

HUMAN RESOURCES MANAGEMENT

**MANAGEMENT TEAM
DEVELOPMENT**

Report produced for the EC funded project

INNOREGIO: dissemination of innovation and knowledge management techniques

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Contents

1 Description

- 1.1 What is the technique
- 1.2 The problem
- 1.3 Objectives of the technique
- 1.4 Description/ structure of the methodology/ alternative solutions
- 1.5 Expected results/ benefits
- 1.6 Characteristics of firms/ organizations and services providers

2 Application

- 2.1 Where the technique has been applied
- 2.2 Types of firms/ organizations
- 2.3 Implementation cost
- 2.4 Conditions for implementation
- 2.5 European organizations supporting the implementation of the method

3 Implementation

- 3.1 Steps/phases
- 3.2 Partial techniques and tools included in each step
- 3.3 Related software

4 Bibliographic References

Annex: Partial tools needed for the implementation of the technique

1 DESCRIPTION

1.1 What is the technique

Development of an efficiently operating Management Team is a long-term commitment. It is a change in culture both for the directors and the employees of an SME. From the directors point of view (in most cases the directors of an SME are also the owners) it helps them diffuse their responsibilities without losing control of the company through the creation of an effective and committed management team. On the other hand, the technique affects the employee's perspective towards the company in a sense that they feel responsible for the effects of their actions to the future of the company.

The implementation of the Management Team Development technique provides a feasible change in the SME's management process, focusing on its effectiveness mainly through increasing competence and refining attitude.

The application of the technique to a company requires the involvement and commitment of all the management team members, and, in order to have an effective implementation, all participants should have accepted their role and believed to the benefits which will arise for the company and for them.

1.2 The problem

Almost every Small Manufacturing Enterprise faces the problem of organizing the internal management process. In many cases this problem does not occur because of the lack of standardized management procedures or the lack of computerized management systems but due to the way the management team operates. The most common symptoms of this problem are

- Not in coordination of activities
- Long, ineffective meetings
- Communication problems, despite good personal relations
- Weakness in implementing significant decisions
- Confusion of responsibilities (overlapping, gaps, etc.)
- Diffusion of responsibilities and difficulties in progress tracking
- Frequent crises
- Low creativity and innovation
- Loss of opportunities

These types of problems usually occur due to the **lack of** :

- Clearly defined roles and responsibilities
- Basic procedures (mostly coordination and decision making procedures)
- Clearly defined common goals and priorities
- Efficient interpersonal communication
- Trust and team working
- Understanding and acceptance of different characteristics

1.3 Objectives of the technique

The main objective of the tool is the development of an applicable management process for the company (SME) through increasing the effectiveness of the management team focusing both on its competence and the attitude.

The first stage of the application of the tool to an SME consists of several diagnostic tools for the identification of the ongoing operating stage of the management team. It points out the strengths and the weaknesses of the team and indicates the degree of exploitation of the strengths and awareness of the weaknesses. Concluding the application of the methodology, the consultant suggests ways for further improvement.

1.4 Description / structure of the methodology/ alternative solutions

The challenge of keeping the operation of the management team coherent, effective and flexible is a long term and continuous objective. The following diagram shows the potential stages of a management team operating condition through time.

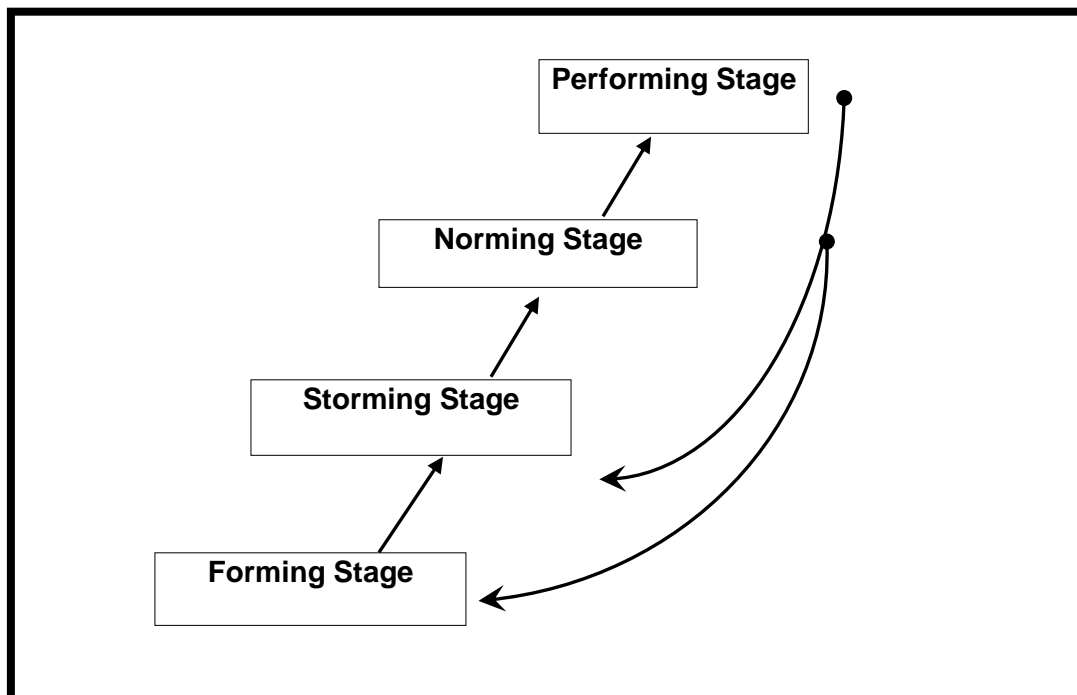


Diagram 1. Operation Stages of a Management Team

A Management Team operates ideally in the Performing stage and the objective of this tool is not only to bring the Team as close as possible to that stage but also to provide a methodology on how to keep operating under ideal conditions.

Several events could disturb the operation of a team (increment of the size of the company thus increment of the work load, retirements or withdraws, addition of new members, failure in a specific project etc.) and result to a rollback in the Storming or even the Forming Stage.

As mentioned above, the goal of the technique is to optimize the operating conditions of the Management Team. In order to succeed this goal the several modules of the technique provide specific interventions to the SME's Management Team operating philosophy depending on its operating stage such as:

- Detailed job description for each member of the team
 - Ideally, all members of the management team should fill in the form “Role description form” (Annex) giving the same information for each job position.
- Definition of the decision making and executing level in the chain of command
 - It should be clear to all members of the team, who can make a decision for each topic. (“Decision making form” - Annex).
 - Monitoring procedure (“Decision Implementation plan” - Annex)
- Planning of the basic processes in the higher management level such as
 - Yearly planning /control
 - Important decision-making
 - Procurements / acquisitions / payments / expenditures
 - Billing policy / Sales
- Clarification of priorities and orientation (such as vision for the company, mission, values etc)
 - Major milestones stated in the companies Business plan should be accepted by each member of the team.

1.5 Expected results / benefits

The application of the technique results in the optimization of the operating conditions of the Management Team.

1.6 Characteristics of firms / organizations and services providers

Firms

The modular and flexible possibilities of the method permit its use in different sizes of firms and also regardless of the firm's activity (manufacturing, service providing etc) with the same results. However, its potential is greater when used in firms where the management team consists of several members in more than one levels within the chain of command.

Service providers

It is strongly recommended that the “Development of the Management Team” tool is applied with the help of an external consultant specialized in the field of Human Resources Management capable of performing diagnosis and with extensive previous experience in the field. The consultant may have developed his/her own technique, but the basic principles should be the same.

The use of an external consultant will bring fresh new ideas to the management team and will facilitate the acceptance of the results from members of the team who may feel uncomfortable with the changes in processes, habits etc. proposed by the methodology.

2 APPLICATION

2.1 Where the technique has been applied (firms / organizations)

A lot of organizations throughout Europe are implementing Management Team Development consultancy schemes. The European Commission has funded several initiatives aiming at developing the technique, adjusting it to the SME's specific needs and implementing it. The technique described hereafter was developed through the Greek Project to Innovation namely PROSEGISIS and has been applied to several Greek SMEs. Prosegis project aimed to act as a catalyst in order to promote innovation and management culture in Greek SMEs. Therefore, it has adopted a flexible approach to innovation, which is thus considered to encapsulate the development of new methods, practices, products and services, at a specific point of time, that aim at satisfying customer needs and improving company competitiveness.

The assignments within the 70 SMEs involved in the pilot project were organized in a series of workshops in order for the program's experts to arrange the transfer of "management tools" within each SME.

2.2 Types of firms / organizations

The Management Team Development technique can be applied to almost any type of firm covering the complete chain of activities from product and process design to manufacturing, assembly and delivery, due to its modular and flexible design.

The size of the firm can vary from 10 to 250 employees. In firms with less than 10 employees the management team consists of very few members and thus it is difficult for the technique to be applied. Companies with more than 250 employees usually have very complex management structure thus the technique should be applied separately in each administrative department.

2.3 Implementation cost

The implementation cost of the technique consists of the man-days spent by the Management Team members and the fee of the external consultant. It can only be estimated based on the number of days required to implement the technique, which depends mostly on the number of individuals in the Management Team and the nature and size of the organization.

For an average SME with 60 to 100 employees the top Management Team usually consists from 5 to 10 managers with 1 or 2 individuals in the higher level of command. For this kind of firms the implementation cost of the technique will include:

- 1 man-days for each member of the Management Team
- 1 to 2 man-days for the top managers
- 10-15 man-days for the facilitator contacting the interviews (use of the external consultant is recommended)
- 5-10 man-days for the analysis step

- 2 man-days for all persons involved for the back-up and follow-up steps.

This concludes to the total of 18 to 38 man-days for the SME's personnel and 15 to 25 man-days for the external expert.

Assuming a fee ranging from 400 to 800 Euro per day for an external expert, the implementation cost of the technique to an SME ranges between 6,000 to 20,000 Euros, **in addition** to the 18 to 38 man-days spent by the SME personnel.

2.4 Conditions for implementation (infrastructures, modifications required etc)

There are no special conditions for the implementation of the Management Team Development methodology to an SME. However, the most crucial parameter for the successful implementation of the tool is the acceptance by the SME and the application of the recommendations that will arise from it on a long-term basis. In order to accomplish this the following conditions should hold

- The management team should have accepted the consultant as an expert in the field
- The management team should accept its weaknesses pointed out during the diagnosis stage
- The consultant should recommend a feasible way to overcome the weakness, which could be easily adapted by the particular SME.

2.5 European organizations supporting the implementation of the method

There are a lot of organizations implementing Management Team Development consultancy schemes through out Europe. Even if there are differences in each organization's approach the basic steps to follow are the same.

Warwick Research Institute included in the "Review of selected methodologies of Innovation Management Tools", commissioned by DG XIII (1997), 9 methodologies involved in human resource analysis and 6 in the decision making and planning processes of the SME.

In the "MINT Guidebook for Business and technology Diagnostic Tool & Methodologies", compiled by NODAL consultants under the SPRINT initiative, 8 methodologies containing diagnostic tools for the management team operational structure, are presented.

3 IMPLEMENTATION PROCEDURE

3.1 Steps / Phases

During the implementation of the Management Team Development methodology the following steps should be followed

STAGE	AIM OF THE STAGE
1 Agreement	Agreement of the external consultant with the SME's CEO and the members of the Management Team involved, on the purpose, the content and the expected results of their effort.
2 Identification of the problem (Diagnosis)	Identification of the specific problem to focus on. Thorough diagnosis of the symptoms and the causes as well as definition of the expected outcome
3 Analysis	Process of all the information gathered concluding to a recommendation report
4 Feed back	Presentation of the diagnosis to the management team focusing on the acceptance of the weaknesses diagnosed and on the commitment of the management team to the need for improvement. Presentation of the recommendation report and the action plan for implementing the recommendations.
5 Back up	Assistance for the implementation of specific methodological solutions for improvement such as <ul style="list-style-type: none"> • Definition of a model management team with clearly defined common goals & priorities, roles and responsibilities • Development of basic procedures (mostly coordination and decision making procedures) • Improvement of information dissemination techniques
6 Follow up	Replication of stages 2,3,4,5 after a period of time focusing on adjustments needed and points for further improvement.

3.2 Partial techniques and tools included in each step

Each service provider contacting Management Team Development consultancy schemes has developed a number of tools for the above steps. Given the whole methodology is based on interpersonal communication, human behavior and work habits, it's well understood that these tools should be flexible for better adaptation to the SME's specific characteristics.

The outlines given in the following paragraphs are indications on what tools should be included for each step.

Stage 1 Agreement

The first stage of the methodology is crucial for building a trusting relationship with the management team members. Detailed information on the technique to be used should be provided along with estimations for the effort needed and the timetable.

Stage 2 Identification of the problem

A private meeting with each member of the management team should be held during which the following questions – topics should be covered:

- Are you satisfied with the teams operating status?
- What are the main problems the team is facing?
- In which areas could the team be improved?
- Is the management team facing lack of coordination and team working? If yes why? How could that be improved?
- Is the decision taking process effective? If not why? How could that be improved?
- Are the role and the responsibilities of each member of the team clearly defined? What kinds of problems exist?
- Are the meetings of the team effective? What kind of problems and why do they exist?
- Are the goals, the orientation, the strategy and the priorities common for all members of the team? How important are the differences?
- Could you describe the communication between team members as effective? What kinds of problems exist?

Stage 3 Analysis

The problem mentioned more frequently during the previous stage discussions is the one to focus upon. If needed, a second round of meetings could be held in order to gather additional information on the specific topic.

A report should be prepared covering the following topics

- Content and aims of the consultancy scheme
- Conclusions of the diagnosis stage
- Improvement recommendations
 - Recommendation 1
 - Aim (What was diagnosed? How does it affect the company?)
 - Content (What should be done? What shall be improved?)
 - Implementation plan (How should it be done?)
 - Recommendation 2
 - Aim (What was diagnosed? How does it affect the company?)
 - Content (What should be done? What shall be improved?)
 - Implementation plan (How should it be done?)

Stage 4 Feedback

A meeting with all team members should be held during which a formal presentation of the diagnosis results should take place.

ATTENTION. Careful how to point out weaknesses, people usually don't like to hear about them in public. Even if they've admitted something during a face-to-face discussion they will defend themselves in a management team meeting or they will defend the team as a body.

Focusing on the acceptance of the weakness diagnosed and their commitment to the need for improvement, a detailed presentation of the recommended implementation plan should take place.

Stage 5 Back up

Assistance for the implementation of specific methodological solutions should include tools needed such as forms, questionnaires etc. Of course additional consultancy services should be provided or the use of a third party's expertise acquired depending on the nature of the recommendation.

In the Annex, a number of example forms are given. These forms could be very helpful to an SME in order to initiate an internal effort upon several of the above-mentioned topics.

Stage 6 Follow up

After a period of time (usually 2-3 months) replication of stages 2,3,4 and 5 focusing on adjustments needed and identification of points for further improvement is necessary in order to succeed maximum management team improvement.

3.3 Related software

Some consultants utilize custom made software mostly for collecting data during the diagnosis stage providing statistical analysis of the results and charts that can clearly point out strengths and weaknesses, especially when data from different companies or different management teams in the same company are presented compiled.

However, since the whole methodology deals with interpersonal communication, human behavior and work habits it can be easily understood that a full-scale application of software on the methodology is rather difficult.

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Annex: Partial tools needed for the implementation of the technique

ROLE DESCRIPTION FORM

❖ What is the purpose/mission of your position in the company? (Why does it exist?)

.....

❖ Which are your responsibilities and obligations

.....

❖ What do the other members of the Management Team expect from you

.....

❖ Are there any responsibilities or obligations you should not have or additionally have in order for the Management Team to work more effectively?

.....

❖ Are there any decisions, which you should or shouldn't be able to make by your self in order for the company to be more efficient?

.....

❖ What should you know about the work of the other members of the Management Team? And what should they do in order for you to be more effective in your position?

.....

Member 1 :

Should know :

Should do :

Member 2 :

Should know :

Should do :

Member 3 :

Should know :

Should do :

DECISION MAKING FORM

Decisions referring to	Recommendation	Decision	Authorization
1. Sales			
2. Marketing			
3. Finance			
4. Production			
5. Labor			
6. Strategy			

DECISION IMPLEMENTATION PLAN

Decision	Actions	Responsible	Date of completion	Check audit
1.				
2.				
3.				

MEETING PREPARATION FORM

Meeting definition

- ❖ Purpose of the meeting
- ❖ Frequency of meeting
- ❖ Preparation of the Agenda
- ❖ Preparation of discussion topics
- ❖ Participants
- ❖ Discussion coordination
- ❖ Decision making procedure
- ❖ Assignment of responsibilities
- ❖ Time tracking
- ❖ General rules
- ❖ Forms

Meeting Form

Date/...../.....

Topics	Decision/ Conclusion	Assignment to ...	Tracking points	Expected completion date	Results
1.					
2.					
3.					
4.					
.....					