

# THE TOP 5 PITFALLS OF MANAGING PEOPLE

There are five main pitfalls to how companies manage their people and these HR errors cost Australian business millions of dollars and a huge amount of wasted time each year.

BY RICHARD DUNKS

**H**ow firms handle these pitfalls is a good indicator of whether they will be dealing with HR issues such as lack of motivation, negative workplace culture and high staff turnover.

The biggest consequence of poor staff management is high staff turnover, which impacts on a business in so many ways. Australia's war for talent means the onus is on companies to create the right environment to retain good staff. So much of this responsibility comes down to managers. Remember, nine times out of 10, people leave managers, not companies.

Two years is now considered a long-term period by employees in a job market where staff turnover is at record levels. People feel they can be more mobile, so if they are not getting on with their manager in many cases it is easier to move to a new job than to tough it out. Crucially, it will cost one year's salary for each employee you lose so it's worthwhile finding out how to reduce this unnecessary cost and heartache. The following five pitfalls are the most common ones for managers, new and old.

## FAIL 1. IGNORE YOUR STAFF, SIT IN YOUR OFFICE AND ADMIRE THE VIEW

Management means you are meant to manage. This requires action. Uninspiring managers are seldom capable of motivating their staff to reach and strive for their brilliant best. If you don't know and understand your staff, you're missing out on achieving performance excellence.

The first thing you should do when taking over a management role is to make the time to talk to each of your staff privately, and develop a professional rapport. Identify the issues that are stopping your staff from doing their job well and reaching their full potential. If you have one, get your HR manager to organise a confidential staff survey to assist you work out the real business issues and address them.

Whether you have 15 staff or 1,500, work out a plan so that over a six-month period you speak to as many staff as possible.

## FAIL 2. TRY TO BE EVERYBODY'S BUDDY AS WELL AS THEIR BOSS

Understand the difference between being a friendly, polite professional manager and trying to be a 'friend' to your staff. Being both at the same time is a near impossible feat. Trying to be a boss and a friend to your staff will only cause you problems.

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Be friendly and approachable but understand that being a friend is a behavior that may compromise your ability to lead your team; at the very least it will not allow you to be objective about decision-making.

Be clear, professional, inspiring and motivational. Give meaningful and positive feedback. These qualities will assist you gain the nirvana of management: respect.

If you inspire people and have their respect, you'll actually have people in the workplace who are excited to be there.

Just think about how your business would perform if people were excited about giving you 110 percent effort.

## FAIL 3. TREAT THEM MEAN

Nobody enjoys being harassed, sworn at, intimidated, humiliated in front of the team or having their ideas stolen (without recognition) by the boss.

I've interviewed thousands of people over the years and staff always remember how the boss has treated them. If treated poorly, they will leave at the first opportunity. Recently, a

candidate told me she had been sexually harassed by an external client of her firm and was told to "toughen up" by her boss. As soon as she had the opportunity, she left that company for an employer who showed a more professional approach. If you are after respect, being rude is the surest way to blow it in a second.

## FAIL 4. IGNORE THE ELEPHANT IN THE ROOM

Bullying is not acceptable in any circumstance. If a team member is being harassed by someone in the company, the chances are people will know about this. They will be waiting for you – yes you – as manager, to do something about it. This is where a good HR manager can professionally address what can be very complex and delicate issues that have potential legal ramifications. So do ask for expert help and take action.

## FAIL 5. PUT YOUR MOUTH INTO GEAR BEFORE YOUR BRAIN

Strategically think through your plans to understand the repercussions and business benefits of change. Consult, gather information and execute your business changes professionally.

We've all seen examples of the disorganised manager who makes a decision then changes his or her mind, with a major impact on staff, their job roles and working life. **DB**

—Richard Dunks is managing director of Vantage Human Capital, a specialist executive search and human resources consulting firm

## CASE STUDY

### POSITIVE STEPS TO AVOIDING PEOPLE MANAGEMENT PITFALLS

Companies who do the right thing and address staff unhappiness with management will reap the rewards. A recent client of Vantage Human Capital was a highly successful technology group enjoying a \$20 million turnover and profit margins of 45 percent. The business has blue chip clients and employs 40 people on multiple sites.

It enjoyed high growth and staff stability in its first 10 years. However, management noticed things were starting to go wrong. They asked Vantage to help them deal with key issues such as:

- High staff turnover of 34 percent in 12 months
- 33 percent decline in productivity
- 29 percent drop in earnings.

#### Find out about company culture

The first thing Vantage did was a full HR strategic review including a confidential online employee survey. This provided an unbiased, true picture of the firm.

Survey results were an eye opener for management. Staff were highly critical of key areas including communication, remuneration, lack of feedback and poor personal growth opportunities. Results clearly showed a deteriorating relationship between management and staff.

Staff responded to this by leaving the company in droves, causing a significant loss of knowledge and key customer and supplier relationships, which led to the decline in productivity and earnings. Management failed to make the connection between their poor people management and their faltering business results.

#### Act on key concerns

Failure to act on these survey findings would have increased the likelihood of further staff resignations, unrealised projects, loss of clients, diminishing earnings and irreparable damage to reputation. Vantage's key focus was to help the client develop an effective leadership and management style based on clear communication, empathy and appreciation of staff.

Managers underwent personality profiling to identify strengths and weaknesses. They then worked one-on-one with managers to develop and improve key skills. A review system measured and monitored the evolution of change.

A clear and compliant HR plan was developed and implemented, with new training programs, remuneration and bonus structures which were crucial in increasing staff engagement and retention.

#### Results

Over a six-month period, these actions resulted in an 85 percent reduction in staff turnover. A survey taken after six months showed a 95 percent increase in employee satisfaction with management's communication strategy. Importantly for the business, productivity increased by 35 percent and earnings by 15 percent on the previous year.

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