

Management is the Key in Central and Eastern Europe

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In this article we would like to draw attention to the importance of managers in a region where markets are still growing and evolving and the business approach remains entrepreneurial for most firms.

The fast growth in CEE helped many local entrepreneurs to create well-established businesses through successfully exploiting niches in the local market or by representing international firms entering the region at an early stage. These professionals have obtained solid expertise in gaining market share (as opposed to squeezing margins), however, while driving their businesses forward, they had little time to gain experience with the type of business management that requires extensive fine-tuning of internal procedures and optimisation of the business processes, as well as developing the executives needed to implement the above.

More focused on the business development and expansion side of the company, decision-makers tend to overlook the internal development of the organisation (including identifying and retaining talent) and leave management responsibilities to managers who are not necessarily equipped to handle such responsibility. Moreover, despite giving their management teams various executive titles, most decision-makers still resolve business issues and make decisions on their own. They still have reservations about sharing control with their senior management who are often considered trusted executors rather than equal business partners. In the present market conditions, however, it is important to understand that a strong management team is the glue that keeps corporate ship together and that these managers are vital for the future success of the firm for the following reasons:

- Managers are the ones implementing most major strategic plans, and their leadership skills and flexibility shape and adapt these plans to the constantly changing environment.
- An efficient management team is capable of producing excellent operational results, which eliminates the need for the decision-maker/owner to oversee and get involved directly in day-to-day operations.

- Good managers ensure that internal procedures and communication are implemented and used by the decision-maker or owner for decision-making and for improving the performance of the organisation.
- But, more importantly, excellent managers identify, grow and retain talents.

The decision-maker or owner and the senior manager (1st or 2nd line manager) have different skill sets, different styles, different interests, however one cannot do without the other in a tough and competitive business environment, where talents and talent development, corporate image and corporate structure, as well as retention tools are key words in growing and maintaining a successful, long-term competitive business practice. In such environment, in order to have a successful sustainable company, decision-makers need to learn to create a team and succeed in attracting and retaining the best management talent.

The markets in CEE are becoming more mature and decision-makers are realising that in order to survive they need to stabilise and structure their organisation and recruit or develop an adequate management team. The most common mistake that we encounter in this process is the fact that many decision makers are trying to find 'cheap management' or are promoting and maintaining the wrong managers.

Who are the typical managers in Central and Eastern Europe today? Without generalising, we can roughly group the typical managers into the following two categories:

1. Smart individual performers. They are often the aggressive sales people who bring in 'the cash' and are considered to be able to steer the company to its financial targets. The owners of the company are afraid to lose them to competition and promotion seems to be the easiest or only immediate solution.

The issue here is that even if these people are really good at what they do, it does not mean they are capable managers and the problem is that a substantial number of qualified people and talents leave the firm because of poor management.

2. "Old" style managers. Over the years these managers have accumulated strong knowledge and experience and they get the job done, however they lack aggressiveness and creativity. The result is again that qualified people eventually leave because of frustrations.

Decision-makers or owners need to realise that the above-mentioned managers, even though they can be great at what they do, might not possess the skills necessary to make good managers. For the benefit of the company such people should not be promoted, or if so, guidance and training should be invested in these professionals while implementing best business and HR practices.

Alternative solution would be to recruit proper managers that can motivate people and create an environment suitable for them to excel. Apart from understanding how the business runs, managers need to be able to bring about necessary changes and initiatives to implement the company's strategy.

To make the point more clear, most decision-makers or owners need to realise that the difference between an average and excellent management could make the difference between an average or excellent performance and therefore between success and failure of a company. As the corporate environment in the CEE region becomes more competitive, the entrepreneurial firms must adapt to modern business practices and thus retain best management support.

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