



## WHAT ARE MANAGERS PAID FOR: RESULTS OR THEIR PRESENCE AT WORK?

Today I'm not talking primarily about top managers; no, I would prefer to address young managers with this article and share my opinion with them about results and success-orientation.

At the beginning of each labour relationship, a legal contract, which among other issues stipulates the scope of work and the number of working hours, has to be established –at least I'm not aware of any professional labour relationship without a legal contract in a modern business environment.

The number of working hours is given, for instance 40 per week. But what's with the scope of work? How precise is this agreement between the employee and the employer in most cases?

*Please take a moment and think about how this was defined in your case!* **Did your employer or future superior tell you what exactly he wanted you to achieve?** How many units were to be sold per month under your responsibility, how many projects were to be developed in a certain period of time, how exactly were you to improve the performance of specific processes, etc?

And did you as future manager of this company at the moment of signing your labour contract express your concerns about, for instance, far too ambitious sales targets, changing markets, lack of resources within your future team, etc? **I'm quite sure you didn't, or...?**

Yes, I agree that from a legal point of view it's necessary to establish a labour contract that is related to labour time – at least in our world. But reality in business is totally different!

To be honest, I as a superior would not care if the managers on my team spent 2 hours per day or 15 on their assignment, **because what counts at the end of the day is the result itself.** And in most cases, this is usually and unfortunately not precisely defined in the legal contract.

So, what we need is a fair or – as Professor Philip Stiles from the IEDC Bled School of Management says – a psychological contract. He says that such **a psychological contract is a set of unwritten expectations between an employee and employer.**

Let's go back to our example: the COO (chief operations officer) of a bank expects from his new manager and future head of operations division (let's call him the "young manager") to reorganize and centralize the bank's processes. He wants him to increase the performance of processing units and gain so-called quick wins, so that this would already be visible in the current year's cost-income ratio.

But did the young manager understand the same language? Wasn't it his definition of "reorganization" to improve the quality of core processes in the long term? Didn't he think about the implementation of a new IT core system, which would last at least three years?



This case is not fiction, it's actually true: our young manager worked very hard on his reorganization project, but the cost-income ratio in the first year became even worse because of his projects, and the quick wins failed to appear. And finally I heard both the COO and the young manager independently complaining about each other: **“...and I believed that it was considered in that way...”**

So, what to do?

1. This psychological contract has to be agreed to in a way that both the young manager and the employer express their expectations, written or unwritten, but fairly! Whenever I ask someone, for example, to take over a certain task or project, **I make sure that both of us expect the same results by simply saying: “...let's conclude...”**
2. The “contractual parties” have to establish a way of communication that enables both to check continuously whether they are still on the right path, which means within their set of expectations. As well, the young manager could inform his COO about the actual status of his reorganization project and the COO could immediately reply with “...and how is the development of our cost-income ratio?” And by the way: **please don't do this conversation via e-mail, but set aside some 15 minutes for a talk!**

But what can you do if situations have changed over time, so that the original expectations can not be fulfilled anymore?

Imagine that the young manager's wife gave birth, and his family is now on a much higher level of priority than his job – totally different than 3 years ago, when he was literally “dreaming” about his assignments, responsibilities and success stories.

Or on the other hand, if the shareholders initiated changes in the hierarchy structure, all the operations activities had to be outsourced into a separate company and the young manager got a new boss – with new ideas.

In that case I would recommend both the COO and the young manager to remember their psychological contract: they should go through their original expectations, mutual promises and conclusions. And they should find out what has changed and how to adjust to the new circumstances. This can be a change of the young manager's position, higher or (in connection with changed priorities in the first example) lower salary and so on.

And in case this isn't possible, due to their positions being too different, or whatever the reason may be, they have to screw up their courage by saying: **“OK, let's bring it to an end!”** ... but in a fair and professional way, without blaming each other.