employees.

A manager should not follow his humanistic motives and devote a lot of the time with permanently weak or difficult employees.

### **71. Should we always act the same way in similar situations?**

Basically yes, but a manager should reflect activities that were not effective and not repeat previous mistakes, otherwise the result may be again undesirable.

Good managers always analyse the reasons and change the activity, if this is reasonable to reach results.

## **Controlling**

### **72. Why to control?**

First, to ensure that decisions are executed. This control should be done primarily through consistent follow-up to influence the behaviour.

Second, to ensure that there are no irregularities. Here preventive action is required to prevent occasions and make accomplishment difficult. Most people are basically honest, but some of them come through a variety of circumstances (even a debt) into an emergency situation, and just then the temptation should not be too large.

Third, in order to obtain an accurate state of financial information, revenues and expenses of the company. Here, a good accounting and cost accounting system helps.

### **73. Why control is often neglected?**

Manager are tempted not to carry out the control steps carefully when they believe that they are under time pressure or when past controls show no deviations. They forget that the fact that control happens compels employees to be vigilant. When people know that there is little control, they soon start to care less. The value of a controlling activity cannot be measured by the value of detected mistakes alone, but has to include the value of avoided or prevented problems. "And lead us not into temptation."

#### **74. Which are the cases in which follow-up is required as a control?**

A manager must always follow up outstanding issues in order to remain credible. This following up is required in critical and sensitive situations. In the following three cases there is a risk that the task would be postponed by the employee: first, when the task is uncomfortable, second, if the task is not a part of the routine, third, if the task is new. Proper follow-up starts early for timely corrective measures can be taken.

#### **75. How to follow up properly?**

Following up is an obligation to collect information, not an obligation to bring information.

Effective managers walk around in the enterprise or by call the staff again and again.

They make it clear that they have a list of open points and keep an eye on them. Clever questions and active listening help to be informed at an early stage about the status of implementation and about potential problems.

#### **76. Where does the 4 eye principle help?**

Wherever money is involved, it may happen that even tried and tested employees if they privately run into an emergency situation, cannot resist the temptation.

Therefore, accounting and payments should always be separated. And to prevent artificially low prices for customers or corresponding orders to suppliers, all quotations and orders above certain amounts should require two signatures.

#### **77. Does control means the lack of confidence?**

In practice, the question can be asked only if controlling activities are introduced. If the processes are well implemented, this point is not up for discussion.

Of course, employees should perceive that management trusts them; on the other hand irregularities usually occur where confidence exists. In banking, it would even create personal liability for management when they waived an internal audit. On the other hand, many persons start discussions about freedom and competences, but these areas are then rarely used.

#### **78. How far shall control go?**

Controls should go so far so that managers can influence the behavior.

This is only the case when an employee knows that unwanted behavior wouldn't be unnoticed.

#### **79. How important is "management by walking around"?**

Occasionally it is useful to go through the operations, to look over the shoulders of the people and ask them what they are doing.

It helps to detect failures earlier and to correct timely.

Especially in many office buildings with small individual rooms it is advisable to enter in the room suddenly and unexpectedly and to pay attention to what is happening.

#### **80. How can you educate the "chaotic" staff so that they can organize themselves better?**

Especially with new employees or those who have lost track as a result of the stress, it makes sense to intervene. You sit down with the employee and design together with him a system under which he works then.

Thereafter, the employee should be addressed every day before starting work and asked about the priority tasks he has planned for that day and he should report about the tasks fulfilled the

day before.

If the employee knows that he will be asked about his plan, he begins to be more organized.

For about three weeks, it is necessary to do it day to day, then for about two months – twice a week.

## **Recruitment and employee relations**

### **81. Can a manager recognize good employees when recruiting?**

The best evidence can be obtained when one considers the resume, because this gives information about the actual behavior and effective performance.

Likewise, past behavior should be obtained from references and interviews, especially past behavior in situations that meet the key criteria of the position to be filled.

After this it is useful to employ the candidate, give him a trial task and to watch him, but this requires appropriate tasks, sufficient time and systematic steps. When you are hiring a young person, for example fresh out of the university, usually it is better just to try them.

### **82. Which question helps in the selection of leaders?**

“If I had a son or a daughter working as an employee in that department, what did I think if this other person became head of this department?”

### **83. Which qualities are innate and can only be changed slightly?**

Intelligence, Extroversion / Introversion and the degree of emotional stability are almost impossible to change. It is important to define a range of acceptance for these points in relation to a job that a candidate must fulfill.

### **84. Which additional points show persons with high potential ?**

A study published in Harvard showed that standard processes include checking intelligence, experience, special competences and past performance.

In addition, there is a 85% probability to detect high potentials if the following criteria are observed:

- Motivation: including the willingness to put the interests of the company before own interests
- Curiosity: interest in innovations, openness for change
- Presence of mind for business: ability to gather and interpret information that may indicate new opportunities
- Engagement: Communicating a vision using emotions and logic and establishing good contacts with people
- Determination: persistence in spite of problems, ability to pursue goals despite obstacles

### **85. What motivates high potentials?**

High Potentials are not motivated by hard facts alone, but also need autonomy, ambition and meaning (meaningful goals). Status symbols are less important for them than the ability to grow.

### **86. Which points shall be part of each employment contract?**

They usually are: shortest possible notice periods, classification in the collective agreement, leaving arrangements, commitment to training at home and abroad, changing of work location, area of responsibility (that may be changed at any time), rules about overtime, replacement of costs of training, competition clause (especially in sales).

### **87. Where shall a manager place an employee?**

In a good organization tasks, competencies and responsibilities are well defined.

These tasks must be performed by employees, best where they match with their strengths.

All other requirements of the position must be fulfilled as well.

If one meets a substantial weakness of the employee, it helps if another person can compensate it (e.g. a negligent, but good field staff working with someone in the office, who is very accurate, maintains data and organizes his schedule).

### **88. How does one proceed if no suitable employee for a particular job can be found?**

Often there is strong evidence that the job contains tasks which contain completely different job requirements simultaneously. This means that set of skills demanded from candidates and their personality does not correspond with the sets of skills available on the job market (such as sales and controlling in family businesses).

If it is possible, the organization should be restructured into jobs that can easily be filled with candidates that are usually available on the job market.

### **89. How to recognize the strengths of an employee?**

They can be recognized through observation and stories. A person has a strength where it is easy for him to do something, but unfortunately these are not always the tasks the person likes to do. Therefore strengths can be revealed by observing the employee, by asking people who had contact with this employee or by letting him tell what is easy for him.

### **90. Shall employees always get tasks that are equal to his greatest strength?**

Not always, because tasks are remunerated differently by society, based on demand factors. If someone, for example, is an excellent user of computer software and able to help others in his group, but a very good seller as well, the company should ensure that he devotes his time to the sale, as the selling activity is more profitable for both sides.

### **91. How important is the intelligence of an employee?**

Intelligence means potential, but for some people it remains just potential.

What matters is how effective an employee or a manager is, intelligence and wisdom are just instruments for achieving the purpose.

### **92. How to manage intelligent people?**

First, pay attention to productivity, because smart people like to get lost in questions and details.

Second, make sure where the employee has his priorities and which tasks are done: intelligent people tend to make interesting things first instead of important things.

Third, pay attention to the time of other people, because intelligent people sometimes question much and involve third parties in unproductive discussions (the costs of employees are the sum of their personnel costs plus the costs of the time of management and other employees they need).

### **93. What kind of corporate culture is desirable?**

The corporate culture (as well as the organizational structure) depends on an organization's strategy. A rapidly growing company with innovative products requires a different corporate culture than for example an enterprise that records counters of heating costs in thousands of households.

Corporate culture can be managed actively.

### **94. Is a cooperative management style better than an authoritarian?**

This question is often misunderstood, so the response is an unexpected one:

First, effective managers ensure the implementation of a decision without compromise.

Second, authoritarian or cooperative style refers to the involvement in decision-making and has nothing to do with consequence in the implementation, with rigor or gentle tone in person.

Third, there are few links between leadership and results; in any case, the required leadership style also depends on the situation and on the employees.

### **95. Is it essential how quickly people work?**

It is essential only where the result depends on the pace of work, such as constant activities.

Often it occurs that new employees don't catch up very quickly, but later they are reliable and make fewer mistakes after training.

They keep going with fulfillment of a task, not getting distracted. Although they do not look busy, they are ultimately very productive.

### **96. How can a manager win a lot of confidence?**

A manager can achieve a high level of confidence in his integrity through correct and fair behavior towards employees (e.g. by avoiding to blame an employee for mistakes of the manager). A manager can achieve a high level of confidence in his abilities by results and proof to be successful in crisis situations.

### **97. How important is the trust of the employees to the manager from a corporate point of view?**

Only if the employees have a basic trust in a manager helps to create a durable leadership situation, where many errors that happen in everyday life can be accepted.

To establish trust, it is important to be honestly interested in them, to keep promises and to talk about absent persons in the same way as if they were present.

### **98. How can a healthy, customer-oriented corporate culture be recognised?**

The corporate culture can be recognized by listening to employees while they are speaking about the company. When they speak about customers, products and services, the culture is healthy.

However, if discussions are mainly about internal affairs, departmental wars, promotions etc., the company tends to deal with itself and there is danger that it loses its connection to the market.

### **99. Does work have to mean fun and joy? How important is happiness?**

Nice if that's the case, but organizations have goals, and this does not mean in the first place to satisfy the wishes of employees or to pave them the way to happiness.

Most tasks simply have to be done, and this is completely independent of whether or not they make fun.

Behind such a demand for pleasure there is the basic idea of "Make people happy, then they will perform well", but this relationship does not exist in practice.

Luck has several facets: both – aspects of feeling well as well as aspects of satisfaction.

If a manager tries to be popular and to provide a good environment, achieves well-being of the employees. However, satisfaction is not caused by the environment, but by experienced goal achievement.

### **100. Shall an employee be praised?**

Yes, but not always, and it shall be accompanied by a specific justification for an exceptional performance in relation to past performance of the person.

Who praises average performance, appears little credible and reinforces mediocrity.

If an employee is praised too often, there is a risk that his status motive is satisfied and the motive of self-realization comes to the fore, which can cause an undesirable "artist status" especially among young and immature people.

People in a bad phase in life sometimes need a little more praise.

### **101. Can we overload an employee with work?**

Temporarily and to a certain extent a manager may certainly do it. Employees are dissatisfied if they have nothing to do or they are underutilized, but they are rarely dissatisfied if there is excessive demand.

Regarding individuals with high potential, it is sometimes necessary to put them under pressure for some time, because then they get used to work efficiently and they gain confidence.

Anyone who cannot cope with a certain degree of congestion is rarely suitable for a leadership role because he is not capable to stand the test in difficult situations.

### **102. Under what circumstances can a manager change preferences of people?**

Personality structures that already form very early are: introvert/extrovert and emotional stability/instability. Besides, there is little correlation between introvert/extrovert and good sales results.

What can be changed, are preferences, values and habits.

Attitudes, however, can only be changed slowly and rarely, if a person has become older than 22- 25 years has acquired a certain level of education. To change attitudes, often a "Significant Emotional Event" is necessary.

### **103. Can you change habits and behaviour?**

Habits can always be changed, this requires self-discipline, some time and special control methods (habits are working methods, set priorities, punctuality, etc.).

Behavior which have anxiety as a cause change relatively quickly if there are feelings of success, because this enhances self-confidence (e.g. someone has fear to contact new clients).

However, change needs understanding and motivation of the person himself. If a manager intends to change habits of another person, he has to look at the paradigm behind the existing behavior, to make it aware and to motivate the person to change the paradigm, then the behavior will change automatically.

### **104. How to make people have a more open and flexible view?**

A proven method comes from political training: to organize a series of short rounds reasoning on topics that include values and ideas. For example, roles are assigned: first a "customer" talks to a "supervisor" about a complaint. Then the "Supervisor" talks with his "employee" a critique conversation about the reclamation of the customer. If the topics come from real cases in the business, people feel emotionally more involved.

At a later meeting (not at the same meeting, otherwise the emotional identification suffers), the participants switch the roles and also they discuss new business cases.

Over time, the employees learn to look at situations from different perspectives and go on arguing strongly on the positions of the other party.

### **105. Should employees work overtime?**

Overtime must be an exception and it should always require a prior authorization.

In countries with an upside limit for weekly working hours, many people would like to do more and to earn more. Here, overtime is often seen as just an opportunity for additional income, it may even create a kind of claim. In such situations, to reduce overtime may be perceived as a significant pay cut.

### **106. When does outsourcing make sense?**

Outsourcing allows focusing on core competences.

In some countries, there are labor agreements that differ among the industries. Here, outsourcing can help to switch a part of the company to a more favorable collective agreement (e.g. transport, area)

Outsourcing can avoid travel costs and reduce costs when a task does not require 100% of human resources (e.g. accounting, human resources). It also saves management time and unwelcome personnel tasks.

Essential elements are the selection of the right partner, his reliability and the ability to take the outsourced elements to another supplier or back into the own house if this is needed (computerized format, warehouse rent, etc.)

### **107. How should discussions or meetings be made?**

Since meetings are costly and tie up the valuable time of many people they should be organized as rarely as possible and with a clear agenda. Most things can be regulated by email or by phone. Personal contact is the most expensive.

### **108. Who should draft protocols?**

In protocols, it is possible to create a picture of a meeting by using different contents, omitting points, reinterpretation of keyword, by choice or form of wording.

Protocols are still needed to ensure the clarity at a later point of time.

Smart managers try to always formulate protocols by themselves and at least they make sure that they check them before they are distributed.

### **109. How should you deal with employees who repeatedly explain why something does not work?**

While bringing results, these employees bring explanations or talk about problems, especially they show resistances at innovations and changes. If this is not an isolated case, a manager should not accept such behavior to continue.

Under no circumstances such people should lead others.

## Family Businesses

### **110. What main principle should be applied in all areas regarding family businesses?**

It is the "arm's length principle", which means:

Workforce: Family members should only get a job if this person would be qualified to get a similar job in a non-related company. If necessary, appropriate training is useful.

Payment: the payment should correspond to a payment that would be earned by another, non-related employee in the company. We recommend neither unreasonable high nor unreasonable low reward ("you get the operation later anyway"). If a "junior chief" is efficient and would rightly deserve more, the father can separate a part of the business and transfer it to him. He can expand this part, enjoy the fruits of success and later he can take over the business of the father totally.

Clear tasks and goals, and monitoring of results;

For the motivation of third parties, it is necessary that all family members have regulated working hours and don't care for private tasks between.

### **111. Which value systems have to be made aware in family businesses and which must be separated from family values?**

In the value system of families prevails the principle of equality: all children are of equal value for parents, in spite of the fact that they are different.

In business, however, the performance principle prevails, and not all children have necessary skills to be a manager.

### **112. How should a successor enter into operation?**

If possible, a successor should have some years of experience outside the company and prove himself there; either in an area that represents a core competency for the family business (e.g. in marketing or as a technician) or in an area where he gets a commercial qualification, as in the credit department of a bank, or in a large public accounting firm.

### **113. 110 Which conflict of interest is prevailing in family businesses if it comes to definition of company strategy?**

Often dominates the striving for security, the wealth that was generated, shall not be put at risk. However, if an expansive corporate strategy is planned that requires substantial financial commitment and the assumption of liabilities, it will inevitably lead to a conflict of interest.

The problem can be solved by another strategy, and if that does not make sense, by taking in an external investor who buys shares from the conservative-minded family members.

### **114. How to handle expense accounts?**

Although it is not always an optimal to avoid taxes: loose handling of charges quickly leads to unexpectedly high costs.

Expenses should be understood in a broader definition: both those things that should rather be attributed to the private sphere, but also those items that are clearly induced by operations, but would not be granted to a non-family employee. (e.g. exclusive hotel on a business trips)

If it is necessary, for every family member a budget for charges can be arranged.

**115. Why does it often make sense to recruit a manager from outside?**

A manager from outside is less involved in family problems and can manage the company objectively. The owners can include goals in the agreement and if necessary – terms of dismissal.