Supportive Leadership

The New Role of Executives in the 21st Century

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Preface

More than two thirds of all problems in our society result from a decrepit leadership culture in economy and politics which allows **indispensable profound reforms** (i.e. sustainable climate protection, responsible finance, social and tax legislation) and "green" technologies for our environment and thus a qualitative (and not just quantitative) growth to only a limited extent. The whole of Europe is deeply in dept. The standards of living, food and raw materials become more and more expensive. Nature and "deceived" people strike back because leadership elites show a high degree of inertia. Those **responsible lack** the capability to anticipate in time the necessary processes of innovation and change, to control and implement them. A study of the University of St. Gallen/Swiss proves that chaotic future planning and project management entails billions of additional costs (1).

It is true that companies impart specialized competences, but they criminally neglect the **training for key skills** like competences regarding change, relations, creativity and leadership. However, it is exactly these skills which ensure a sustainable power of success of an exceedingly demanding society and a flexible employability of its people – even in critical times (2).

The competitiveness, and hence the economic future of a society which is based on knowledge, decisively depend on the fact how resolutely the chances of key technologies are made use of and whether they can be converted into an economic use (3).

Development costs for complex product solutions increase in an unimaginable way. Therefore, established companies prefer to spend high amounts of money for the further development of "old", ecologically harmful products (so-called "cash cows") instead of investing in "new" environmentally friendly products for which markets would still have to be opened up (4).

It is very obvious that human beings are rather resistant when it comes to learning and changing. They only change when pressure becomes intolerably high and/or they no longer have another choice.

Executives in particular use their position for not having to continue to learn anything new. Thus, however, less and less new knowledge, which a company urgently needs, is "produced" (5). Therefore, the role of tomorrow's leaders will have to consist in establishing a **systematic knowledge and innovation management** in their companies and organisations, wherein executives and specialists will become qualified for developing a sense for intelligent and creative (team) work according to the respective situation – just as this is the case in (competitive) sports. Integrated thinking, acting in a way compatible with the environment, permanent learning – also from errors – will then become a part of all our lives.

In view of the signs of demographic and climatic changes, I sincerely hope that my esteemed readers will be stimulated by this book to take everybody along and to support them in a way which enables them to join the tempi of the necessary radical changes.

Munich, November 2011
Günther H. Schust

1 New Demands on Management

It is part of the classic leadership tasks to motivate employees. The "HOW", however, is changing. The prevalent behaviour of executives still consists of 'prescribing' work. In recent studies the costly effect of this behaviour is pointed out. In the long run this behaviour is de-motivating and may even cause illness. Also, a **new, self-confident generation of employees** is on the rise, a generation which needs to be effectively guided into the 21st century. Leadership reaches a new dimension once it ceases to lay down rules, to be restrictive and controlling, but instead starts to offer initiatives and support according to the respective situation, to offer scope of action and encourage visions.

In view of the immense variety of leadership concepts (for example Entrepreneurship, Kaizen, KVP, Lean Management, Lean Production, Business Reengineering, Scrum Project Management, SixSigma, Total Quality Management and so on) the question of today's discussion is which could be the actual role of an executive in order to create something like common values, employee-, environment- and customer-related philosophies, a believe in the sense of work or a common will to change.

In his research, Mintzberg (6) found ten **typical leadership roles** for which he created three generic terms, i.e. person-related, information-related and decision-related roles:

Person-related roles:
- Representative (of an organisation unit)
- Leader (with formal authority and responsibility)
- Intermediary (inside and outside)

Information-related roles:
- Monitor (search for and filtering of information)
- Distributor of information and/or
- Speaker

Decision-related roles:
- Entrepreneur
- Person allocating resources
- Chief negotiator
- Person solving conflicts and/or crisis manager.

The organization theoretic Manfred F.R. Kets de Vries (7) is of the opinion that executives must fulfil two roles – the charismatic and the instrumental roles. The model of the Ann Arbor professors Stuart L. Hart and Robert E. Quinn (8) comprises four roles of an executive: Vision setter, motivator, analyser, task manager.
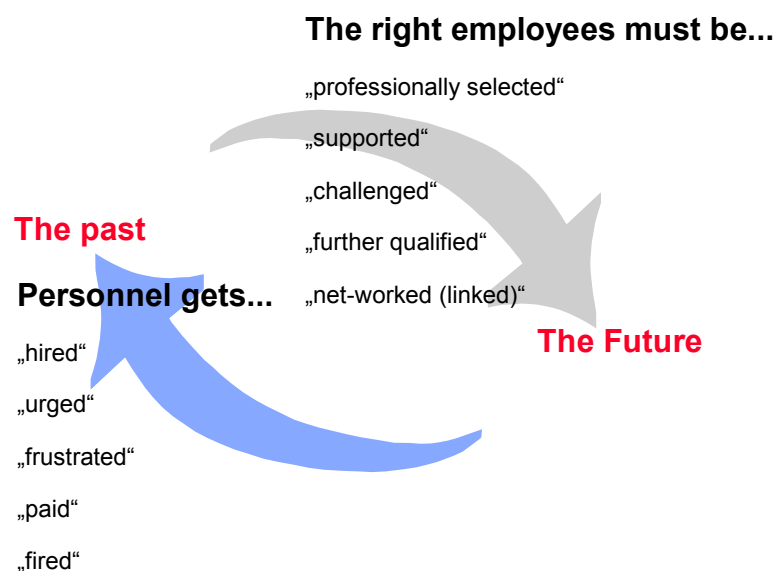
Depending on whether it is a question of leading individual employees, a project team, a department or a whole company, different evaluations regarding the demands on leadership roles must be taken into consideration.

It is true that companies can still be one step ahead by making big financial investments in market shares, by buying up competitors (during the last 10 years more takeovers and mergers were carried out than ever before). However, experience shows that competitors in the BRIC states and the Tiger states are able to copy each technology, each product and each service within a short period of time, that they are able to buy information and mobilize capital around the Globe.

Globally, already more than 1/3 of products and services are plagiarisms and the number increases by the day. Only factors of success which are based on talents, skills and the creativity of employees – i.e. are based on soft factors - can't be copied. Added value-oriented, sustainable leadership becomes a must when it comes to meet one of the most important challenges of the future: maintaining a competence / innovation lead over competitors and delimiting oneself against them. **This means that in the 21st century the executive must take on a new role**.

It should consist in concentrating on 'professionally selecting' the right employees, in 'supporting' them, in 'facing them with challenges', in 'further qualifying' them and 'networking (linking)' them in an innovation and customer oriented way (picture 1: New Demands on Executives).

Picture 1: New Demands on Executives

The right employees must be...

„professionally selected"

„supported"

„challenged"

The past

„further qualified"

Personnel gets...

„net-worked (linked)"

„hired"

The Future

„urged"

„frustrated"

„paid"

„fired"

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The traditional model of the manager is that of an outstanding person who lays down the direction, who makes key decisions and mobilizes the team of employees. This executive can be compared to the "skipper" on a sailing ship or to an engineer in an engine room, seeing to it that there is the right drive. What, however, does a skipper do when a part of the crew or the whole crew is listless and / or completely lacks the will to navigate, to set sails, to take over menial jobs, but rather pursues other (for example private) interests?

This is why traditional attempts at leadership have a rather counterproductive effect when they are applied to mature, well trained and self-confident employees. The tacitly accepted monopoly of an executive within a straight line of command does no longer exist. Sometimes it is really surprising that employees, in spite of "bad leadership", are still fully working with determination and dedication. **The important issue is how to instil enthusiasm for certain goals and/or visions into the employee**. Authenticity and credibility (not, however, status symbols!) of the management are the key for doing so.

If a large-scale goal is to be achieved, employees are mostly willing to perform on a more-than-average level. To continuously demand top performance, however, can be counterproductive. If this is demanded, it has a de-motivating effect and in the long run may even have a pathogenic effect on people. I'm often asked: Which is the best way to instil employees with long-term enthusiasm for project-, department- or company-related goals and make them commit to these goals? The answer is: There is no way! This would be manipulation. The employee must be self-motivated. For this reason, goal-related agreements, which are drawn up and agreed upon with employees but are not based on motivation, are not effective. It is the **behaviour of the executive** which in the end determines whether the company or the organization has employees who are for or against the company or the organization!

The important thing here is: The executive instils enthusiasm by supporting the employee in accordance with the situation so that the employee personally achieves good results and thus develops "**genuine**" **enthusiasm** for his/her work and the respective goals. In this context it is up to the executive to appoint the "right" employees according to their abilities, to network them and to demand fulfilment of the agreed-upon performance at the precise time (= **supportive leadership**).

Some employees are quicker and more daring, others who move at a slower pace need railings along their way and/or a 'first-aid-attendant' within reach in case they stumble or fall. The increasing complexity of all kinds of conditions requires executives and employees who, by having been employed in various fields and projects, have learnt to '**see beyond the end of their own noses**' and have thus acquired key qualifications like interdisciplinary knowledge, decision-making abilities and powers of self-assertion. This is the only way to generate intelligent, namely systematic team and project work. So-called 'black holes' in the company's know-how will then no longer exist because the employees will know what they are supposed to know in order to drive innovations and important changes (which are not harmful to the environment).

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2 Leadership is a Service Process

Most executives, however, are not process-oriented. According to Hammer and Champy (9) they rather focus on problems, individual tasks, positions, peoples' weaknesses and structures. Anxiously, the 'leaders' delimit themselves against those 'to be lead', for example by showing a lack of confidence in those people, by arrogance, workplace bullying, exorbitant salaries / bonuses / severance pays and status symbols. What is more decisive, however, is:

Which values and which image of the company reach the customer. It is moreover relevant which contribution is made toward the added value and which are the costs this process entails. During the decisive stages, the focus should be directed to 'what is really feasible'. In this case leadership becomes – in an exaggeratedly worded fashion – an end in itself within the company. Departments, responsible for procurement, production, marketing, sales + service and administration, are 'centres of power'. It is not the interdisciplinary, networked process which is given priority, but the organizational system with its individual departmental tasks.

In the future executives are no longer meant to 'occupy' structures in order to use them for executing power and status, but are rather expected to create added value-oriented, sustainable processes and to understand leadership as a supportive service process.

"The best companies are moving away from purely hierarchical organizational structures… They put greater emphasis on diversity, generational and geographical issues" (according to Georg Vielmetter, Director of Hay Group, Study for Leadership Europe) (picture 2: the change in leadership).

Picture 2: The Change in Leadership

The past		The Future
Product-related orientation	*Products / services*	Solution-related orientation
Hierarchic mentality	*behaviour*	Networking mentality
To „plug holes"	*Criteria of lost*	To „draw potentials"
Competence in one's field	*Abilities*	+ Cultural + Social competences
Customers as „bag"	*Relations*	To „nurture" customers
To „be cool"	*Climate*	To be „honest"
To know hard facts	*Knowledge*	+ provide adequate information
To pay personnel	*win-win-situation*	+ to reward + develop

Goal: „To understand the employee as an „added value-generating factor" within the company
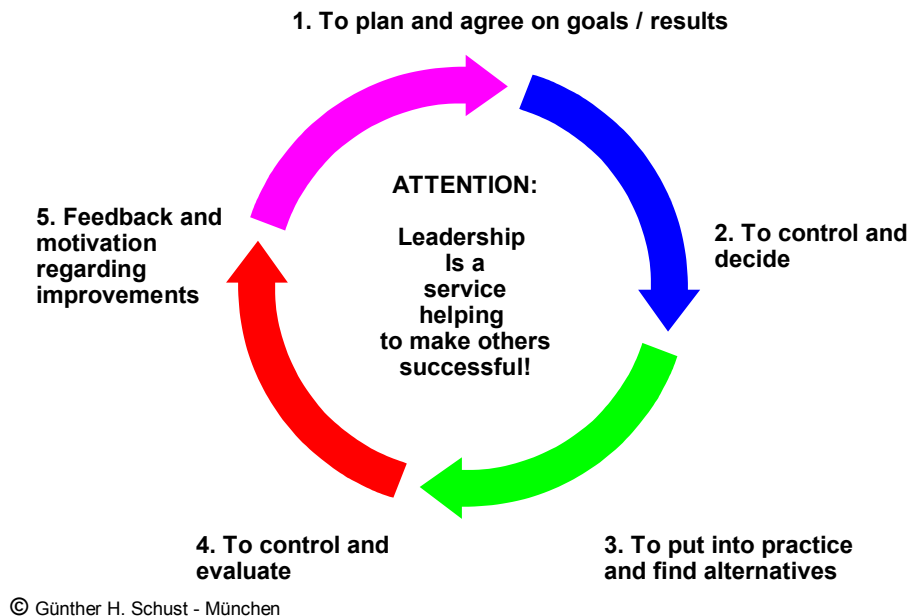
This process does not depend on areas of responsibility and levels of hierarchy. The term leadership in the context of networked thinking means to take on a variety of tasks, reaching across all levels of hierarchy and company areas.

The responsibility for the course of this process can be assigned to either an individual person or to a project team. Only when the connection between these steps of the process is transparent to all those involved, the attempt to make participants out of those affected thereby may become successful. And only then the desired collective solution-related intelligence is achieved.

Consequently, leadership is a combination of a role model + competences + understanding of the process.

Regardless whether an executive leads individual employees, a team, projects or a whole company, he/she should always observe the respective sequence of **leadership process steps** (picture 3: The Circle of the Iterative Leadership Process).

Picture 3: The Circle of the Iterative Leadership Process

1. To plan and agree on goals / results

ATTENTION:

**Leadership
Is a
service
helping
to make others
successful!**

5. Feedback and motivation regarding improvements

2. To control and decide

4. To control and evaluate

3. To put into practice and find alternatives

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Planning is to be understood as a mental anticipation of things to happen in the future. Planning comprises partial processes of developing an informed opinion and of setting goals. In order to avoid that goals take on a character of wishful thinking, they must be based on a sound analysis of the starting situation. The executive should be able to recognize the mostly contradictory individual motives, needs and goals of the employees and to combine them in a common, well-defined goal.

These realistic goals, set down in the commitment agreement, consolidate the existing energies of the employees and prepare them for putting their tasks and goals into practice as best they can.

The employees should always be challenged by the **agreed goals**, this challenge, however, should never be too big or too small. Only goals which present an appropriate challenge generate a feeling of being needed and, in case of success, encourage people to perform even better and bring forth ideas at a high level. For a measurable success it is necessary to set goals which indicate quantities and are worded in a positive way, and are thus achievable "by one's own efforts" and within the bounds of possibility. In this context the **SMART formula** is very helpful:

Specific:	Describe the goal in a precise and clear way.
Measurable:	State checkable criteria (qualitatively + quantitatively) by which it can be determined whether the goal has been achieved. Also indicate partial steps and partial goals for achieving a final goal.
Attractive:	Word the goal positively and in such a way that it can be achieved by own efforts.
Realistic:	Word the goal in a way as to make it compatible with areas of life and work and have it fit the current requirements.
Time scheduling:	State as exactly as possible by what time you want the respective stages and partial steps respectively, to be completed – short-term in 1 week – medium-term in approx. ½ Year - long-term in approx. 2 years - state the importance / urgency / priority?

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Control is to be understood as a corrective exertion of influence in order to guarantee the achievement of goals. Just like a pilot directs his plane from the home airport to the destination, the executive, too, controls the process from the starting position (actual state) to the desired goal (required state). When making his decisions during the "flight process", he'll choose the best program for acting among various solution possibilities. Even if uncertainty and incomplete information may cause his actions to become risky, he can still not get out of making the required decisions.

As every decision is only as good as the way it is put into practice, the executive is required during the putting- into-practice stage to apply his most important control instruments, namely:

- to inform
- to set priorities
- to delegate
- to coordinate
- to improvise
- to give orders

The terms *to inform, to set priorities, to delegate and to coordinate* stand for laying down the sequence of tasks and uniform rules (also rules how to deal with each other) and assigning tasks to certain people or vice versa certain people to tasks. The term *improvise* refers to new, unexpected situations and is very often the preliminary stage to *orders having to be given*. In practice, improvisation is very important because most of the time executives and employees are not able to exactly predict the result of their decisions and actions. Therefore, they must be able to also initiate **alternatives for a solution**, i.e. they must also know Plan B or C or, respectively, the worst case.

Finally, by controlling and evaluating we determine whether the result of the action (= actual state) corresponds to the desired and agreed goal / result (= required state). As the executive's control function has the negative flavour of being a kind of supervision, this control function must be carried out by applying a lot of "tact and sensitivity".

An essential aim of the control must be to improve and guarantee results. Therefore, the verified results must be disclosed to the employees in a motivating form (= **supportive feedback**).

Without feedback – i.e. determining, analysing differences (the Δ between the actual state and the required state) and evaluating the employees' performances by means of critical and feedback-related discussions – a progress on the way to achieve a goal and to improve results is not possible. When doing this, it is most important to continue to try to optimize the performance at certain points. The executive must analyse the "training (result) schedules" or, respectively, must look for positive results (= best practice?), or has to determine where there exists a potential for improvement (= what could be improved?). For doing so, **the traffic-light assessment system** (green = uncritical, yellow = critical, red = very critical) is very helpful. The employees will more easily accept negative consequences when they not just focus on critical points but realize which (even much worse) developments may be expected if they will not start to act in the present situation. In this way, certainly not all disappointments can be avoided, but at least important principles of fairness and confidence are being observed.

For the sake of clarification:

The term "criticism", according to its Greek origin (kritike = art of assessment) has an absolutely neutral meaning. Do therefore consider criticism as a means of pointing out good results, errors or inappropriate Behaviour, and at the same time as a means for discussing alternative ways which in the future will bring better results (= constructive, motivating criticism). If you suppress adequate criticism and acknowledgment, you'll deprive the employees – certainly also the company and possibly yourself – of the desired success or, respectively, make necessary improvements impossible!

Only SUCCESSFUL undertakings will entail further success – and consequently make one's work joyful – just like this is the case in (competitive) sports. Only those who are mentally and physically fit will be SUCCESSFUL!

3 The Leadership Competence Model

To lead (= leadership) means to anticipate + to lead the way in an exemplary fashion. **Management** comes from "manus agere" (Latin) and means "to take by the hand + to help solve problems + to build up and cultivate relations".
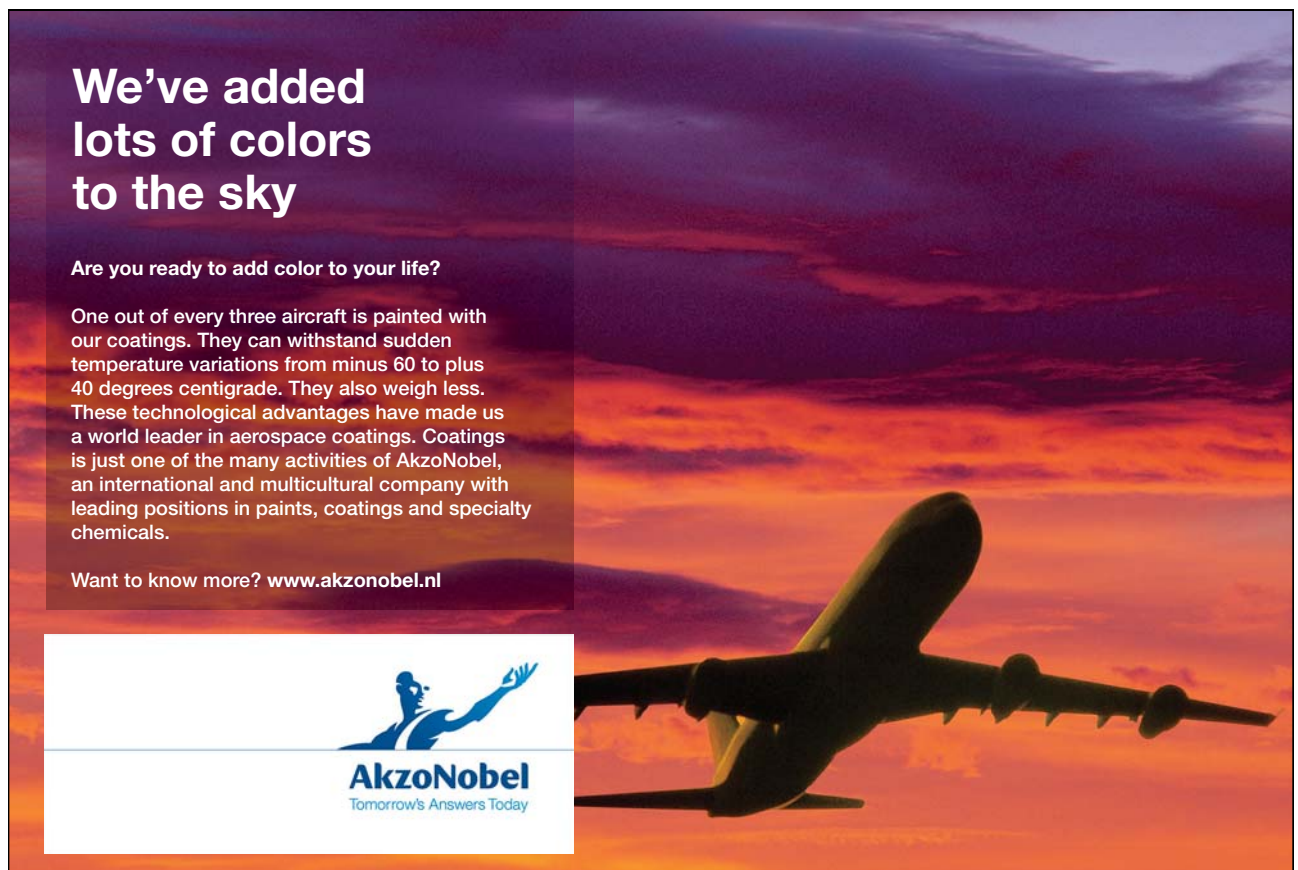
The executive in the 21st century must be able to balance management and leadership and grant them equal status. Most companies, however, suffer from TOO MUCH management and TOO LITTLE leadership.

"He who wants to lead other people, must first be able to lead himself", is the thesis of Professor Dr. Lutz von Rosenstiel, LMU Munich. This, however, only works if the company grants a certain extent of freedom. In this context Rosenstiel says: "Of course there are rules by which we are controlled. If, however, a company exclusively acted according to the rules, it would be at the end after a week at the very latest." Therefore, in progressive companies the executives share their power or, respectively, their responsibilities with the key employees and stakeholders (users).

Leadership needs a dialogue at eye level with the employees, a dialogue which deals with all the essential goals, the results of the work and the cooperation. In this context it is important: To lead only makes sense if the goals make sense!

Management competences are described in various terms. Many companies developed their own competence models, each of these models stressing different characteristics. Sometimes it's the man of action, having great powers of self-assertion, who is in demand and who, if necessary, knows how to play rough, than it's the communicative moderator, then the passionate executive as mentor for the employees. Of future executives, also specific female characteristics may be expected, for example empathy (= the ability to put oneself in somebody else's position) and integrative abilities.

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The "real" personality of a human being = competence, creativity, the ability to establish relations and the capability of learning = is based on the fact that the two halves of the brain are strongly networked (= neuroplasticity of the synapses), like, for example, to early encourage perceptive faculties, make (even bitter) experiences, provide stimulation by daily new challenges. The human brain is permanently looking for behavioural patterns. Consequently, we need structures and role models. As executives are the centre of attention as role models, they are the ones to call the tune. Thus, it doesn't take too long until the employees are treating their customers exactly as they, themselves, are being treated by the boss (Long-term study: Max-Planck-Institute Munich, 2000-2010).

As it is **difficult to change grown-up people and their behavioural patterns,** many companies are facing the problem of having to find or train people with the abilities as described above or, respectively, to draw up job descriptions for a future generation of employees which will be appropriate to serve as a model for future recruiting and development concepts.
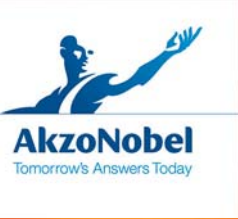
For solving the problem it is essential to achieve **as strongly a high congruence as possible** of competences and abilities which the company needs, stating the expected key qualifications. The search for the right candidate often fails, however, because the companies are looking for a conjured-up type of applicant (the so-called "pig which at the same time lays eggs, produces wool and gives milk"!) which of course doesn't exist. Those responsible must have a clear idea of the "**must" requirements** (= "must" profile) an applicant will have to meet, and of the **added value** he is expected to deliver.

Those looking for a position should first ask themselves whether the position is really the right one for them. Experience shows over and over again that applicants are perfectly able to "sell" themselves, but that they do not really fit the job description. The decline in productivity caused thereby very quickly leads to frustration on both sides.

A study proves that only one of seven newly-hired employees meets the expectations of the company one hundred per cent, and that **one of five decisions made with regard to personnel is the wrong one** (source: DGP Study of the University of Heidelberg, Chair of Psychology, Professor Dr. Manfred Amelang).

Executives of successful companies have recognized long ago that decisions made by following a gut instinct or based on a supposed knowledge of human nature are no longer sufficient to clearly assess the abilities or the special aptitude of a (potential) employee, applying for a position. This means that there is a lack of capability to establish congruence between the job description (clearly defined job goals and criteria) and the potential of the applicant / candidate. More and more companies apply therefore modern and scientifically-based profiling procedures, prior to and during the process of hiring, in order to avoid costly hiring mistakes and to achieve an optimum of **job matching** key requirements. This means that in the future a decision for or against an applicant will be made according to the question who will "best meet the requirements of the position", and no longer according to who "sells himself best". In the German reference language an employee, who knows how to sell himself in the best possible fashion, is called a "disagreeable pompous idiot" (picture 4: How to Improve the Quality of Hiring Results).

Picture 4: How to Improve the Quality of Hiring Results

Category	Percentage
First interview	14%
Reference check	26%
Personality test	38%
Abilities	54%
Interests	66%
Job matching	75%
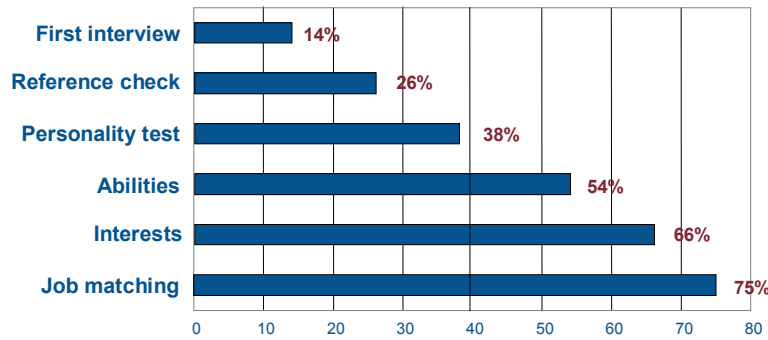
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Vol.96, No.1, 1984, p.90
Robert P Tett, Douglas N. Jackson, and Mitchell Rothstein, Personality Measures as Predictors of Job Performance: A Meta-Analytical Review,
Personnel Psychology, Winter 1991, p.703. Michigan State University´s School of Business

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The term "key requirement" describes the performance request – i.e. what the company demands of its employees:

- multiple qualifications; task-related knowledge and skills; values
- to master relevant methods
- to cultivate adequate relations with people
- to recognise correlations; to think anticipatively and integrally

The term competence describes the performances which executives and employees are able to offer.
These are basically their abilities / talents, characteristics and their mental attitude.

According to the leadership competence model, established by Scheibl & Schust, the following **four basic competences** are necessary in order to be able to meet the challenges of both the professional and the private life (picture 5: The Leadership Competence Model).

Picture 5: The Leadership Competence Model according to Scheibl & Schust
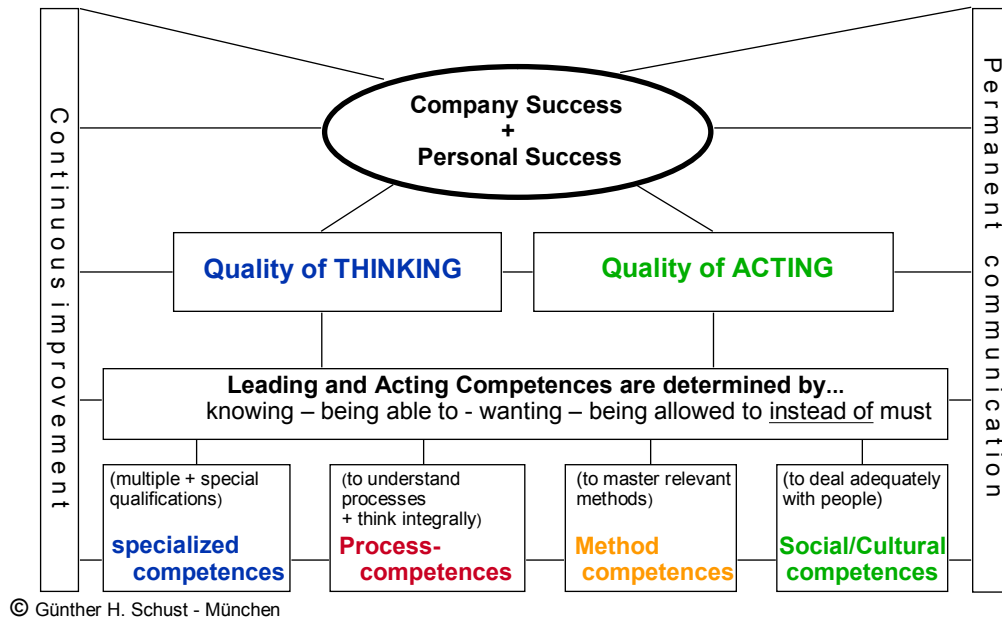
```
Continuous improvement                                                                    Permanent communication

                          ┌──────────────────────────────┐
                          │      Company Success          │
                          │             +                 │
                          │      Personal Success         │
                          └──────────────────────────────┘

              ┌─────────────────────────┐    ┌─────────────────────────┐
              │   Quality of THINKING    │    │    Quality of ACTING     │
              └─────────────────────────┘    └─────────────────────────┘

         ┌────────────────────────────────────────────────────────────────┐
         │  Leading and Acting Competences are determined by...            │
         │  knowing – being able to - wanting – being allowed to instead   │
         │  of must                                                        │
         └────────────────────────────────────────────────────────────────┘

    (multiple + special      (to understand      (to master relevant    (to deal adequately
    qualifications)          processes            methods)               with people)
                             + think integrally)
    specialized              Process-             Method                 Social/Cultural
    competences              competences          competences            competences
```

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- **Specialized competences** (multiple and special qualifications): Among them are abilities, skills, talents and specialized knowledge for dealing with specific professional and private tasks as well as self-organising skills and practical experiences. Expert knowledge, foreign languages, IT-related knowledge, multi-media and so on.
- **Process-related competences** (to understand processes, to think integrally): Among those are anticipatory, innovative and strategic skills, the ability to think integrally and goal-oriented and to act in a socio-ecological way; the ability to deal with chances and risks, analytical and organising skills with regard to processes, projects, networks and so on.
- **Method-related competences** (to master relevant methods): Here the "qualities of a doer" are required, ranging from an efficient self-organization to the ability to maintain the will to gain new knowledge and skills to be able to plan, control and inform, coordinate, present and moderate in an independent way.
- **Social / cross-cultural competences** (to deal adequately with people): This comprises the empathic ability to deal, work and live with other people (colleagues, superiors, employees, customers, partners, friends, competitors and so on) in a communicative, ethical fair, cooperative and interactive way - also with people having a different cultural background and in different cultural surroundings.

Leading and acting competences are determined by means of the **five situation-related determinants** of the personal, active behaviour together with the mental attitude and the ability to put them into practice.

> **Knowing** and **being able to** (knowledge, abilities and talent)
> **Wanting to** (personal motivation and attitude regarding performance)
> **Being allowed to** (personal life and work situations, freedom)
> **Must** (actual working, leading and private conditions)

Based thereon, the executive is given an opportunity to influence the employee and to both reconsider and permanently improve the **quality of THINKING and ACTING** and the way of communicating. And in this context it is only the leading, acting and putting-into-practice competences which determine the degree of success. If therefore the executive has a positive influence on the employee and does not just see him as "part of the workforce", he will be able to greatly **influence both the personal success and the success of the company**:

- the performance and putting-into-practice ability (**knowledge and skills**), for example by means of further education and potential development measures;
- the willingness to perform (**wanting to**) by means of supportive leadership and incentive and participation systems which enhance the performance;
- the possibility to perform (**being allowed to instead of must**!) by means of designing the workplace and the working hours as well as the respective flexible organisational forms, which are a precondition for the optimal development of the employees.

There still prevails, however, a behaviour of executives which consists of "giving work orders" and leading according to patriarchal power principles, a behaviour which is demotivating and makes people ill in the long run (must!).

To exert pressure. The superior acts according to the motto: "You do as I say or I'll make you clear off", or in other words: "You better function because only then you'll be spared!"

To offer a bait. The superior acts according to the motto: "You do as I say or you'll harm yourself." It's often possible to hide behind rewarding and punishing instruments. Among them are personal salary bonuses, salary increases, and additional overtime.

To seduce. This behaviour aims at "transporting" the goals of the company or the superior into the employee's world of thoughts. He is meant to identify with the company, according to the motto: "We are number one on the market and you are the greatest if you identify with us." Such a system often acts as a replacement of a weak self-confidence and in the end has an incapacitating effect on the employee.

4 Only the "genuine" Personality has a Future

Regarding the employee's personality, the executive has the possibility to positively influence and design these five determinants.

- on the psychological level it is the personal desire,
- on the rational level it is the individual knowledge and the skills as well as the 'being allowed to' and the 'must', made possible by a corresponding leadership organisation – or possibly not (satisfaction of the employees!).

From the point of view of the company, the decision to be made between competence and qualification is often reduced to a problem of selection: When hiring, executives already filter out people having the desired – from the executive's point of view – **personal characteristics**.

This applies in particular to key features like acceptance, success orientation, powers of self-assertion and willingness to cooperate as well as social skills. These features are hard to change, however, and if at all only on a long-term basis. Learning processes (trainings) are therefore necessary for further developing attitudes and personal values (THINKING). These behavioural processes, however, are not really taking place on a cognitive level but are rather brought about by personal experience + seeing it happen + passing it on (ACTING). This signifies that quality of THINKING and ACTING, and thus a SUCCESS of the company, can only be achieved through further development + training of the employee's personality.

I, personally, have realized that only half of the adaptation processes, i.e. to adapt the competences (offer) to the required qualifications (demand), can be done by way of selective processes (for example job matching + assessment); the other half must be "touched up" by the employee by way of projects, trainings as well as cultural and educational measures regarding his personal development. In this context it is important to see to what extent these people **are able _and_ want to** (= **volition**) successfully convert defined goals into results. This requires demanding (project) tasks, where the employee is able to show what he is capable of.

In practice, very often two clear variants can be seen:

1. The employee allows himself to drift or to become an instrument of overriding interests. At best he goes with the flow and in the worst case he withdraws and inwardly resigns. To say it with (the Bavarian comedian) Karl Valentin's words: I wanted to want it but I didn't dare to allow myself to want it."
   This variant is equal to a significant malinvestment: One single, average employee, which in the long run delivers no more than a 50 per cent performance, causes a malinvestment of several million Euro (and this only comprises the net value of the labour costs and the non-wage labour costs).

2. The employee doesn't wait until somebody discovers his special "talents" and abilities. He rather takes his development in his own hands and pursues an active self-management which is result-oriented. With the goal in mind, he will merge his own personality in line with its needs, motives and abilities with the expectations and goals of the company. Those who fail to recognise this type of employee will loose personalities who possess the most important key qualifications for the future, namely a self-responsible willingness to learn, to solve problems and embrace change.

Regarding the specific requirements for **future key qualifications of personalities,** some examples should be given as follows:

In studies carried out by Wunderer and Kuhn, University of St. Gallen / Swiss (10), the most desirable characteristics are the following:

- communication skills
- (self-)motivation skills
- ability to solve problems
- creativity and
- ability to transfer knowledge

These are the key qualifications which according to Wunderer will be the most important ones in the 21st century. Of further interest is a study by Korn and Ferry International (11) (cf. picture 6), wherein more than 1500 executives from 20 countries describe what they expect of the new generation of executives. According thereto, the most important characteristics of executives in the 21st century should comprise

- ethical principles, trust
- ability to provide ideas and suggestions

- ready enthusiasm
- intelligence, creativity

In **Japan**, the most desired characteristics are:
- creativity, openness, fitness

The **US-Americans** attach special importance to:
- ethics, intelligence, ready enthusiasm

For the **Europeans** it is of special importance to:
- provide ideas and suggestions, to show ready enthusiasm and to develop creativity.

Characteristics like greed, desire for power, arrogance and a conservative attitude (authority, status, not to admit errors, enrichment at the expense of others, hiding defects, re-delegation of responsibility, avidity and so on), however, are not desired (picture 6: The Manager in the 21st Century according to Korn and Ferry International).

Picture 6: The Manager in the 21st Century acc. to Korn & Ferry International (order of importance)

	Total	Europe	USA	Japan
• Analytical Reasoning	8	10	9	4
• Loyalty	9	9	10	8
• Creativity	4	3	6	1
• Intelligence	3	4	2	8
• Ethics, trust	1	7	1	9
• Conservative attitude: authority + status	14	14	14	12
• Ability to plan	11	12	12	10
• Fitness	10	11	12	3
• Capacity for teamwork	13	13	13	11
• Readiness to take risks	12	13	11	7
• Openness	7	6	7	2
• Development of employees	6	5	8	5
• Provide ideas and suggestions	2	1	5	6
• To show ready enthusiasm/execution	3	2	3	7

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Most of the time, however, such expectations with regard to quality requirements are the result of entrepreneurial decisions or result from a company tradition. The situation is further aggravated by the fact that the entrepreneurial principles or guidelines with regard to leadership and cooperation, mostly printed on glossy paper, sometimes describe exactly the opposite of the actual practice of leadership. For executives, this discrepancy between the published and the existing company ethos (= shared ethical values) often presents a real problem.

They want to hire employees, who are as highly qualified as possible, but they shy away from openly admitting what kind of system of values the newcomer will have to face – for example which political behavioural rules, norms and blocking policies prevail in the company. **Added value, however, needs values**. The existing values are the indicator of a "healthy constitution" of a company, like for example behaviour (perceived by oneself and by others), honesty (not avidity!) and reliability (take and give), credibility and openness (meeting and conversational culture), trust and mutual respect (transfer of knowledge). Employees usually are very much aware of whether these values are being lived in the company. They either follow suit and adapt to the style of leadership (and become ill in the worst case!), or, excellently trained, they leave the company after a certain time and/or incorporate their own ideas in other organizations, a reaction which then will cost the company a lot of money.

Therefore, one must be able to <u>and</u> want to make others successful by providing leadership which is both value-oriented and sustainable!

The quality of leadership will be the better the sooner also younger people will want to and be allowed to assume responsibilities at an early time. For this reason, companies should:

- indeed live up to their published leadership guidelines and ensure an attractive corporate image (employer branding);
- demand and support an entrepreneurial and environmentally-responsible attitude and way of thinking;
- provide all employees with the "basic knowledge of the trade", i.e. skills in relation to communication, method, project and problem-solving techniques, as soon as possible and according to the respective situation;

- set criteria for choosing specialized and leading staff as well as young executives and their respective professional careers in a way as transparent, comprehensible and "just" as possible;
- support employees abroad (so-called "ex-pats") in a way that makes it possible to re-integrate them, and
- put employees + executives (also women and older employees !) in a position which enables them to successfully convert their goals into results and to quickly adapt to new situations (picture 7: The Winner will be the Company the Employees of which have faster Learning and Putting-into-Practice Abilities).

Picture 7: The Winner will be the Company the Employees of which have faster Learning and Putting-into-Practice Abilities

In the past		Today
Problem-oriented thinking	➜	solution-oriented thinking + acting; transparency regarding time, costs, performance, quality
Tasks according to the Job description	➜	goals / results determine the key requirements + competences („must" Profiles)
Next to no responsibility	➜	demanding co-responsibility / self-control even at lower levels
Passive, external Learning	➜	active learning within the company - also with/from superiors, colleagues, customers, competitors
Committing errors + denying it	➜	develop a culture which deals with errors and conflicts and lives this culture; learning from errors, simulating correct behaviour, eleminating errors and avidity
What „I" think	➜	What our customers / suppliers / competitors think
„Stashing away" knowledge	➜	knowing what is really important ! Sharing knowledge passing it on via the IT Platform for Knowledge and Innovation

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A study of the Fraunhofer Institute for Occupational Economy and Organisation proves that half of the professional knowledge is outdated after five years already. Technological knowledge only has a half-life of three years. More than 50 per cent of IT and multi-media knowledge becomes outdated after one year. For this reason social, method- and process-oriented competences become more and more important for the future employee. "**Learning ahead is definitely over**", says Professor Uwe Beck, who holds the chair of Media Pedagogy and Information Technology at the University of Education in Karlsruhe. "Our brain is a muscle which needs daily training. Nowadays, everyone must recognize for himself in which fields he has deficits and must then remedy these deficits. Employees and executives are their own managers of knowledge."

It is particularly apparent, however, that human beings are very resistant to learning and changing. They only learn and change when pressure becomes too heavy and/or they have no other choice left. In particular executives use their position for not having to learn anything new any longer. Thus, less and less new knowledge is "produced" knowledge which the company urgently needs.

Thus, it is crucial for the progress of the company that executives and employees are able to anticipate customer requirements and environmental needs. A systematic internal + external management of knowledge and innovation ensures survival. To permanently continue to learn from errors and wrong behaviour will suddenly become the goal of every activity. Things which will become decisive the day after tomorrow will be the result of real-life situations and a global environment. The question in what the customer will be interested not tomorrow but the <u>day after tomorrow</u> (mega trends + solutions + technologies) dominates the competition!

For this reason the future new employee will have to be a person who is responsible, creative and willing to learn and who, according to the situation, simulates, optimizes <u>and</u> trains solution-oriented thinking + working within the organisation together with his/her co-workers. **To gain and apply knowledge and make use of what they learnt must be dealt with simultaneously**. The career of an employee is nowadays mainly determined by a successfully completed and precisely timed project and by his/her adequate behaviour during the pursuit of this goal.

The employees' ability to manage themselves, to set priorities for tasks and be responsible for them is the most important key qualification for the 21st century.

Behaviour, life-style and style of leadership, however, cannot simply be changed by further training seminars, i.e. by concepts off the shelf. In this context it is important that the goals and the business model of the company are clear. For example, what is the sense and claim of our DOING or NOT-DOING? What are the consequences of my decisions and actions? What is my/our contribution or what effect has my/our NON-contribution towards the company? Leadership is no management technique, but is an attitude based on trust and a holistic, forward-looking approach.

For this purpose the **foundation for a 360° Way of thinking and acting** must be laid. Only when the employees have understood the systematic project- and process-related work and have learnt to put it into practice, when they perceive and reflect difficult correlations between economy and environment, when they understand the cost-efficiency ratio of their work and their position, can they look beyond their own nose and put themselves in the difficult position of their company / their own lives.

An executive needs, in addition, passion, willpower and staying power in order to overcome obstacles and setbacks until the goals, agreed-upon, will be achieved. In order to allow changes in keeping with the times, the manager must make it possible that qualification takes place where ethical values, knowledge about methods and perceptive abilities are urgently needed.

Executives must recognize when those they lead (both younger and older employees) need their support, must ask the right questions and intervene if the situation requires it. This process is independent of authorities and hierarchy levels. "Leadership" in this case means anticipative thinking and taking over <u>supportive tasks according to the situation,</u> tasks which must be agreed upon with the employees of the teams.

It is decisive for the success that all players know the behavioural rules and will "work as a team" according to these rules. The manager should always be aware of the fact that he also needs the support of those he leads. This is the only way to achieve the desired collective (problem)-solution-intelligence.

A good manager does not have to score a goal himself, but he sees himself as the "coach of a team", a team with which he agrees on "rules and milestones", and where he takes each individual member of the team along on this challenging "journey of the company". For the success of the journey it is crucial, however, that the "teammates" are adequately qualified + trained + motivated for scoring the decisive goals, or respectively, to put the best ideas / solutions for the customer, the company and the environment into practice.

While doing so, he will be able to 'analyze' this **team play** (perceive + evaluate + improve) and will continue to train the team. He must be careful that 'feet are kept on the ground', because those who 'lose touch' will soon despair of the difficulties of daily life. A structured project and process work will provide the basis for the teambuilding (also with changing members). Performance, motivation <u>and</u> health of the employees are strongly influenced by the behaviour of the executive. It is the daily, mental challenge on the leadership to develop relations with the different personalities of the team.

Only when **collaborative, interdisciplinary learning + mental fitness** are firmly anchored in the internal training and the continuing education, constructive cooperation and good customer service can be maintained and changes successfully be put into practice.

In the long run, however, mental fitness is only possible when there exists **physical fitness**!

Therefore, companies and organisations should add important topics to their training programs, like for example: learning from errors, empathy, drug abuse and media addiction, dietetics, cancer prevention, stress management and dealing with attention deficits, self and time management, prevention of drug addiction, good manners and – of course also team sports.

Make sure in this context that at least **five rules** of the "supportive leadership according to respective situations" are complied with.

Rule no. 1: The employee dialogue
= Address and solve problems which can be decisive for the game
Leading (= leadership) means to anticipate + to lead the way in an exemplary fashion. **Management** comes from "manus agere" (Latin) and means "to take by the hand + to help solve problems + to build up and cultivate relations".

The executive in the 21st century must be able to balance management and leadership and grant them equal status. Most companies, however, suffer from TOO MUCH management and TOO LITTLE leadership.

A good manager does not have to score the goals himself but sees himself as the "coach of a team", a team with which he agrees on "rules and milestones", where he takes each individual member of the team along on this challenging "journey of the company" and consistently requires of the team member to make his contribution. In order to change peoples' established ways of behaviour, thinking and style of play, a constant dialogue and goal-oriented (fitness) training must be carried on, because employees want to play an active role and want to be taken along on the road to the goal. It's a question of awakening the employee's enthusiasm for these goals / the desired results and /or visions. Keys for achieving this goal are honesty, openness, determination and constructive feedback.

In order to be successful, however, it is of the utmost importance that the 'team players' are adequately qualified + trained + motivated to score the decisive goals or, respectively, to put the best ideas / solutions for the customer, the company and the environment into practice. When strategies are constantly changed, GOALS cannot be successfully achieved!

Rule no. 2: The self management
= The whole team must play correctly (i.e. not incorrectly!)
There is only one way to maintain the innovative lead over the competitors: To establish a process of renewal, based on abandoning the habit of following orders and on developing mutual trust. This cannot be achieved without trust between and reliability of the participants. In this context, to play it COOL means:

C = Clearing: To clearly know (to get **clear**) what one wants to achieve (GOAL). What is especially important (set priorities!). Word the overall task / the topic / the problem / the GOAL (result) realistically and in writing.
O = Obvious sorting: Break down the overall task into obvious milestones. These must be reached and controlled before tackling the next move. Everybody must be familiar with the delivery and pick-up principle.
O = Organizing: Do I see to everything myself or do I look for people who will support me. I deal efficiently with my tasks and I do control the result. Only when I've achieved at least 80 to 100 per cent of my GOALS, can I say that I am successful.
L = Learning + solving + changing: The topic/problem must be dealt with/solved as planned, the respective conclusions will be drawn from what was done right or wrong and the required changes will be made. To develop our potential and to grow (i.e. to learn) becomes only possible when we analyze our errors and successfully make changes and face challenges!

Rule no. 3: The supportive leadership
= Help employees to deliver TOP performances and support them

In the end, it will always be the executive's behaviour which decides whether the company / the organisation have employees who are for or against them.

In this context it is particularly important to create a climate which is motivating and value-oriented, and which has a constructive and acknowledging effect on the performance of the employees / executives. Constant learning from (project) tasks will suddenly become everybody's goal when dealing with said task. This principle should also be observed by families, because nowadays only every second marriage / partnership lasts longer than three to four years.

If interests and competences of employees are applied in such a way that the highest possible efficiency is achieved, both the company and the team player will profit from this principle. The performance (TO WANT and BEING ABLE TO) will every six months be validated by means of a performance report. This way, it is easier to identify under performers within the organisational units, to 'take them by the hand' and to support them. Each performer receives suggestions as to fitness and development, thus creating a WINWIN situation for everybody.

Rule no. 4: Putting a systematic project management into practice
= Intelligent (co-)operation

More than two thirds of all problems arising in a company are caused by a lack of capability to realize projects. Only when interdisciplinary learning + mental fitness (of the young + the old) are firmly anchored in the training and the continuing education, a good cooperation can be maintained and changes can be successfully implemented. It is noticeable that many companies which have a successful relationship with their customers also have a strong, employee-oriented culture. In this context it is important that executives are informed about essential progresses or *non*-progresses and will then, when it becomes necessary, be able to apply a constructive (not a derogatory!) feedback. This way of proceeding, however, must be based on a **canon of values with rules** which will have to be complied with when pursuing the common goals.

Conflictive issues of the project will then no longer be 'swept under the carpet' but will be dealt with and transformed into positive energy and dynamism. The 'innovative resources' will no longer be slowed down, but will be used to introduce new ideas and to put these into practice within the team. Scheming, status-oriented behavioural patterns will be stopped right away and, if necessary, be sanctioned.

A study of the University of St. Gallen / Swiss proves that a chaotic project management entails billions in additional costs. Projects which fail, mainly fail because of a lack of requirements management

Rule no. 5: Investments into personality development
= Yearly training and development of key skills

Employees are rarely able to apply new knowledge gained in seminars because there is no demand for such knowledge. A lack of transfer competence in companies prevents the sustainability of seminars + trainings. Companies should not just train people 'reactively', but should above all invest into the state-of-the-art personality development of all of the company's key employees. Only then will they learn to think integrally, to respect themselves and others as well as our badly beaten planet (emotional intelligence).

To ensure that renovation and growth potentials can be recognized + developed, companies and organisations must create a (virtual) **campus for knowledge + innovation,** where executives and specialists will be qualified and trained for developing a sense of ability to play and present solutions – just as this is the case in (competitive) sports. Acquisition and application of knowledge must be dealt with concurrently, and the focus of the training must be directed to key skills, like competences in relations, change, innovations and cultural skills. The daily, mental challenge on leadership consists of creating a quality relationship with the different personalities of the team. This is the only way to create a competent network culture – with a steep learning curve, wherein people enjoy hierarchy-free solution-oriented work (behavioural branding).

5 The 360 Degree Competence Feedback

SUCCESS entails success, raises self-confidence and creates conditions which make people become willing to increase their performance standards. And these are the conditions which make top performances possible in the first place. In order to make employees enjoy this process, however, it is important to balance the task, the competences and the responsibility, and to also acknowledge their success. This is not a matter of course during the day-to-day routine, however. Often employees are given difficult tasks and have to assume great responsibility – the required competences or resources for doing so, however, are missing because their superior is not prepared to relinquish part of his power. These are mainly those 'superiors' who always first blame their employees for failures and who, on the other hand, love to personally 'reap' the fruits of success.

Empathy = i.e. the ability to put oneself in someone else's situation/being able of understanding a particular situation, is therefore the most important social competence without which it is not possible to harmonize the goals of the company with the attitudes and motives of people. **The perception of people**, changes, the process of learning and motives depending on the situation must thereby be put in the foreground. It seems to be pointless to discuss the question whether empathy is something which can be learnt. The following exercise might be helpful:

1. State the five most important goals
a) of your co-workers
b) of your colleagues
c) of your superiors
d) of your partner
2. To what extent do you take these goals into consideration when making decisions and/or when delegating tasks?
3. How often do you use open or hidden instruments of power in your day-to-day business process (for example false praise, warnings, threatening, punishing, harassment, lies)?

4. What means do you have to perceive other people's sensitivities and to deal with them in a constructive way?

This exercise will show you how strongly the ability for honest communication is developed in your environment. For the sake of a feedback, the participants are required to willingly and openly share their opinions and assessments in discussions. The ability for a **constructive feedback** (to give and also to accept it) is thereby the basic condition for entering a dialogue at eye level. Only by means of an effective feedback can we, after all, recognize the behaviour of each and every one of us – and if we desire so, to also change it – both in our professional and our private lives.

The 360 degree feedback is the most effective form of watching, training and developing the potential of employees. The employee who is to be assessed is in the centre, and his abilities and his behaviour will be recognized and commented on. The *feedback comes from various sources* (= **multi-source-system**), for example via an interrogation (1) of superiors, (2) of colleagues, (3) of employees, (4) of customers/suppliers, (5) via self-disclosure with self-image and an assumed public-image at the same level, and via a feedback by a selection of customers and competitors / suppliers (picture 8: The 360 Degree Competence Feedback).

<p style="text-align:center; color:red;">Picture 8: The 360 Degree Competence Feedback*</p>

*According to Prof. M. Hilb,
Uni St. Gallen / Swiss 1997

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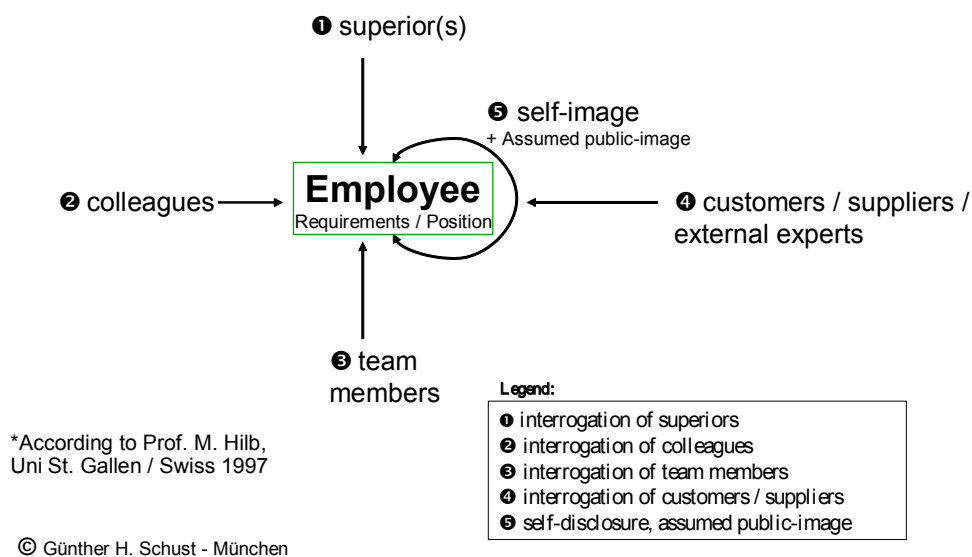
The 360 Degree competence feedback conveys a complete and clear picture of (leadership) competences as well as its strengths and weaknesses. It detects and assesses the core competences, like communication, self-management and task-management, adaptability and productivity. It takes the assessment of all participants into consideration and is thus a well-balanced and just method which provides an **insight into the development of a person** – and (if necessary) facilitates the change of competences. The 360 Degree competence feedback provides ample information about:

- the person compared with the requirements,
- the ranking of each individual competence
- an assessment of the person in form of a self-image, and in form of a public-image from a point of view of colleagues, of the bosses,
- the interrogation of a selection of customers/suppliers,
- suggestions as to the further development / career of a person.

Attention: The information should always relate to the requirements of the position which the person occupies at present or will be occupying in the future.

The goal of this process is to present as ample a picture as possible to the employee of how his behaviour is perceived by all those people he is dealing with on a regular basis. The result is a personal competence and success profile. The perceptions of those who do the assessing are usually collected in written form, i.e. a detailed description on a questionnaire, and are then fed back to the assessed person by an experienced, neutral feedback provider.

And of course the employees/executives are informed in advance of the whole process and are requested to grant consent thereto. They do not know, however, when exactly the questionnaires will be delivered to their colleagues and who is exactly requested to document their perceptions. Often the employee himself suggests possible candidates as potential feedback provider, not all of these will be selected, however. When making the selection, it is important to see to it that not only those colleagues, customers and employees are chosen who get along well with him, but also people with whom the cooperation does not always run smoothly.

During the reference period, the employee will certainly carry out his task with increased self-perception and particular care. This is already a big plus of the 360 degree competence feedback, because the employee is compelled to deal extensively with the effects of his behaviour. The employee is finally requested to assess himself by means of an informative **profiling questionnaire** (= self-disclosure: self-image + assumed public-image). Thus he is encouraged to deal deliberately and intensively with the required behavioural rules and also to reflect his own behaviour in relation to the feedback groups. At the end, this procedure makes it possible to compare the self-image to the public-image of the feedback providers, who in their turn are informed about the areas where the preferences and the behaviour of the assessed person deviate from the ideal route. In those cases where the self-image and the public-image match on a much lesser scale than expected, the Assessment-Audit provides further answers and orientation for an additional assessment.

The Assessment-Audit

The candidate is invited to attend an individual meeting which lasts for several hours. This meeting is carried out in the presence of observers, i.e. the superior, a personnel developer/external advisor and potential colleagues with whom the person to be assessed will be cooperating. Before the Assessment-Audit starts, the roles regarding the dialogue and the auditing process are assigned; it is also determined who in each case will provide the candidate with the feedback of his performance.

A possible course of the procedure could be the following one:

- completion of the profiling questionnaire (if not already done),
- introduction of the participants,
- self-introduction and short speech in keywords,
- feedback,
- presentation of a topic prepared in advance,
- feedback,
- presentation of a product/concept or an idea,
- feedback.

The Assessment-Audit is special for the reason that it provides the person to be assessed and the top management with information regarding the behaviour of an individual employee and shows in which fields it is most important to take steps for improving the internal and external communication/corporate culture (also when dealing with customers and suppliers).

The goal of the assessment process:

The feedback is purposely used as a means of developing the personality. The employee's strong points are further strengthened and weaknesses detected in order to consequently improve them. At the end of the process, there must be *specific development measures* regarding the position, measures which continuously will have to be checked as to their effectiveness by the personnel developers. In response thereto, the person to be assessed should attach increased importance to a constructive-critical feedback and should not see it as an attack on his person. It is in particular the weak points which offer a major potential for development for the personal future – especially if in addition to the assessment also specific behavioural examples are being shown.

Effects on the working atmosphere:

360 degree measures have an extremely positive influence – not just on those to be assessed, but also on the other parties involved and on the whole working atmosphere. The possibility to assess colleagues and superiors in a structured way by applying behavioural criteria, which are accepted and prevail in the company, is in particular appreciated in companies where the corporate culture is characterized by openness and trust. And one of the reasons for this is that in this way the employees are offered an additional communication platform for adequately dealing with each other. Only those who know themselves, who know to assess their own abilities and their behaviour, and who are aware of how the immediate working environment is assessing them, will be sufficiently self-confident to better perceive other people, colleagues, partners, customers and suppliers, and will thus be able to master uncommon situations (also situations with respect to leadership) without fear.

6 The process of Utilizing Potential

It is still common among employees to 'stash away' their knowledge and to be unwilling to share it with (whether younger or older) colleagues or the management. And they are certainly not interested in a structured and interdisciplinary exchange of experiences and knowledge. The fight over the distribution of knowledge is in full swing between generations. Instead of a dialogue, trench warfare is carried on. The old ones accuse the young ones of being nothing but dynamic and interested in their careers, and having a greedy consumers' attitude; the young ones perceive the old ones as just putting on brakes and having no idea about modern leadership, modern technology and computer work. Development in the field of human resources is a process of give and take; the younger ones get a chance for development and thus for taking over more responsibility and possibly receiving a higher salary if they achieve the goal of the development. Older (executives) employees may in their field become coaches and mentors for younger executives, and will accordingly be rewarded (for example: a bonus for special expertise and more freedom).

Therefore, the process to use and exploit the potential should not be limited to employees under 50 years of age. Perspectives and chances, motivation, acknowledgement and rewards for younger and for older employees are the basis for a **performance mobilisation** in a company.

If in the company, wherever possible,

- a worker will become a *co*-worker,
- an employee will develop an entrepreneurial spirit and a leading power, showing result- and personnel-oriented responsibility (= project leader),
- a project leader will become a manager, who serves as a role model and who masters the requirement to deal with customers and knows how to use employees,the goal is achieved: *Higher added value and innovation within the company by exploiting the potential.*

The exploitation of the potential only becomes effective, however, if the company management sees to it that the necessary instruments of the process are a binding obligation: Among those instruments are:

- the analysis of the team and the potential, audits,
- the 360 degree competence feedback,
- the commitment to support the employee through corresponding dialogues
- a data file regarding the advancement of potentials
- the expert committee on performance

In this context it is important to present incentives for executives in order to make them work as mentors and trainers and show their willingness to participate in the expert committee on performance.

For this purpose it is vital for the company, to install a **qualification program which is adapted to specific phases of life** and substantiated by a "**leadership certificate**".

Any leadership behaviour can be a starting point for leadership-related learning, like for example competences regarding sustainability, problem solving, relations, a type of learning which should be refreshed at least every two years. It might be that learning carries the risk of losing face in other people's opinion. The time is ripe, however, for a leadership image which is not geared to the individual person and its requirements, but orients on employees, customers, competitors and the environment. "The Top Companies illustrate a new worldview. They cycle leaders onto training programs **every two years** to spread knowledge, in order to perpetuate and preserve what's best in their corporate culture" (source Hay Group: International Study for Leadership).

7 Integrating, Cultivating and Rewarding Employees

7.0   The new Employee arrives

A new employee arrives – and nobody has time for him – this is what a first work day looks like for many new employees – and is something which may also happen later on.

While for the human resources department and executives it constitutes everyday business to hire new employees, the first day at a new workplace is quite stressful for the "newcomer". To provide the future colleagues and superiors with a systematic preparation regarding the training period of the new employee, including a **systematic training plan**, can remedy this situation:

Phase 1: Preparing for the new employee

- Have the application documents, job description, work instructions, checklists, goal specifications at hand (the employee's ignorance can be very expensive for the company!).
- The workplace or the office of the newcomer should be ready and equipped with all the necessary work utensils.
- Choose a mentor (basically an employee from the same hierarchical level) and instruct him accordingly. The mentor will be the permanent contact person for the newcomer and will help him to become truly integrated as quickly as possible. Inform the mentor thereof, also in writing.
- Prepare the work group/the team for the new employee.
- In addition, you could perhaps send a friendly letter, including information material, to your new employee.

Phase 2: Welcoming the new employee

- Plan to spend one to two hours on introducing the new employee to superiors, colleagues and the employee organization.
- Lay down the welcoming procedure with the human resources department.
- Reserve enough time for a welcoming meeting (maybe also book a restaurant table for having lunch together).
- Provide the newcomer with written information material if you haven't already mailed it to him.
- Introduce the new employee to his mentor.

Phase 3: Taking a tour through the company and inspecting the working environment

- When taking a tour through the company or, respectively, the department, the future colleagues will be introduced to each other. At each individual introduction, also the essential tasks of the colleagues should be explained. It would be ideal if the tour were not to take place during a time when meetings and other important works are going on, where the respective colleague at best finds time for a brief 'hello'.

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- A lot of initial conflicts could be avoided if the newcomer was able to recognize if and to what extent the colleagues will be prepared and able to support his integration. The newcomer will also be grateful for any information regarding difficulties to be expected in the human sphere. As this topic is very often disregarded, unnecessary frictional loss occurs, which creates discord and mistrust.

Phase 4: Providing the new employee with instructions regarding his job assignments

- Discuss the tasks and responsibilities expecting him with the newcomer (responsibility for his actions and leadership responsibilities). Introduce the new employee to the organisational structures of the company, to the internal processes of the department and/or the team. Give explanations regarding   the most important decision-makers. Also immediately explain the company philosophy, the goals of the company, of the department and the team and inform him of the goals and results he is expected to achieve.
- Always keep the following list of questions in mind, meant to help you to control your leadership and project tasks:

WHAT	is to be done?
BY WHICH MEANS	is the job to be carried out?
WHERE	is the job to take place?
WHO ARE THE	employees, executives to be included/be informed?
HOW	is the job to be carried out?
WHO	is responsible for what?
WHEN	are results expected?

Discuss these topics with the employee, possibly taking his personal needs, professional maturity, his age and abilities into consideration when instructing him with regard to his job assignments. It must be made completely clear which output you expect him to deliver, and which is the support he may and can expect to get from whom when attempting to achieve his goal.

Phase 5: Workplace support

The aim of the support:

a) the correct, independent, careful, error-free execution of the tasks, assigned to the respective workplace;

b) to achieve quality, to apply or, respectively, put the appropriate working methods and IT media into practice;

c) to make it happen that both the younger and the older employees identify with the goals of their work and with the company;

d) the executive adequately supports the employee in accordance with the situation, so that the employee will independently achieve good results and will thus develop "real" enthusiasm for his work and goals.

e) the key for achieving this aim is the development of the employee (also over 45 years!) respective to his life phases.

Always remember that no-one is born a master, and that you are needed as a supportive mentor. Depending on the degree of the performance determinants 'knowledge-ability-wanting-being allowed to-having to', there exist **five basic characteristics of employee behaviour** which require your support, for example:

- the beginner
- the motivated one
- the resigned one
- the expert
- the employee having a rejectionist attitude

The beginner

The skills, the ability and the experience (knowledge) of this employee are typically not very developed yet. The insecurity resulting thereof, the fear of doing something wrong and to be caught at it, have a negative impact on the **wanting to** perform situation.

The superior is faced with a double task: On the one hand he must provide factual and technical instructions regarding the **being able to** situation, on the other hand he must strengthen the feeling of security and the self-esteem of the employee as far as the wanting-situation is concerned. Therefore, the superior's aim must be: to possibly get the employee out of the 'danger' zone and to help him develop towards achieving the ability to perform. Being his superior, your instructions and goals should be clearly worded, and you should allow him to proceed in small steps. Controlling his success will provide you with information about his learning progress and will give him a positive **sense of achievement**.

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Specify what you expect of him, how you will determine 'success' and 'failure', and which are the criteria they will be measured by. (Leading / supporting the employee by applying the traffic-light system: green-red-yellow). To the extent of the progress achieved by the employee, you may loosen the sequence of steps and reduce instructions.

Little by little, you will see that the employee draws ability to perform, security and motivation from his successes.

The motivated one

This employee, just like the beginner, still has deficits as far as skills and knowledge (experience) are concerned, he has, however, sufficient self-confidence and self-esteem. Therefore, he shows great interest in learning and quickly makes it known when he feels he needs more information. By his questions, you will be able to tell which stage of development your employee has reached.

Make sure that the employee will not drift uncontrollably and without foundation towards a state of overestimating himself, and check from time to time whether his **self-monitoring**, i.e. the ability to take a critical look at himself, is still appropriate and distinct.

In general, this type of employee has good prerequisites for learning. He is motivated and wants to learn from you. Therefore, make his work as interesting as possible and challenge him. He wants to perform, it is only the HOW which he still must learn from you.

People learn in keeping with the principle "**learning by doing**". If you don't have a chance to make mistakes, you don't have a chance either to learn from mistakes.

Open up "testing grounds" for your employee, where he can afford to make mistakes without these mistakes immediately becoming "fatal" for the company, and without everybody in the company immediately being told about these mistakes. Always correct mistakes exclusively "face-to-face". Employees often recognize themselves the mistakes they made. Your support is needed, however, when the question comes up what was the reason for the mistake and what can be improved in the future.

The resigned one

This type of employee, who indeed would be able to perform as far as his professional skills are concerned, but who has current deficits as to his wanting to perform, will confront you with a rather difficult task. At present, he either lacks self-confidence, identification or career opportunities, or there are problems in dealing with colleagues or with you. The reasons can also be of a personal or private nature.

Try therefore to **detect the reasons as quickly as possible** – which may not be quite easy, above all, when they are rooted in the private sphere.

This requires an extremely prudent approach. Watch his performance behaviour over a period of one to two month and try to get an idea as to the possible reasons.

As the reasons are anchored in the psychological sphere of wanting, it is difficult to put them into words and to define them. The danger to "beat about the bush" is great. It is mostly a matter of speculation. Therefore, at the end of the surveillance period, a "face-to-face conversation" is a must. A decisive question is the development over time – i.e. whether this was only a short-term drop in performance or whether this drop is still an ongoing issue. The answer should then be the basis for common conclusions and solutions. This should possibly be carried through with the help of a "**referee**" who, as an objective third party, provides support for the solution measures (above all in the danger zone).

If large-scale goals are to be achieved, the employee will also be willing to show an above-average performance. To constantly demand top performances, however, is counter-productive because this is demotivating and will have a pathogenic effect on people in the long run. For this reason, goal-related agreements, which are not drawn up and agreed upon with employees on a motivating basis, are not effective.

The expert

The almost ideal case is that of an employee who has a high "potential of knowledge and skills" for his task and whose psycho-emotional state shows a high level of identification, security, self-confidence – i.e. "**wanting** to perform". Of course, he/she is not a faultless superman or, respectively, superwoman; this employee, too, needs your guidance and your feedback.

Most of all, he needs your support for performing those activities which require responsibility. The best way is to keep him on the imaginary "**long leash**". He should constantly be aware of your presence. Thanks to his skills, the employee knows what he has to do. He must also know, however, that you, as his superior, are responsible for the results of his work.

You should give some thought to the question how to further challenge and support him. Additional tasks, like working in interdisciplinary teams or project tasks requiring leadership, can be helpful with regard to the development of the career. This is why you should discuss his professional plans with him at an early stage.

As "good employees" usually know that they are good, this employee does not need as much verbal praise, but prefers it in "deeds" – not necessarily of a material kind but rather in an immaterial way – maybe by being entrusted with certain areas of competences and by supporting the individual development of his potential – which is also in the interest of the company.

The employee having a rejectionist attitude

A special case is that of an employee who, even though he is professionally 'able to', does not or does not any longer want to perform. This behaviour can be caused by "constant frustration" or by the decision to resign already taken "deep down inside", it can possibly also be due to isolation among colleagues, to being harassed by colleagues, or to an unfavourable working atmosphere, and so on.

The contact with this employee gets even more complicated by the fact that the superior may be part of the reason for this development, or that this is at least perceived in this way by the employee. This is why you, as superior, must take prompt action!

In view of the fact that the misconduct holds a legal **potential for conflict,** the superior must make intensive and careful preparations. The face-to-face conversation is to be followed by talks in which another one or two more people will participate in order to clarify the reasons. Warnings, transfers, notices of termination and so on, to those who caused the problems, must not be excluded for this purpose.

The goals as agreed upon should always challenge the employee, they should, however, *never be too easy or too difficult.* **Only those goals which constitute a challenge convey a feeling of being needed** (above all where younger and older employees are concerned) and, in case of success, provide an incentive for further performance and ideas on a high level. For a measurable success it is necessary to determine goals which are positively and quantitatively worded, and can be achieved "by ones own efforts" within manageable limits. In the end, the behaviour of the executive will decide whether the company / organization have employees who are for or against them. It is obvious, that the character matters in leadership.

7.1   A Culture of Trust instead of Mistrust (culture = shared values and rules)

The development of employees is taking place in organisations (organisation = assignment of tasks, competences). The suitability and the level of efficiency of an organisation have therefore a decisive impact on the possibility of exploiting potential and on the reaction to changing environments. Formal or, respectively, traditional organisations, have a static structure based on the division of labour, are provided with a chain of command, and their information flow is formally predetermined. – Overall, these are pretty unfavourable conditions for gaining, developing and supporting performance potentials in the sense outlined above. – Instead, **networks** with small, flexible and autonomous units are required, wherein executives and employees share responsibility, collaborate in an open manner, and consequently align their activities with the needs of their customers and suppliers. Thus, the activities of the "World Economic Forum" are based on a global network of its participants. If such network cultures are to function, **rules** for working together in a spirit of partnership are necessary. For this purpose, however, a climate must be created which has a motivating and appreciatory effect on knowledge acquisition and performance, and contributes to the "mental fitness" of the executives and employees of the company. Expert knowledge changes approximately every three to five years and can easily be transferred by means of modern (IT) media. To later on acquire the social competences and personal qualities (= **competence of relations**), required for working together in a spirit of partnership and customer orientation, however, is disproportionally time- and effort consuming.

Employees are still considered as "staff", like for example servants, kitchen, hospital and cleaning staff, and so on. When one realizes that such an attitude is still considered as "normal", it is not surprising that the respective forms of behaviour are still quite common in the 21st century. When, for example, people (this applies to executives, too) get sick or grow older, they want to be looked after by this same "staff" on a partnership basis and as the situation requires it. Changes in modern economy are very slowly, and the same also applies to the respectful interaction between people.
(Picture 9: New Leadership Behaviour 1890 – 2020)

Picture 9: New Leadership Behaviour 1890 - 2020

1890	1930	1960	1990	2020
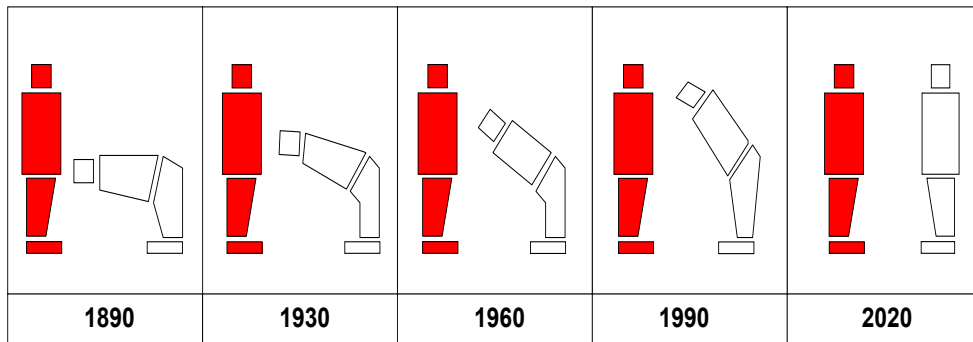
From Employee ...   **to Collaborator...**   **to Entrepreneur**

"In the end, the behaviour of the executive will decide whether the company / organization
have employees who are for or against them."

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The last 20 years brought big changes as far as relations between people in companies are concerned. However, this was partly due to legal provisions. We still haven't achieved equal rights for women when it comes to salary systems or when filling management positions. When participants in seminars or trainings are asked what they think the next 20 years will look like, they agree unanimously that **there will be even greater and faster changes!**

We will also, more and more, have to come to an agreement with ethically and morally based opinions, which probably will have no longer anything in common with the opinions of former years. If large-scale goals are to be achieved, the employee is certainly willing to deliver an above-average performance. To constantly demand top performance is counterproductive. And it can have a demotivating and pathogenic effect if this top performance is constantly demanded. "Genuine" enthusiasm for ones work and goals is only possible "at eye level", and only if the management supports the employee in accordance with the respective situation.

Some questions, helping to greatly qualify the mode of interaction and the leadership culture:
- How do we interact with each other in the company?
- How do we treat older people?
- How do we treat our foreign migrants?
- How do we execute the necessary leadership:
  - in an authoritarian manner?
  - cooperatively?
  - in keeping with the situation – supportively?
  - based on partnership – individually?
  - what modern leadership instruments do we apply for improving the corporate culture?
  - what rules (shared ethical values: commitments to trust and sustainability) dominate the corporate culture and therefore the relations with stakeholders?

The question that more and more arises, is the question regarding a new leadership behaviour, which is to achieve a better balance between company goals and goals of individual people (= harmonization of interests, cf. picture 12: value-balanced company management). The day-to-day world is still by far too much characterized by political games (= political management) which are used by individuals to build-up and apply power, to evade external control – instead of participating in a common GOAL. Intrigues, self-promotion, status symbols, information filtering and harassment are part of the daily business, just like the seemingly familiar relationship with others, the only aim of which is to run them into trouble and/or to expose or compromise them. Therefore, leadership very often manifests itself no longer on a basis of hierarchical functions, but by influencing superiors, colleagues and outside parties.

The monopoly of the executive in a straight chain of command, however, does no longer exist in this form. Employees show "consciousness and strength". Therefore it becomes very difficult for the executive to see to it that conflicts are eased, i.e. to transform diffuse energy flows of fear and striving for power into an **effective teamwork with an output of performance**. Executives are at the top, that much is true, but more and more they suffer from an ever-increasing pressure and fear. The image of the "man of action" is starting to totter. There are more than enough examples of "**those who failed**" in our national economy and around the globe.

The fear of honesty and/or of making mistakes produced managers who are "world-champions in suppression", "pushing responsibilities around" and "denying mistakes". Thus, an executive is easily tempted to take the easy way, a way which always proved to be the quickest and most comfortable one: acting without integrity and being adaptable and slippery as an eel. Careerists hide behind figures, yes men and flip charts, and more and more often they shy away from bold decisions and honest communication. The power thus continues to lie in structures which can be activated, and which can be bought, among others, by means of "nepotism", mergers and company takeovers.

Executives must therefore be prepared to practice ethical behaviour and credibility, to mark the grey areas of mistrust within the organisation and, together with the people in the company, to determine which behaviour is still tolerable and which behaviour must be sanctioned.

In a nutshell, this means:
- **ethical behaviour** is the way how we <u>should</u> deal with each other;
- **culture** is the way how we actually deal with each other.

Rules must be introduced and renewed, respectively. This is a difficult undertaking, which requires voluntary value control and restriction. This must not happen, however, in line with the conventional top-down-process, by which the management high-handedly determines the values.

At **first glance**, the change, necessary for achieving a new form of rules, seems to be rather irksome:

1. the decision-making process becomes more complicated;
2. the competence of the executive is often questioned;
3. the employees are compelled to take on more responsibility.

Viewed in this light, both sides are facing disadvantages when these changes take place. For this reason, most companies just leave the situation as it is.

At **second glance**, however, there are important reasons which by far outweigh the disadvantages of the new rules:

1. by changing the way of dealing with each other, energies are set free which increase the performance of   the departments and teams many times over;
2. the achievement of the goal becomes much more secure and efficient, because everybody, and not just a few, is giving their best;
3. binding commitments regarding **performance / output** are clearly agreed upon with people;
4. when achieving the goals, each individual will also partly realize a career goal or aim in life, like self-realisation, acknowledgement, development of the potential and better remuneration.

It is the task of the management to bring about a change for a new cultural understanding by setting an example, and not by imposing it on people. The necessity for changing the management is therefore the beginning of obstacles and hindrances being dismantled, obstacles and hindrances which prevent people in the company to carry out their jobs with power and enthusiasm: From my point of view, more often than not it is more effective and cheaper to "release the handbrake" instead of stepping on the accelerator.

It is therefore important to bring executives and employees together as partners and to train them in order to get to a cross-cultural way of dealing with each other (= culture change management).

The management must see to it that all involved parties will participate and that a corresponding environment is created. New fields in this changed, open cultural process should be:

- goal agreement and control
- interaction based on fairness and trust
- remuneration based on performance and results
- releasing, developing and supporting potentials
- timely information and knowledge transfer within the company
- challenging and qualifying all executives in line with their respective phases of life

The global competition has turned into a competition of leadership skills and qualification. In the future, it will primarily no longer be a question of cost control, but of mastering complexity and speed, when added value and innovation are concerned. **The efficiency of the management will no longer be solely measured by the profit and the profitability, but also by customer satisfaction.**

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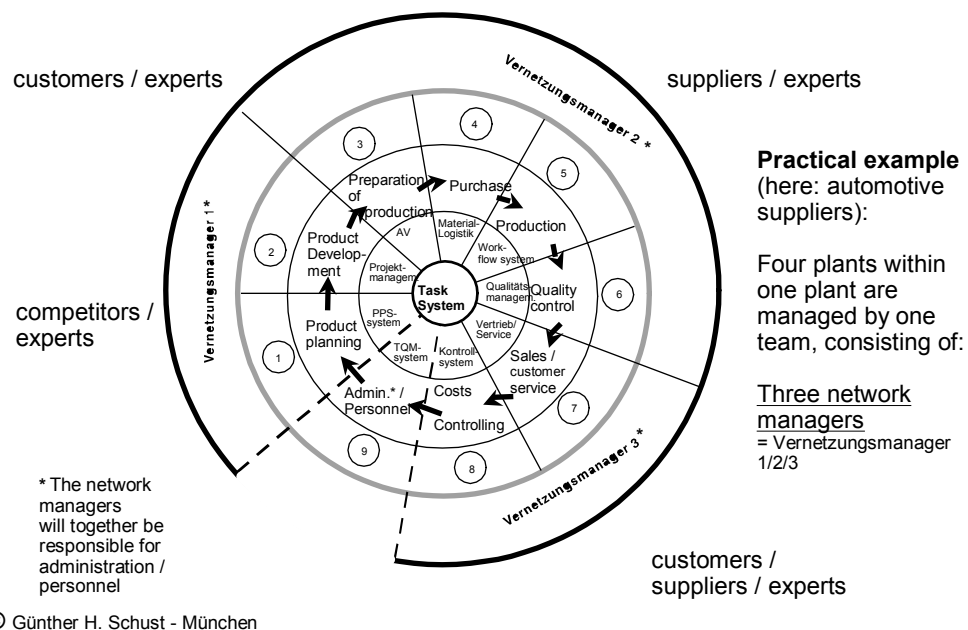
It is inevitable that in this case also the leadership system must change.

The time of lonely decisions at the top is coming to an end. A study, carried out by the personnel consultancy firm Korn and Ferry International and the Economist Intelligence Unit: "Development Leadership for the 21st Century", shows that more than 60 per cent are of the opinion that in the future companies will be managed by **expert teams** and **network managers**. They also agree that control from above will be considered counterproductive in the future. In approximately 10 years, said control will largely have disappeared and decision-making power and responsibility will have been shifted to "lower levels". By means of an intelligent network management, the speed of realizing customer-adequate (development) solutions will increase around three to four times, and thereby, of course, also the profitability (picture 10: The Networked Management / a Practical Example).

Picture 10: The Networked Management

customers / experts

suppliers / experts

competitors / experts

Practical example
(here: automotive suppliers):

Four plants within one plant are managed by one team, consisting of:

Three network managers
= Vernetzungsmanager 1/2/3

customers / suppliers / experts

* The network managers will together be responsible for administration / personnel

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7.2   Executives as Performance Accelerators

Competition, therefore, consists in having a fast and efficient networked organisation, which is geared to strategic performance goals and is constantly renewed on the way. The task of the new executive is not to shape behaviour by norms, but, by closely looking at the company goals, to establish roles, responsibilities and networks, which will then become performance accelerators.

Change projects, initiated from top, mostly change very little.
Just as there is resistance among employees when it comes to reforms, executives also oppose changes. New leadership and organizational methods are only adapted to formerly gained reference experiences and ideas. Re-organisation only changes the description of procedures and tasks, but not the operation within the departments as such. Unconventional, creative thinkers are rejected for being difficult colleagues or employees, because people are not prepared to communicate and work with them.

Therefore, it almost seems to be easier to develop a new organisation based on new patterns, forgetting about the old ones, than to try to change an existing, inflexible organisation and instil it with vitality and willingness to deliver top performances. This is clearly shown by looking at the new German states, where AMD, BMW, Jenoptik, Siemens and others built completely new production plants "in the open countryside", following completely new organizational patterns, which today operate with high profitability.

This changed situation therefore needs a **new type of leader**, having anticipative, emphatic and integrative capabilities.
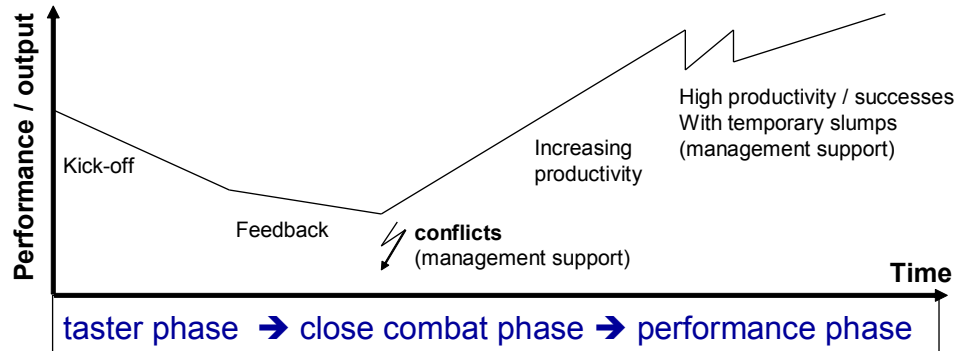- He must be willing to replace the knowledge, acquired through experience, with new knowledge and leadership techniques.
- He must be aware that he needs the support, the abilities and the intuitive inspirations his employees and his teams have to offer.
- He must realize that the role of employees is drastically changing. They become co-entrepreneurs by way of trust, sharing responsibility and participating in decisions.
- He must be aware of the fact that performance can only be achieved by competence and human authenticity.
- He must know that those who make a mistake and don't correct it, make a second mistake which will entail even higher costs.
- He (the leader) must be willing to reflect on his own situation and his goals (for example from a professional and private point of view, also taking health reasons into consideration). He must be sure of who he is and what he really wants.

The **new executive** must meet the following requirements:
- instead of thinking in a department-related, egoistical way, he must bear the whole performance process in mind;
- instead of limiting himself to individual aspects of the working process, he has to know the whole structure of the process;
- instead of co-controlling sub-processes, he is able to recognize technical, organisational and social processes, to interlink them and to provide support in accordance with the respective situation (cf. **picture 11**: supporting project teams in accordance with the situation);
- instead of dismissing somebody else's point of view as "false" and condemning it, he takes this point of view as a completing contribution. Thus, the intricate network of exposing and fooling others, of stealing ideas, of lying – will be broken by the new manager;
- instead of seeing his own qualification as an accidental sequence of professional and social   modules, he controls it as a planned qualification process for a leadership certificate which must be constantly renewed;
- instead of seeing the payment for work as a cost factor, he studies the sources from which people draw a maximum of willingness to perform and joy in their work: namely from SUCCESS.

Picture 11: Supporting Projects in Accordance with the Situation

The Connection between leadership and performance / output

Performance / output

Kick-off

Feedback

conflicts
(management support)

Increasing
productivity

High productivity / successes
With temporary slumps
(management support)

Time

taster phase ➔ close combat phase ➔ performance phase

From individual fighter ➔ to work-team ➔ to the **real team**

„Wanting to motivate others is brain-technically seen absolute nonsense. However one can encourage, inspire and support them…" (Prof. Dr. rer. nat. Dr. med. Gerald Hüther, University of Göttingen and Head of the Public Health Institute Mannheim / Heidelberg)

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7.3   Modern Performance Incentives and Work Processes

7.3.1 The known Performance Incentives are no longer effective

Just as we further develop our marketing concepts, and more and more develop a marketing-oriented way of thinking into a customer-oriented way of thinking, we should do the same when it comes to incentive systems for employees.

It is not enough

- to establish social facilities like for example sports facilities, canteens,
- to grant more "freedom" by means of flexible working hours,
- to organize competitions within the company, among other things by applying incentive programs,
- to offer further education for improving the level of expertise,

but conditions must be created which are needed for a common base between the interests of the company, its customers/ suppliers, and the human resources (picture 12: Value-Balanced Company Management).

Picture 12: Value-Balanced Company Management according to Schust
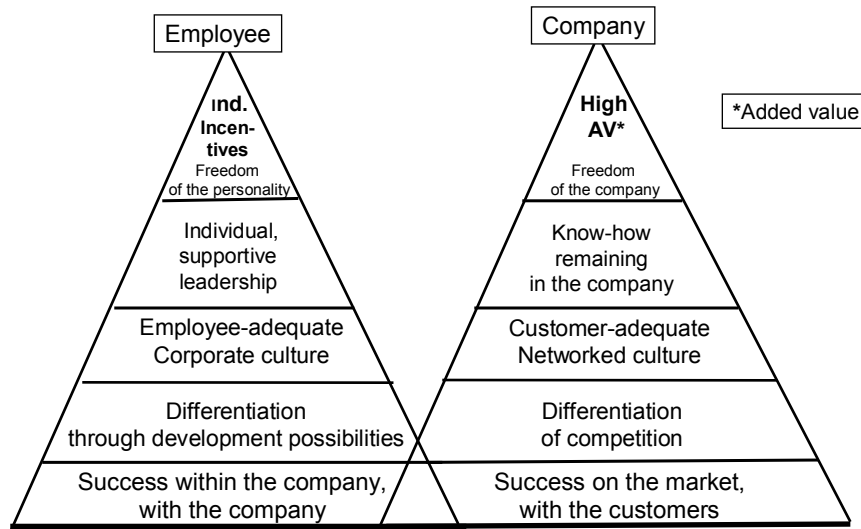
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There are quite a few examples of employee surveys, carried out over the last years and relating to the topic "incentives for motivation", which show that:

- the employee is searching for the **meaning of his work**;
- the employee wants to be individually supported and guided;
- making him participate in commissions in case of growth is no longer a sufficient motivation;
- he sees the most important value of his activities in a professional <u>and</u> personal **freedom** he is being allowed.

I have the impression that in spite of these survey results, one still focuses too much on the question how to create a motivation for higher performance by correspondingly establishing bonus and reward programs. One was taught: commission payments for more turnover/sales (operative goal) are incentives. But is this still the case if "the tax man" collects most of it?

This example shows that in many companies there exists an enormous discrepancy between the employees' new motives to perform and the old motivation incentives the company offers. Incentive programs are still past-oriented and neglect future-oriented performance norms and development strategies of the employees. Therefore, the motivation process must always constitute a compensation for the achievement of operative <u>and</u> strategic goals.

What we very often ignore is the fact that not only customers and consumers are changing, but that also people's ideas and lifestyles are changing so that, due to these changes, they also want to see their new needs fulfilled.

We also have to realize that the majority of people have become individualists. In a negative sense, they even have become egoists. Therefore, one is trying to satisfy ones personal wishes and ideas as best as one can. And this not only applies to the consumer behaviour, to fashion, to vacation and leisure time, to the style of living, but also to the work place.

Therefore, it happens quite often that employees resign from their jobs and take on another one, where their individual wishes and ideas are taken into consideration. However, as a reason for doing this they state: it was no longer fun. Therefore, where jobs with above-average incomes and demanding work are concerned, financial reasons become less and less important. It even happens that material disadvantages are being accepted (for example moving to freelance work), because one is able to exercise an activity which offers a high level of freedom and satisfaction and thus creates high self-motivation.

The attitude "live in order to work" is almost extinct. Today, the motto is "*to work* <u>and</u> *to live*"! To live now – and in a way I, being an individualist/egoist, want to live it.

Possessions and career are no longer the sole issues, but family, the freedom to organize ones life, to have a say, education, being accepted and offered a supportive leadership are now given priority.

People simply take it for granted that companies are giving thoughts to changed, flexible ways of working – like (part)time work, job sharing, time-off for educational purposes, tele-work, mobile jobs on the computer / IT media, nursery places – or take ways of life into consideration – like single parents, single households (with/without children), sabbaticals – and consider incentives – like more flexible employment and working hours, modular incentive/payment systems, precisely timed team and project work, less bureaucracy, and so on.

Companies which successfully put these new ideas into practise, and by doing so support and improve the image they have with employees and on the job market, become a conversational topic
(= employer branding).

7.3.2 Performance Incentives – make them meet the Demands

To strengthen self-motivation

The more motivating an incentive appears to be for people, the more they will mobilise their powers and deliver high performance in order to benefit from the incentive. Given the fact, as we have seen, that the satisfaction with ones work and the acceptance thereof have a decisive influence on the personal success, and that a positive self-motivation is the strongest driving force for human performance, executives should indeed take this into consideration when assigning tasks to their employees.

- independence must be guaranteed within ones own area of work;
- the delegation of tasks must simultaneously comprise responsibility and competences;
- information must not be issued, but most always be readily and sufficiently available for the employee;
- there must be sufficient experiences of success as an individual and as a team, because these experiences constitute self-affirmation and provide an incentive for a new, successful performance;
- the achieved performance must be acknowledged and be appropriately rewarded.

Self-motivating incentives, however, require a certain familiarity with the employees, with their attitudes, in particular as far as their activities and their values are concerned. Let me briefly introduce the four possible means to strengthen self-motivation, which I would take into consideration:

Number 1: Flexible forms of work: job enrichment and enlargement (enrichment of tasks)

Tasks are becoming more interesting and meaningful. This incentive system was developed in order to help diversify routine work and to achieve a higher qualification "on the job". An assembly worker, or an office worker, do not limit themselves to their work processes, but also assume responsibility. They check the result, make corrections and modify working methods.

Example: Mrs. B. starts her working day in the Toshiba plant with a morning meeting. She assembles laptops, she provides components, or she carries out the final inspection. "My area of responsibility is indeed quite difficult", she says, "but it is also more diversified and less monotonous. Everybody must stand in for everybody else. We work hand in hand. It's not like piece work, where the important issue is high quantities."

This concept is also applied when establishing teams/groups. In this way, there is much more motivation, work is done more efficiently and work processes are more effective, too. And only due to this concept, small units and small enterprises, like for example small workshops and family-run businesses, are so effective and successful.

Number 2: Alternating tele-work, flexible places of work

Here, we talk of tele-work or remote work. This means, that in companies where this is possible (service, development, consultancy, and so on), the employee works completely or partly at/from home on his computer and is connected with the employer or the customer via E-mail, Internet, Intranet or (Video) Telephone. In the USA, the number of "tele-workers" is already growing at a rate of 30 per cent per year. According to a study of the TNO Institute for Technology and Planning at the University of Twente, this trend is also going to prevail in Europe. At least one third of the working population are eligible for this form of work. The employee remains integrated in the company and is always present, even if this, on certain days, is the case only via online connections and data lines.

For many German companies, tele-work is no longer a foreign concept. Service sector businesses, like banks, insurance companies, consultancy firms and software companies, or individual manufacturing companies, offer their employees to work from home on fixed days.

"Tele-work" increases the company's flexibility and improves the quality of life of the employees. "To work remotely" promises a significantly increased motivation when the quantity of available work is unsteady or when the commute to the workplace presents a problems. Attendance monitoring is thus no longer the criteria for the work which has been done. Much more important is the relationship of trust between the leadership and the employee, and that the criteria for the work which must be done are determined in advance (agreement on goals/commitment).

Number 3: Flexible, temporary employment contracts

These concepts open up more and more interesting opportunities for both companies and employees. Thus, for example, companies, having a relationship based on partnership and trust with their cooperation partners, their suppliers and customers, might temporarily exchange qualified employees. Also, to hire freelancers as "temporary sub-contractors", being responsible for carrying out projects, can be taken into consideration. In view of the present Social Security Law, however, it is important that "temporary employees" work for more than one customer, like this is the case with temporary employment companies.

By working for different companies, the "temporary employee" gains more experience than the "regular employee". Temporary employees, as far as mentality and motivation are concerned and according to the opinion of today's executives, correspond to a greater extent to the type of employee which modern companies need for variable projects: they are used to changing tasks, work techniques and work places, also to cooperate with changing team colleagues. They are also willing to accept lifelong learning as well as changing tasks and circumstances.

When being asked in an interview by Le Monde, whether the requested job flexibility would possibly lead to fixed-term employment becoming undermined, even the American economist and critic of capitalism, Lester Thurow, ("The Future of Capitalism", Metropolitan 1996), replied: "In times of great technological instability, where constant changes occur, it is not possible to maintain stable employment. The mobility of the individual must be improved by whatever means. It is therefore necessary to adapt to this rapid change."

New reserves in potential can also open up when older, experienced people are being taken into consideration; from a fixed-term employment they can gradually change over to a new, second or third career as (freelance) consultant/mentor/trainer, and can thus release, for themselves and for their (former) company, an enormous self-motivation. Couldn't these be three incentives to turn human resources into temporary "**top performers**"?

Number 4: Participative management systems

Participative improvement systems can be very successful if efficient teams can be put together. The team members participate in the decision process and in the implementation and realization of lists of measures. They participate in a successful implementation and the results thereof by means of an improvement system and suggestion scheme.

For this purpose, a performance committee will be established, consisting of executives and the representative of the workers' council. They will meet on a regular basis in order to develop plans for increasing productivity in correspondence with suggestions made by the employees. Money, which will be distributed, represents a percentage of the productivity gains achieved by the employees. It is not the individual employee who receives the bonus, but the whole team. An increase in productivity of for example one per cent may signify a substantially increased salary for all team members. The result thereof is that employees will jointly develop proposals instead of keeping their ideas to themselves. Flat structures live on constant improvements. Also, better relations are created between the company management and the employees, and also between the individual teams and their team leaders. Thanks to the intelligent ideas of its employees, an automotive supplier saves an average of more than 3 million euro per year. This system works much better than conventional suggestion systems, which only offer one single bonus as a reward. It is important that executives dispose of a budget which enables them to immediately pay out bonuses for saving ideas/improvements. Companies should therefore much more often work with **remuneration systems in compliance with the added value** (picture 13: Incentive and Bonus Systems in Compliance with the Added Value).

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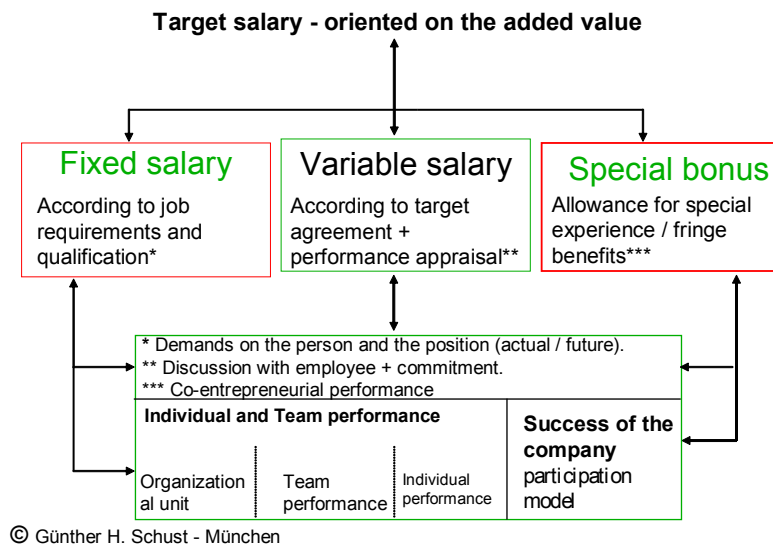
7.3.3 Example: Incentive and Bonus Systems in compliance with the Added Value

The incentive and bonus system, developed together with my colleagues, comprises *five modules* by which certain goals and objects are to be pursued. Added thereto are special bonuses, depending on results and performances. The bonus system should be designed in such a way that the demands on the individual /on the team are directly linked with financial incentives. The reason is that the employee is meant to see

- that with his performance he contributes to the *success or failure / to the added value* of the company;
- that the team/the group/the unit, with their respective performances, contribute to the success or failure / added value of the company.

The company must accordingly meet certain conditions:

1. Module 'fixed salary'

The fixed salary forms the actual core of the incentive and bonus system and is based on the importance of the position, resulting from the job description, the job appraisal and the information gathered from the external job market (reference salaries), and constitutes the fixed, monthly remuneration for work carried out and guaranteed by a contract.

2. Module 'variable salary'

The "variable component", possibly to be paid together with the monthly salary, takes the following into account:

- the individual performance of the employee according to the output/performance assessment (performance component)
- the success of the organizational unit, i.e. the team (operative success component)
- the success of the overall performance (operative and strategic success component).

The latter is supposed to take the result- and success-oriented way of thinking and acting into account as far as individual, operative and strategic magnitudes on a short term, medium term and long term basis of a goal-achieving process are concerned.

3. Module 'variable special bonuses'

By a variable special bonus a bonus is to be understood, being paid for exceptional performances delivered by a personal employee or a team, resulting for example in successfully completed orders, projects, improvements and so on, the payment for which is at the discretion of the executives. For this purpose, a budget must be available. The bonuses can be paid throughout the year and may come as a surprise to the employees and the team.

3.1 Module 'variable allowance for special experience'

This component can be seen as honouring extraordinary (= co-entrepreneurial) individual performances and activities of an employee, like for example

- fire-fighting services within the company
- coaching and training tasks
- project management tasks
- task force jobs

If outstanding employees are to be rewarded for handling such tasks, great caution is needed, however. The employee in question should not be assessed by applying subjective criteria, or be rewarded just when "share prices are sky-rocketing". One must always be aware that the slightest suspicion of misuse has a very demotivating effect, and that this demotivating effect can call the whole system into question. The banking sector, for example, has thereby done itself a disservice because they are no longer able to get out of the (endless) spiral. Experts are expecting that the gap between the group of the top earners (so-called "fat cats") and the big mass of employees will widen even more. The main reason is the excessively demanding attitude of the executives, especially where the amount of severance payments is concerned.

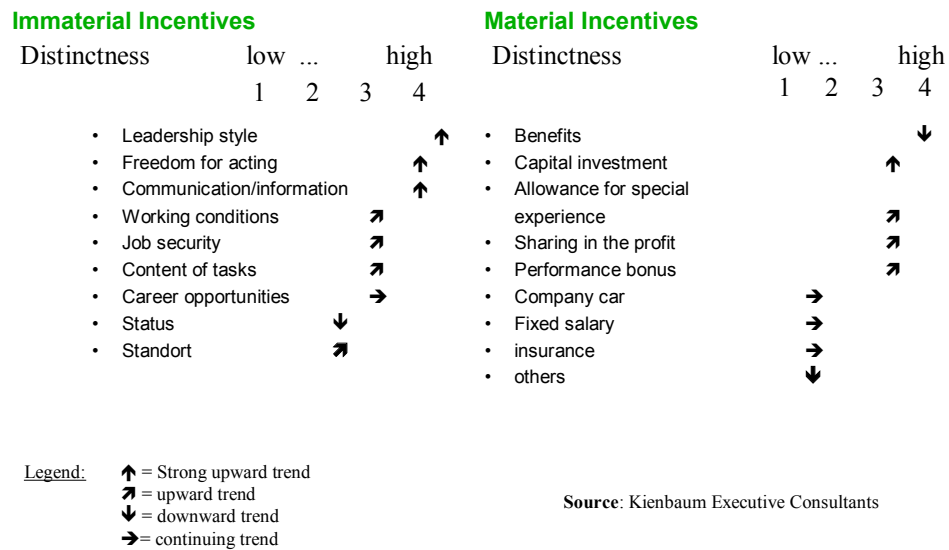3.2 Module 'variable fringe benefits (special benefits)'

Originally, fringes were salary components paid to executives. More and more, also other employees become eligible for these benefits. These benefits are often "immaterial payments" and models which make employees participate in the company. They only have a motivating effect if they reduce taxes, or are exempt from taxes when the employee uses them to gain a legal tax advantage. On a dried-out employment market, where experts and executives are hard to find, these EXTRA benefits are in particular suitable to improve the attraction of a company and to thus secure competitive advantages.

As I see it, it is not expedient to completely disconnect the incentive wage from the actual performance – for example, if one wants to retain an employee, even though during the respective phase losses are made: If things go well, one pays extras because the performance is good, if things take a turn for the worse, one pays extras because otherwise people would run away – this way, the goal of a variable incentive and bonus system will be counteracted. The principles for introducing such incentive systems will therefore basically always create unrest, anxieties and opposition among the staff. Therefore, please pay attention to the following suggestions:

- The broader, more objective and transparent the information, the bigger the support for and the acceptance of the new incentive and remuneration system;
- for each job, reference salaries are indicated nowadays. However, if one wants to measure oneself only against the best (something executives are very fond of doing), advisers provide the highest reference figures, provided by the Peer Group of Excellence;
- the bigger and broader the participation during the conception and introductory phase, the broader the support by the staff;
- the more transparent and understandable the way of explaining the structure of the position/function salary, the bigger the commitment to "cooperate in an above-average way".

To work in an above-average + intelligent way, is a huge opportunity for our future, for the self-motivation of the employees and for the efficiency and the added value of the company. The effect of remuneration elements, however, - depending on the HR-related and individual targets – varies considerably (picture 14: The Effect of the most important Incentive and Remuneration Elements).

Picture 14: The Effect of the most important Incentive and Remuneration Elements

Immaterial Incentives			
Distinctness	low ...		high
	1 2	3	4
• Leadership style			↑
• Freedom for acting		↑	
• Communication/information		↑	
• Working conditions	↗		
• Job security	↗		
• Content of tasks	↗		
• Career opportunities	→		
• Status	↓		
• Standort	↗		

Material Incentives			
Distinctness	low ...		high
	1 2	3	4
• Benefits			↓
• Capital investment		↑	
• Allowance for special experience		↗	
• Sharing in the profit		↗	
• Performance bonus		↗	
• Company car	→		
• Fixed salary	→		
• insurance	→		
• others	↓		

Legend:
↑ = Strong upward trend
↗ = upward trend
↓ = downward trend
→ = continuing trend

Source: Kienbaum Executive Consultants

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From employee to co-owner

The participation of employees in the company is only just at a starting point. For this reason, the Federal Government wants to support the participation of employees in the productive capital and thus in the success of the company by employee shares even more in the future in order to make Germany a more attractive place to invest and work. There exists indeed an enormous shortfall in this respect. US corporations have a portfolio of employee participation which is 60 times bigger than that of German companies. According to recent figures, only about a 100 of about 3600 stock corporations offer option plans for employee shares. Approximately 500 to 1000 small and medium-sized enterprises are experimenting with such plans.

According to a study by Professor Joachim Schwalbach, Institute for Business Management at the Humboldt University in Berlin, the majority of option plans have a rather poor effect as far as motivation is concerned, because the result-oriented incentives are too low to achieve the desired effect.

The three most important models are briefly described as follows:

1. Most companies allow their employees to purchase a certain number of **shares at a preferential price**. The price advantage must not exceed a certain amount in comparison with the official share price. As investments, privileged with regard to tax and social contributions according to the Act of Property Participation, these securities can only be sold after six years. The government grants a subsidy of a certain amount. At Siemens, the employees hold 10 per cent of the equity capital. In times where corporate policy is more and more geared to the shareholder value, i.e. to shareholder profits, employees can in this way count on higher increases than this is the case when they have to rely on the yearly wage negotiations.

2. Other companies issue **convertible bonds** with a right to conversion into shares later on.

3. The third possibility is the **options scheme**. The company determines when, at what price and how many options employees will be allowed to convert into shares.

In spite of the advantages, employee participation is not exactly a 'big hit' in Germany. At present, a total of approximately 3000 companies are offering a profit-sharing program to their employees. Approximately 150 companies are added to this number per year.

Those who want to court and to motivate the "high potentials" and most important knowledge workers for the company's added value to stay and to prevent them from migrating to the competition, make them participate in the continuous value development of the company. However, contrary to the American "stock-option-schemes", the German ones are basically limited to the "courted top-performers" in the company. At SAP, about 10 per cent of employees are allowed to participate in increasing share prices.

"We are still at the beginning" says the former Chief Executive Officer of Mannesmann AG. He warns against Americanizing the conditions in Germany. It would not be wise to simply adopt US models, which would partly lead to excesses (reaping "windfall profits"). Professor Theo Siegert, Member of the Managing Board at Franz Haniel & Cie, criticizes that employees in this case would not have to take any "downward risk", i.e. they would only profit from an increase in shares prices and would not have to bear any negative effects in case of a price loss. He supports, however, an orientation on profit targets as it was also introduced at the Haniel Group.

An interesting model is being discussed at present, launched by Hilmar Kopper, Chairman of the Board of Directors of Deutsche Bank: the concept of "phantom stocks". The employee receives **virtual shares** of the company, which he is obliged to hold for three to six years like a shareholder. During that time, he profits of increases in the value of the shares, but he also has to bear price losses. The incentive is still very high because, just like the shareholders, the employees are the beneficiaries of the additional yearly bonus payment.

Long-term Fringe Benefits in the USA

"Companies (in the USA, the author) issue share options, because with regard to the overall balance these were healthier than increases in wages and salaries, says Carey Rosen, Director of the independent National Center for Employee Ownership. The value of the options corresponds to the value of the shares and thus to the company development. In comparison thereto, the level of the traditional wages and salaries is relatively fixed and is a burden for the balance in times of crisis. As not all share options are issued and redeemable on the same day, no excessive burden is generated. From the point of view of the companies, the benefits outweigh the additional costs, costs which arise for two reasons: When exercising the options, the shares must be issued below their market value. Moreover, the value of those shares which are held by already existing investors will be diluted by the additional number of share certificates. This effect will be diminished by companies buying back their own shares, which will then be issued to the owners of the stock options.

In the USA, the value of stock options and similar forms of incentives exceeds the salaries and the bonuses of top-managers by now. As an example for the fact that in the USA also skilled and unskilled staff are attracted by the prospect of an additional income, among others AOL America Online is to be mentioned, where even cleaning staff has a chance to be granted stock options. The restaurant chain Starbucks and the food chain PepsiCo. operate on a similar principle. All employees are meant to experience an additional boost of motivation by becoming shareholders.

Carey Rosen is not afraid that a possibly short-term thinking, based on the principle of the shareholder value, might be generated: "The executives (in the USA, the author) are those with the strongest interest in a long-term success of their companies, because this provides a long-term job security. Contrary thereto, in Europe the performance of the company lies in the hands of the top management. Therefore, employees try to get out as much money as possible of the company, on a relatively short-term basis, in form of salaries and wages."

7.4   Guaranteeing Transfer of Knowledge and Future Competence

"The real assets of a company are not its machinery, but the people, their knowledge and their creativity", says Thomas Herb, the Managing Director of Monitor Company, and asks to bear in mind this fact which even in Germany, slowly but surely, is gaining in importance. So far, it is almost exclusively management consultants who understand and put this insight into practice. Thus, for example, Arthur Andersen employs 500 Knowledge Managers worldwide. However, the field of Knowledge Management is by far too important to be ceded to consultants. Every future business will be getting more and more knowledge- and competence-intensive. It will not take long before the **human knowledge capital** will be shown as an **asset item on the balance sheet**. Thus, for example, the share price dropped by approx. 10 %, and therefore the company value decreased by more than 10 billion Dollars, when Steve Jobs, the CEO of Apple Inc./USA, withdrew from management on grounds of his illness.

Many companies are dealing with the difficulties of a continuous knowledge work at present. On the one hand, however, these attempts are restricted by a foreclosing mentality of companies. Many executives and employees don't see any reason for sharing their knowledge with others, above all in view of the fact that knowledge is still considered as an instrument of power. On the other hand, there are limits originating in the process of the knowledge transfer. The most important factor is still the personal communication. Who doesn't like to exchange information and knowledge with others in the hallway or at lunch? It is therefore very difficult to make this knowledge available. A big obstacle for the use of the new multimedia technologies, like Internet, Intranet, Business/Online-TV and so on, is the complexity thereof. Most employees are still not up to this challenge.

According to Jeff Raikes, Vice President of Microsoft, "in the future, there should be knowledge work without borders". For achieving this goal, the manager of Bill Gates recommends the "see-through company". "In the future, there will be a memory, spanning the whole company. It will be possible to call up the own office on every monitor. Paper will exist in an almost exclusively electronic form. Computers will be able to see, hear, talk and learn."

Meetings will be held worldwide and without walls. The motto will be: "Sharing information is the core of the globalization". Worldwide, every employee of Microsoft is able to access the learning instruments from his computer. 13000 learners make use of this opportunity each month. Microsoft's keyword in this context is "network flexibility". The primary objective thereof must be:

To integrate the learning and knowledge instruments into everyday business at the workplace.

Every Microsoft employee can propose and select training topics. The most important and useful contributions are evaluated.

Online Learning, however, can only function by means of good internal information. This means that each idea for learning must first be sold, i.e. the employees must be persuaded of its usefulness. Also, the target groups must be defined and subsequently the key persons, taking over the persuading part, must be appointed. The use thereof must be clearly recognizable, and the success of the learning action must soon be tangible to the others. Thus, the breakthrough of interesting trainings is ensured through word of mouth in ones own or in other companies. It is important to recognize, however, that online learning can only partly replace other, personal team trainings. The online learning only broadens the training horizon of the employees. It is also important to realize that employees gain more from learning together and training in a team or in project groups than from being alone with themselves and their computers.

Charles Davidson of Price Waterhouse outlines how the learner at his computer can still stay in contact with his environment with the help of the PW "**Virtual University**" which he, Charles Davidson, is leading. Since 1996, this virtual university, worldwide, serves 35000 consultants around the clock. In this university, internal and external resources are combined. The system is multi-media compatible and can be updated at any time. The learning platform provides information about seminars, distance-learning-possibilities, an online-discussion forum and a global training centre, which is set up for the individual learner and welcomes each one of them on a personalized welcome page.

In the long run, further education will become a combination of work and experience-oriented learning – a mainly electronic and individual combination: "Work signifies learning and change for each individual". Such an electronic, internal innovation and knowledge pool, which my firm, among other things, also co-realized for a consortium of companies, is meant to accompany employees through their workday. All existing applications shall be integrated in this system. Conveying specialized competence is achieved via the Multimedia-Online-Net, conveying competences related to methods, cultures and social skills is done by combining subject-related network training with fitness and team trainings, **adapted to respective life phases**.

For a virtual learning, dialogue and competence platform, the following conditions are indispensable:

- it should be easy to use
- it should know the needs of the users and promoters
- it should enable the user to apply technologies, like for example Intranet, Internet, Education on Demand, possibly also Product LifeCycle Management (PLM)
- it should fit the user
- its use should be fun, and
- it should strengthen the notion of "WE".

The overall benefit of such a "virtual" campus for knowledge and innovation is the following one:

It contributes to help maintain the competences related to special fields, methods, processes and social skills of the employees in a **state-of-the-art condition**, and it improves the cooperation and infrastructure by creating networks between different departments, fields and customers. It also adapts the corporate culture to the continuously changing IT and environmental conditions.

The **key factors** in this context are: people, processes and the knowledge content which is to be transferred.

- **People**

Studies regarding communication networks in companies, carried out by the organizational and business psychologist Professor Dr. Lutz von Rosenstiel, have shown that it is his secretary with whom the boss of a company communicates most often. The contact with his executives is more and more neglected, in particular due to an increasing spatial separation.

The key factor therefore comprises the communication and organisational structures, the corporate culture and the existing networks (also the electronic ones). **Hierarchical structures are being replaced by customer-oriented, networked processes**. This helps prevent power-striving, scheming and status-oriented forms of behaviour. In this context, the driving force is a focus on the overall picture. The added value of the company must be continuously increased. The management should identify important groups of people / circles, which are handled like "clubs", and which like to meet and exchange knowledge among each other. In the course of time, the link between the networks should then be loosened again. The strong ones (both older and younger ones) are to be brought together with somewhat weaker ones. Thus, the physical networks can exchange information with the virtual ones, the global with the local ones, with the result of an "innovative stimulation".

- **Processes**

Knowledge and innovation work is a very slow process and must be integrated into a well-functioning PR system, being inward-focused and not – as this is very often the case - outward-focused. The purpose is to have people identify themselves with the knowledge work, to distribute it, to use it and to define it themselves. It must be integrated, however, into the everyday working world. It is therefore best if one, on ones own, creates knowledge and change processes by learning within a (mixed) team or, respectively, within the circles. For example, how can a zero-emission production and recycling process be realized?

- **Knowledge content**

The most important issue are contents. They determine the strategic dimension of the whole picture. In the end, the only thing which counts, also when it comes to knowledge work and competence formation, is this: How can we really make money, and how can knowledge and abilities of the people, how can products and services provided by the company, be transformed into added value?

Most companies are faced with the problem, however, how to reconcile these three factors, and how to build up **knowledge management across corporate boundaries.**

Thus, Daimler has established a Business-Innovations-Team – a kind of "Think Tank". They are, for example, supposed to deal with quickly realizing the E-cars, the Car Sharing Concept "Car2Go", the "self-driving" lightweight car and so on. The reason for this is above all that the BRIC States themselves are becoming know-how carriers and high tech producers. Computers, smart IT products and so on, which we apply in our households, are for example produced by the Chinese IT giant Foxconn, which employs about a million of Chinese-Korean workers, instead of by our own industry (picture 15: The Step-by-Step Model of the Creative Process).

Picture 15: The Step-by-Step Model of the Creative Process*

Intuition

Innovation

weakness /
thinking
doubters /
change /
trends

New Thinking

**+ knowledge +
learning**

Taking new approaches...

Changing one ways of
thinking and behaving

For example:
regenerative-alternative
mobile society

Old Thinking

+ knowledge

Sticking to old approaches…

For example:
automotive society, damaging
to the environment

Incubation

*According to Poincare´ 1907,
French Mathematician and Physicist

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A faster acquisition of knowledge and transfer thereof among employees will therefore play an ever growing role in the future, creating communicative and competent networked cultures – worldwide – wherein people will enjoy meaningful work and will thus be able to release energies for "green" innovation and change in their own companies and in society as a whole.

The "**Garage Principle**" of the HP founders Bill Hewlett / David Packard is therefore still valid:

"Proceed from the assumption that you can change the world.
Work fast – regardless when and where. Stay flexible: work alone or in a team – depending on the situation. Share almost everything with your colleagues: work equipment, ideas, problems. No power games. No bureaucracy. Most of the time, radical new ideas are good ideas. Deliver results every day. If they are convincing, they will leave the garage. Always remember: It is the customer / (life) partner who decides whether a job is well done. And never forget: together, everything can be achieved."

Companies, wanting to be among the winners, must give "real" SIGNS

and above all, must invest in the holistic improvement of competence and knowledge of their management and their employees. They are the ones to decide on a future sustainable lead in innovation, on the image and thus on the survival of the company in a fiercely competitive market. "War Games" are only undertaken by those companies which are on the losing side in the market anyway (picture 16: The Iterative Value Chain of the Successful Company in the 21st Century).

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Picture 16: The Iterative Value Chain of the Successful Company
in the 21st Century according to Schust

Increase in Performance ➜	Increase in Competence ➜	Leap in Performance ➜	Innovative lead ➜
Networking Human Resources by: • culture of trust • networked operations • knowledge and innovation process platform	Exhausting Human Resources by: • behavioural change • improving efficiency • improving structures	Leap in performance of the company by: • enhancing competences • enhancing knowledge • increasing speed of innovation and processes	Maximum added value by: • lead in competence • lead in knowledge • lead in innovation and processes
Phase 1 ➜	Phase 2 ➜	Phase 3 ➜	Phase 4, then back to Phase 1

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8 Leadership Achievement is Team Performance

An employee is made an executive only by the team he is guiding!

An efficient executive is characterized by his will to overcome obstacles together with his team and being able to deal with setbacks, and by having enough "staying power" to transform goals, which have been agreed upon, into real results or, respectively, innovations. A supportive and sustainable guidance is therefore essential for maintaining a lead in competence / growth over competitors, and/or for distinguishing oneself from these competitors.
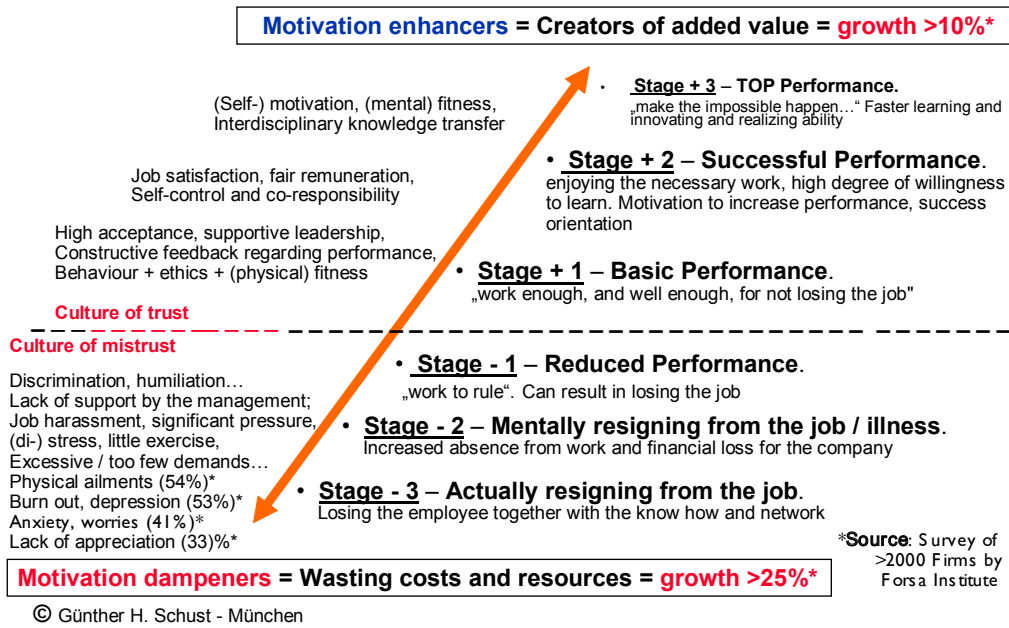
An international study carried out by Czipin & Proudfoot, regarding the **present behaviour of managers**, shows how negligently this motivation aspect is treated by executives in German companies. The result: Managers dedicate a mere 23 per cent of their working time to the actual core business – to motivate and support the employees. Administrative activities account for up to 43 per cent. The rest of the time is dedicated to meetings and travel activities.

Motivation, however, is the result of a personal interest in an activity, in a matter or a condition. The interest is connected with the expectation to draw a benefit of a material and/or immaterial nature from this activity. Rosenstiel is aware of the fact that the material benefit does not always come first and foremost in professional life: "Main reasons for terminations are professional goals which are not fulfilled, a lack of personal development opportunities and/or the relation with the boss or the colleagues." Due to resignation, many employees seek their happiness in an active leisure time or in pursuing private interests.

The **dampening effect on motivation** by wasting costs and resources is therefore highly significant. A leadership culture, guided by ethical standards and based on trust instead of mistrust, must therefore be the main objective. Without trust, no partnerships (relations), no creative freedom and consequently no innovations and changes can be achieved. The ability to control and be **responsible for oneself** is going to become the most important motivation enhancing factor in the 21st century. Not until employees have understood the economic situation and the business model in a competitive environment, not until they have learnt from feedback and from errors, will they do their utmost for the success of their own company, will they be motivated to support its projects and innovations and to efficiently apply them. The ability to prioritize tasks and to take on responsibility for them, to pass on knowledge

(= acting as a **role model**), will become the most important key qualification in the future. For this purpose, the foundation for a sustainable way of thinking and acting must be laid within the company by means of training programs, close to the workplace and adapted to specific phases of life, so as to ensure that (self) motivation, (mental) fitness and interdisciplinary knowledge transfer can be vigorously pursued (picture 17: Stages of the Individual Performance Behaviour according to Schust).

Picture 17: Stages of the Individual Performance Behaviour according to Schust

Motivation enhancers = Creators of added value = growth >10%*

(Self-) motivation, (mental) fitness,
Interdisciplinary knowledge transfer

- **Stage + 3** – **TOP Performance.**
„make the impossible happen…" Faster learning and innovating and realizing ability

- **Stage + 2** – **Successful Performance**.
enjoying the necessary work, high degree of willingness to learn. Motivation to increase performance, success orientation

Job satisfaction, fair remuneration,
Self-control and co-responsibility

High acceptance, supportive leadership,
Constructive feedback regarding performance,
Behaviour + ethics + (physical) fitness

- **Stage + 1** – **Basic Performance**.
„work enough, and well enough, for not losing the job"

Culture of trust

- -

Culture of mistrust

- **Stage - 1** – **Reduced Performance**.
„work to rule". Can result in losing the job

Discrimination, humiliation…
Lack of support by the management;
Job harassment, significant pressure,
(di-) stress, little exercise,
Excessive / too few demands…
Physical ailments (54%)*
Burn out, depression (53%)*
Anxiety, worries (41%)*
Lack of appreciation (33)%*

- **Stage - 2** – **Mentally resigning from the job / illness**.
Increased absence from work and financial loss for the company

- **Stage - 3** – **Actually resigning from the job**.
Losing the employee together with the know how and network

***Source**: Survey of >2000 Firms by Forsa Institute

Motivation dampeners = Wasting costs and resources = growth >25%*

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One thing is certainly clear:

The pressure for radical change is growing enormously. If there is no change in the organizations in quality of thinking and acting, the leaders must bear the consequences in future: e.g. Companies will for the most part no longer sell completely finished products and services in the future. "Prosumption" (**pro**duction + con**sumption**) will become the driving force for a sustainable change, companies will realize an adequate and precisely timed solution together with the stakeholders (= Reverse Innovation).

Motivation and responsibility for innovations will then become a part of the identity of all the involved and networked parties (= Corporative Stakeholder Responsibility).

"There is nothing in the past which one should be allowed to long for.
There are only very little new things which were generated from extended elements of the past,
and the legitimate aspiration must always be productive – to create something New which is Better."

Johann Wolfgang von
Goethe German Poet 1749 - 1832

9 Conclusion

Leadership in the 21st century requires bringing about precisely timed, innovative changes and solutions – for the customers, the employees and the environment. **The following seven practice-tested factors of success could be decisive:**

1. To exhaust, document and optimize the knowledge and performance potential of employees + customers + competitors (= establishing a campus/pool of ideas for 360° knowledge + innovation);

2. To make a "professional" choice when it comes to select the "right" young professionals, employees and teams, to support and inspire them, to network them and make them successful (= executives are "real" role models, mentors and trainers);

3. To generate an honest, innovative corporate culture by setting examples and supporting the desired social behaviour – following an agreed upon canon of values (= Shared Ethical Values);

4. To open people for even difficult tasks, visions and changes by offering interactive communication or, respectively, information (= non-hierarchical dialogue + interdisciplinary project work);

5. To set a good example by showing discipline and strong will, to "understand" people as the most important source of ideas and knowledge, and remunerate them accordingly (= sustainable system of remuneration and development);

6. To be prepared to constantly learn from errors! Only those who realize and understand the effects and causes of processes, products and services, will be able to improve them at the right time and in an environmentally compatible way (= Anticipative Change / Innovation Management (12);

7. A mandatory implementation of a leadership certificate – by which the 360° THINKING and ACTING will be trained and the results of the APPLICATION thereof will be reflected and, if necessary, be changed (13).

Summary

A success can only be achieved if one understands precisely and in time what the customer / (life) partner really wants. In the 21st century, a good leader sees himself as anticipator, cultural promoter, role model and trainer of his team with which he is networked and has agreed upon rules and milestones, rigorously taking care that these rules and milestone are being observed. It is decisive for the success of the game that each individual will be supported according to the respective situation, will be trained and motivated, so as to realise the best ideas / solutions. The perfect teamwork must be correctly "read + evaluated" and must be trained over and over again, in order to maintain interpersonal skills + (mental + physical) fitness.

It is now the task of a good executive to create a (virtual) campus = training ground for knowledge and innovation, wherein specialists and executives – together – just like in (competitive) sports – become qualified for "feeling" what intelligent working <u>and</u> learning means. Thereby, the key knowledge of the team players becomes structured, is documented, improved and networked. Functioning as a "real" role model, the executive optimizes ethical values, cross-cultural thinking and the image of the organization – internally and externally.

In the future, the executive will be able to deal with **360° thinking and with learning from errors**, so as to ensure that a "real" anticipative culture of change, knowledge and innovation may be created. If each company is just imitating the other one, ideas and innovation will "drop out of the running". Innovative capability cannot be purchased, or only at a very high price, but by means of a networked project a lot can be learned from each other, even without giving away company secrets. In the future, people, enterprises and organizations will only distinguish themselves from others on the market – with resources almost remaining the same – by a high level of self-motivation, mental fitness and a faster learning, innovating and realising capability.

Supportive leadership is therefore indispensable when it comes to gain, maintain and/or increase a lead on competitors as far as competence and innovation are concerned. Supportive leadership is not a management technique but a mental attitude, based on anticipation, a holistic approach and team performance. Setting examples, trust and honesty are the keys for this purpose.

Literary References

1. Study by Professor Peter Jaeschke, University of Applied Sciences of St. Gallen / Swiss, "Projekte scheitern am mangelhaften Requirements Engineering Management. Chaotische Planung / Entwicklung verschlingen Milliarden" ("Projects fail on grounds of inadequate Requirements Engineering Management. Chaotic planning and development cause cost of billions…")

2. DIW: "Deutschland ist bei der Innovationsstärke international nur Mittelmaß. Gründe dafür sind u.a. mangelnde Risikobereitschaft der dt. Manager sowie Schwächen in der Aus- und Weiterbildung. Unternehmen, die erfolgreich Marktneuheiten einführen, sind auf ca. 10 % zurückgegangen." („When it comes to innovative power, Germany only occupies a mediocre place on an international level. The reasons, among others, are an unwillingness of German managers to take risks as well as weaknesses regarding vocational education and training. The number of enterprises which successfully introduce novelties on the market is down to approx. 10 per cent.")

3. According to a study by Professor Dr. Holger Rust, University of Hannover, the culture of a key data oriented formalism has failed. Executives show little willingness to learn, do not sufficiently encourage employees and are not open and cooperative enough.

4. According to a study by James M. Utterback, Massachusetts Institute of Technology / USA: "Mastering the Dynamics of Innovation": Companies either don't tackle radical new and environmentally friendly technologies at all and/or only tackle them half-heartedly.

5. Professor Dr. Horst Köhler: "In Deutschland dauert die Umsetzung von Ideen viel zu lange: 2/3 der Unternehmen benötigen für die Einführung einer technischen Innovation bis zu 3 Jahre; 20 % sogar > 5 Jahre!"
   („In Germany, it takes by far too long to put ideas into practice: it takes two thirds of enterprises up to 3 years to introduce a technical innovation; 20 per cent even need > 5 years!".)

6. Henry Mintzberg, Harvard Business Manager, 10/2004

7. Manfred Kets de Vries, Life and death in the executive fast line 1996

8. Stuart L. Hart & Robert E. Quinn, Roles Executive Play, Human Relations, Vol. 46, No. 5 1993

9. Hammer, M. and Champy, J., Business (Process) Reengineering, page 52, 1997

10. Study by Wunderer / Kuhn, University of St. Gallen / Switzerland 1993

11. Study by Korn/Ferry International, Los Angeles / USA 2000

12. Study Aberdeen 2010: "Delivering Project Profitability": Delayed change and innovation management results in more than forty per cent of projects not being terminated in time. Therefore, costs for research and development have increased by 60 per cent. Every fourth project exceeds the budget or, respectively, fails because of an inadequate requirement management.

13. Interview with Manfred Sacher, helicopter pilot, police squadron at Oberschleißheim / near Munich: "Pilots must be checked by a flight surgeon every year, each year a test program must be passed, each year I must carry out a total check flight, and so on."

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