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TOPIC No 7:

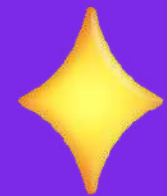# HRM and TEAM MANAGEMENT

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Agenda
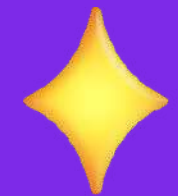
✦ **Need for HRM**

✦ **Choosing the team**
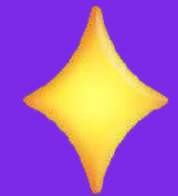
✦ **Hiring or outsourcing?**
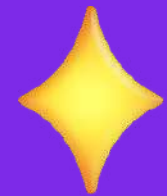
✦ **Motivate and retain employees**
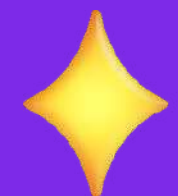
✦ **KEY HR processes**
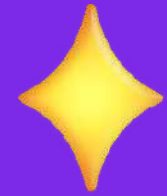
✦ **Manage the team**
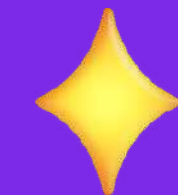
✦ **Building the culture**

✦ **Key points**

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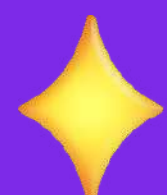
Why do we need to deal with people?

You have a great idea and believe the market will appreciate it. However, if you proceed alone or with the wrong team, there's a significant risk of failure.

Even the most renowned entrepreneurs required support from others to succeed. Success demands diverse roles, varied knowledge, and an understanding of different legal regulations. It's impossible to manage all of these aspects single-handedly.

As your business grows, your time becomes a limited resource, necessitating the help of others. However, to maximize their potential, proper team management is essential.
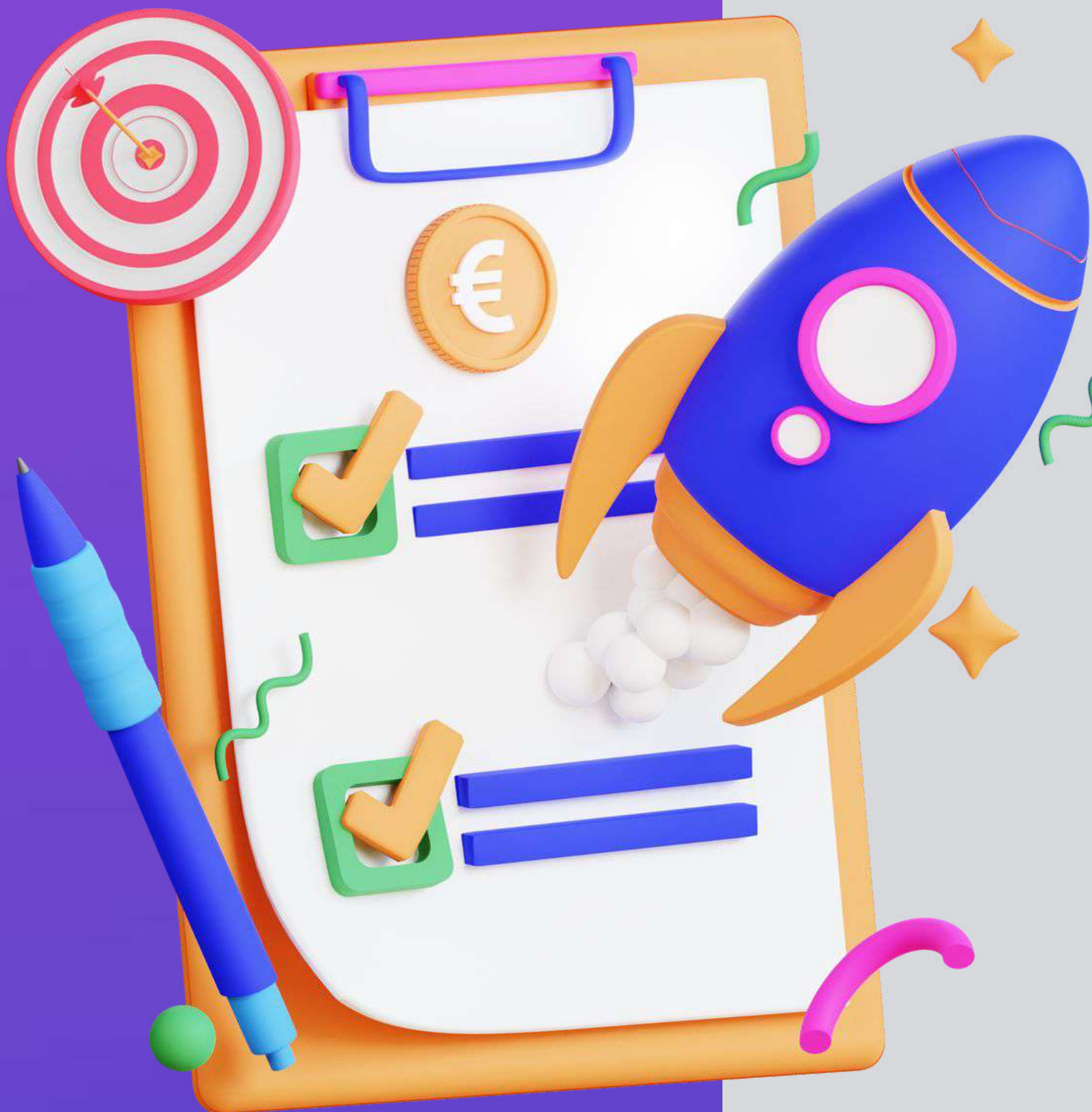
Can you name famous companies where there was more than one founder?

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WHAT ROLES DO I NEED TO COVER?

1. **CEO**. As the CEO, you are the person who decides on the vision, builds the company culture, and selects team members. At the beginning, you might need to be a jack of all trades: highly flexible and adaptable.

2. **COO**. This is your most important hire. This person is your Robin. They keep the business running and cover areas such as finance, people management, and business process.

3. Other crucial roles you need to consider very, very early on include a marketing/PR wizard, a product developer/manager, and a technology expert.

How far are you willing to step out of your comfort zone to make your company successful? Is there something crucial that you're reluctant to do? Consider finding people who can fill those roles.

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HIRE OR OUTSOURCE?

Regardless of whether you start with more or less capital, it's important to think about keeping fixed costs low. This means you'll likely need to outsource some roles at the start.

1. Create a list of activities that are absolutely essential for your company. Which activities contribute most to your value proposition? Which are your competitive advantage? If possible, hire people who can carry out these activities. This will ensure central competencies are kept in-house.

2. Consider which activities are necessary to keep your business running but aren't significantly different from what competitors offer. Which are needed only occasionally? Which are repetitive? Think about outsourcing these tasks.
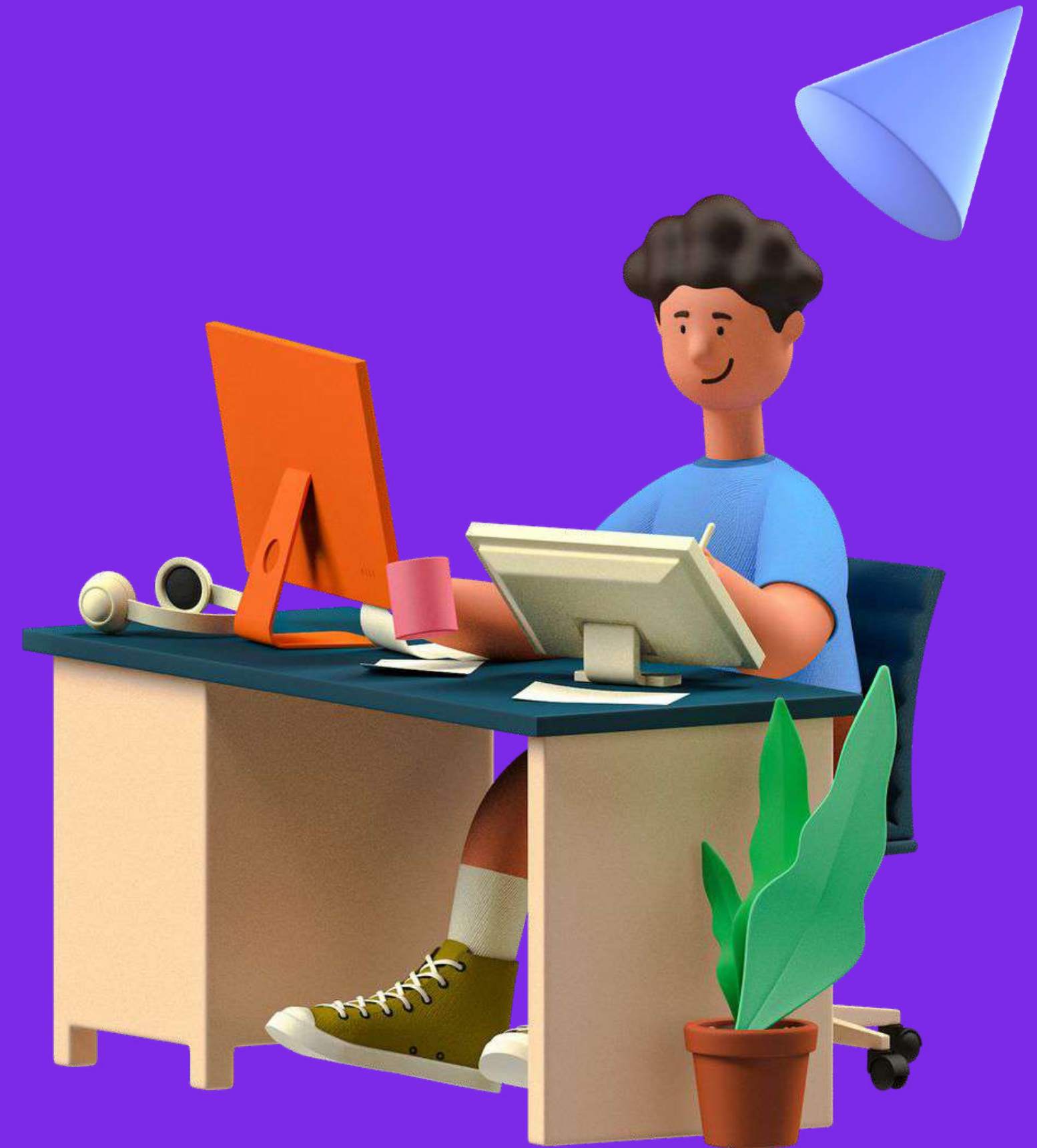
Continue the list of activities for which you must hire people:	Continue the list of activities for which you can outsource people:
Maintaining the high quality of the product. Access to the customers. Innovating the product.	Legal compliance. Accounting, payroll and taxes. Social media specialist.

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KEY HR PROCESSES

BUILDING THE CULTURE: The way an organization functions starts with its leader. Think about strategic goals and frame the culture by being the best version of yourself, and then lead by example.

CHOOSING THE TEAM: When you decide to hire, you need to attract and select the best talent available. Be demanding, as your first hires might someday lead key departments.

MOTIVATE AND RETAIN EMPLOYEES: Good workers are in high demand. Familiarize yourself with the employees' needs, expectations, and values. Address them in creative ways.

MANAGE the TEAM: A company needs policies, rules, and systems, as well as a personal touch. Don't forget on communication, conflict resolution, training, teamwork, and developing future leaders. There's plenty of work to do.

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1. BUILDING THE CULTURE

(COMPANY CULTURE: THE WAY WE DO THINGS HERE)

Hire people who fit your culture. You can change goals and tasks, but changing the culture is much more difficult. And do you know what is the most difficult to change? People!

Check what kind of culture potential hires and existing employees prefer. Try to adjust it closer to their preferences.

Regularly communicate your expectations. Be open, share interesting stories and praise employees who embody your culture.

Create rituals that are both pleasant and useful. If you want your team to be open-minded, organize monthly breakfasts with eccentric, creative, and unique individuals.

Entrepreneurship is typically dynamic, challenging, full of learning opportunities, experimental, and improvised. Your culture should reflect these characteristics.

What is the best version of your self? What does the employees prefer? What are the organization's strategic goals? Find the common theme of the answers and use it for culture building.

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2. CHOOSING THE TEAM

Competition for talented employees is currently one of the fiercest competitions in the job market.

You should provide a convincing answer to the question: **Why would someone enthusiastically want to work for me**? This message should be part of all your job advertisements.

The majority of initial hires occur within a close circle of friends. However, keep in mind that you need more than strong bonds. You choose people for complementary competencies, skills, and knowledge. Since we usually socialize with similar people, you will need to step into unknown territory when hiring.

There are many professionals who can assist you with this process. But since funds are usually limited, you will probably do it yourself. Creativity will help you enormously!

2. CHOOSING THE TEAM

When attracting new team members, make good use of social media. If you already have a vibrant community, it can be easier to generate interest.

There are many job advertisements, so ensure that yours stands out. Be innovative and make the ad attractive to job seekers.

Include information about:
o   Why your company is special.
o   Who the right person for the job is.
o   The official criteria you're looking for, such as education and experience.
o   The type of personality and mindset you are seeking.
o   The unique benefits you offer.

Looking for inspiration for a crazy job ad? Check out this ad from a Slovenian company (CEO is the main actor):
https://www.youtube.com/watch?v=x3R5Swe_Gg4

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2. CHOOSING THE TEAM

When choosing a candidate, don't think only about similarities, but also consider what competencies are still missing in your team.

Check the fit between the candidate and the company on three levels:

1. **Cultural fit:** Does the candidate align with your company culture? Do you share the same values? Is their work style compatible with what you're aiming to build?

2. **Task fit:** Does the candidate possess the key competencies, knowledge, and motivation to accomplish the advertised tasks? Can they perform their primary job responsibilities effectively?

3. **Long-term fit:** Is the candidate willing to grow and adapt to new demands? Do they have the potential to take on more demanding roles if needed?

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Leading the job interview

DO

- Create a relaxed atmosphere. This approach will yield more honest responses and enhance your brand's impression.
- Focus on the candidate's past experiences. Seek concrete examples from their previous jobs, projects, or academic pursuits. Look for patterns in how they approach their work. This will probably repeat when they work for you.
- Ask numerous follow-up questions. Encourage candidates to delve into their past and narrate their experiences as they happened. Authenticity will be apparent, akin to watching a movie when the candidate speaks.
- Prepare your main questions beforehand. While you can vary the order, it's essential to ask similar questions to different candidates for effective comparison.
- Plan the duration wisely. Allocate 40–60 minutes to familiarize yourself with each candidate. Include breaks between interviews.

DON'T

- Integrate good communication skills with competencies in other, unrelated areas, such as analytical skills.
- Avoid asking traditional questions (like favorite activities or personal weaknesses), as these often lead to rehearsed responses.
- Do not focus on too many topics. With a 40-minute timeframe, aim to cover 4–6 areas thoroughly, such as innovation, stress management, or programming skills.
- Never take statements at face value. If something seems too good to be true, ask follow-up questions and seek evidence of outstanding achievements.
- Avoid making hasty decisions. While first impressions and intuition can influence many decisions, research indicates they are not always reliable.
- Look beyond just technical expertise. Essential soft skills, such as teamwork, are also crucial. You will work closely with this person, so it's important to ensure a comfortable working relationship.

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Curious about more? https://www.thebalancemoney.com/behavioral-job-interview-questions-2059620

3. MOTIVATE AND RETAIN EMPLOYEES

Your best employees are always at risk of leaving. They might be headhunted by other organizations or decide to leave on their own once they gain sufficient confidence and knowledge.

While it's not crucial to retain all employees, it is essential to keep your key employees and top performers.

Are you concerned about not offering the highest salaries? People often choose to work for startups because of the culture, the opportunity to build something new, and the potential for greater rewards in the future.

If you've built a social enterprise, the primary motivator for employees is often the chance to realize the mission and improve society.

Staff turnover can be costly, so it's better to invest in your current staff's development and well-being. Keep an eye on their psychological well-being, as burnout is a significant threat in many startups

Think about the friends that worked for the young companies. Why did they leave? What did they miss at their work?

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3. MOTIVATE AND RETAIN EMPLOYEES

1. Employ individuals who share a passion for your goals and set them specific objectives to realize that passion.
2. Create a sense of ownership among employees by involving them in decision-making and putting their ideas into practice.
3. Empower employees to take initiative.
4. Celebrate successes and significant milestones.
5. Generate new entrepreneurial opportunities within the organization, such as spin-offs.
6. Offer the highest level of work-life balance. If your employees are stuck in traffic jams, consider offering a flexible work schedule or the option to work from home.
7. And most importantly, be human first, and a boss second.

No one is born a leader. Reflect on your strengths: what are they? Consider what areas you need to improve in. For a more objective perspective, seek feedback from people who know you well, or consider completing some self-assessment questionnaires.

Check other ideas: https://youtu.be/vfnnQyMw52I
https://www.businessinsider.com/15-ways-to-keep-your-startup-employees-motivated-2012-9

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3. MOTIVATE AND RETAIN EMPLOYEES

Startups often struggle to compete with larger organizations in terms of salaries. However, they can offer compelling alternatives:

1. **Stocks and Equity**: This can be a significant motivator. If the company is sold or becomes a public entity, employees receive a financial boost. If the company is successful, they can earn a share of the profits.

2. **Performance Bonuses**: By setting smart goals, employees can contribute to the company's profits through KPIs. When both the employee and the company reach milestones, sharing the rewards can be mutually beneficial.

3. **Key positions**. Initial employees understand that they will occupy key positions as the company grows. After some time, they are often compensated more generously than at the start.

4. **Discounts**: In times of high inflation, every discount counts. Startups can offer significant discounts on their products. Alternatively, they can collaborate with other startups to provide a network-wide discount scheme.

Entrepreneurs who previously held well-paying jobs must often adjust to lower earnings and longer working hours during the initial months or years of establishing their company. How do you perceive this trade-off?

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4. MANAGE THE TEAM

The biggest challenge in managing people is time. You won't have spare time for managing your team; you'll need to reallocate it from other tasks. By investing more time and energy, your employees will work better and more autonomously. And the bonus? In the future, you'll have more time because you can delegate tasks to others.

Effective communication is key. Clearly communicate your expectations and be transparent. Information travels quickly in the workplace, so ensure your staff hears important news directly from you. Honesty builds trust.

Encourage two-way communication. Engage in one-on-one conversations, listen more than you speak, and prioritize hiring people with high emotional intelligence (EQ) for leadership roles.

If you sense a conflict brewing, address it immediately. What starts as a misunderstanding can escalate into a conflict if left unresolved.

Do you think you are a good listener? You can check with the questionnaire:
https://file.lacounty.gov/SDSInter/probation/1106754_ActiveListeningQuiz.pdf

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Activities Description:

TEAM ROLES TALKING

Target Group: Core team of the young company or project team.

Activity Duration: 20 – 60 minutes (Depends on the number of questions and the depth of the discussion).

Goals: Get to know each team member and understand how their unique differences impact communication. Learn how to interact with diverse individuals in a respectful and effective manner.

Let's Practice!

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4. MANAGE THE TEAM

When you venture out on your own, one certainty is that you'll spend considerable time learning from the mistakes. Given the demanding nature of your role, consider engaging in leadership training or sharing insights with fellow leaders.

Many countries offer mentorship programs that can be highly beneficial if you're receptive. Your eagerness to learn will set a precedent for your employees. As a manager, you can further contribute by:

o Offering continuous feedback on behavior and results, not personality.
o Mentoring high-potential individuals.
o Supporting employees as they venture beyond their comfort zones.
o Investing effort in the onboarding process to foster a strong company culture.
o Recognizing areas where employees excel and empowering them to lead in those domains.

Consider Erasmus+ for job shadowing, soft skills training, and collaborative project work if funds are limited.

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4. MANAGE THE TEAM

Are you considering including key employees in the company's ownership? Before taking this final step, it's crucial to think about the exit strategy.

Employees should clearly understand what will happen to their ownership if they leave the company under various circumstances: the terms of ownership transfer, how the price will be calculated, and the payment conditions.

Why is this important? Companies can become paralyzed by internal disputes, leading to significant economic damage. Having a mutually agreed-upon solution in place benefits both parties, as it promotes stability and maintains focus on long-term objectives.

Let's imagine you've built a successful business and you want to quit. What would your exit strategy be? To whom would you transfer the company?

KEY POINTS

1. In today's complex market, team strength is key.

2. Hire for roles critical to your value proposition.

3. Manage expenses by outsourcing to keep fixed costs low.

4. Save money and improve efficiency with creative job posting strategies.

5. Choose team members for cultural fit and long-term potential.

6. Top performers are invaluable; keep them engaged and happy.

7. Prioritize being humane over being authoritative.

8. Focus on customers and employees first; other tasks can wait.

9. Listen more than you speak for better understanding.

10. Give honest, timely, behavior-focused feedback for impactful change.

ENT_YOUTH RESOURCES

✔ Guidelines of ENT_YOUTH

✔ SBPPO – ONLINE PLATFORM FOR YOUNG ENTREPRENEURS (https://ent-youth.eu/)

✔ NEW TOOLS for young entrepreneurs

✔ Mentoring and Coaching – guidance through ENT_YOUTH

✔ Extra materials and resources

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Any Question ?