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Automotive Industry

Creation and Development of Management System in Small Start Up Company in Post Communist Countries to Support Its Long Term Strategy

A Master's Thesis submitted for the degree of
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supervised by

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Title:

Creation and Development of Management System in Small Start Up Company in Post Communist Countries to Support Its Long Term Strategy

Subtitle:

Development of Management System in GPI Slovensko in Line with 10-10-10 Strategy

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Abstract

Scope of my master thesis is aimed at very practical managerial mission- creation and development of company management system in small start up company in automotive industry. The main idea originates in the necessity to have company management system that is nowadays in era of very intense, hyper competition a distinctive competitive advantage. Management system has to be base for the long term development and success of the company. My thesis are dealing with company management system in very specific environment of post communist countries, strongly analyzing and focusing on the cultural heritage that has tremendous impact on the management system.

As a theoretical base for my managerial mission I studied and analyzed company management systems of Toyota Corporation, Bata Company and ZIPF model of professor Milan Zelený. My focus is on the most valuable part of the company management system on the people. I am dealing with the specific necessities of building professional relationships, feedback, coaching, delegation and effective communication, which are the cornerstones in developing people and consequently company management system especially in start up company.

For the practical part of my thesis I am analyzing and subsequently reasoning importance of understanding cultural heritage of country where the company is being developed. My experience is linked to 5 years of developing company GPI in Slovakia. Cultural heritage that is being inherited through people is a powerful weapon. The role of organization and leaders is to understand how to utilize positive aspects of cultural background on one side and how to eliminate negative aspects of culture. The ultimate goal is to have a management system that is reflecting changing environment, management system that is able to develop and innovate in order to support long term company existence.

Key words: management system, people, knowledge transfer, company culture, process, post communist countries, start- up business, feedback, coaching, delegation, company strategy.

Table of content:

1. Definition of problem, objectives of thesis, methodical approach

There are many companies proudly presenting their certificates from renowned certification bodies declaring that their quality management system, system of environmental management or management of occupant health and safety was successfully implemented in their companies. In majority of the cases color of the paper of certificates, being grey or even yellow reflects how management system in company is used. It is rigid and not being evolved.

From my experience, seeing the companies certified their management systems according to international standards like ISO 9001:2008, ISO/ TS 16949:2009, ISO 14 001:2008, OHSAS 18001:2007 is not a guarantee that company uses to full extend the principles of process management or that company is striving to reach excellence in aiming to implement total quality management. Very often companies only comply with the minimal requirements of the international standards that are nowadays mandatory as a first pre-requirement to be considered as partner in industry, especially in automotive industry. Thus, there is a certificate usually in the hallway of the company, but quality management system or total quality management is not used as a manager tool at all levels. This I see as a missed opportunity for any company aiming to continually increase its productivity, overall performance and being long term competitive on the market.

Practically there are many papers that indicates that some principles of process management are used but when looking more into the details system is not being developed, in fact it is rigid and reflects the initial state of complying with minimal requirements of international standards in order to obtain certificate.

What is even worse is the fact that many enterprises are experiencing problems with regard to satisfying needs of their clients and are not able to react to quickly changing environment. Recent global financial and economical crisis clearly showed how effective, reactive and adoptive company management systems are. Some companies do not exist any longer, others had been bought over, but there are also

companies, which could benefit for the sudden change of the environment, got even stronger and healthier.

Some companies have been striving to survive by everyday's ineffective firefighting and lost the site of their vision, mission and goals. Those companies got lost in the micromanagement of their existence problems and unfortunately didn't find the way out from crisis. As there are those who lost, there are also the winners. Companies, which understood the crisis as a chance to further develop and be better prepared for any future downturns of any kind. Managers and leaders, who were able to innovate their management systems, are taking the full credit for being successful. Of course they are willing to share their best practices, their ideas, which might be for the others inspiring, but at the same time do not guarantee the replication of their success stories.

Majority of the businesses nowadays has to deal with following challenges:

- Reactivity and adaptability to constantly changing circumstances and increased demands of clients
- Internal and external communication
- People, their motivation, development, competences and loyalty
- Having right people at right places- e.g. balanced teams
- Transforming vision and mission into the actions that reach objectives
- Building company culture, that is attractive for people
- Constantly strive to fine tune the management system

In my master thesis I am analyzing on the base of 5 year history of start up company in automotive industry its evolution and development. My objective is to provide the recommendations for the creation and implementation of own management system in small start up company, which is supporting its long term strategy.

My ultimate objective is not to give firm advices for how to run company successfully, rather it is some guideline how to proceed with creation and effective

implementation of management system in the geographical region post communist countries of central and eastern Europe.

If there is anybody saying, that he can manage your company, then most probably, he didn't understand your question. Wrong implementation of many management theories and best practices can seriously damage the health of any company. [1]

Objectives of my master thesis are following:

a) Through study of available literature on company management systems identify critical aspects of building and developing own management system.

b) Identify and implement own management system in start-up company GPI Slovensko in its specific cultural environment of Slovak republic as a post-communist country in line with defined growth strategy.

Methodical approach:

a) As a theoretical part I did analysis of available literature on company management systems (Bata Management System, The Toyota Way, ZIPF development model).

b) Analysis and utilization of best practices of development management systems of start ups within GPI Group in different countries (GPI in Mexico, GPI in Spain). Source of information is my mentor Mr. Declan Jones, who is director for all manufacturing plants of GPI outside France.

c) Analysis of my 5 year practical experience in development of management system at GPI Slovensko from the stage of establishing company up to today is the most valuable and practical approach. This can be characterized as learning exercise by making decisions and doing mistakes as well.

d) Analysis of today's cultural environment and cultural heritage of Slovakia with regard to development of company management system.

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[1] Prumyslové inženýrství, 2/2010: Prof. Ing. Jan Košturiak, PhD: Najlepšie praktiky niekedy škodia.

2. Description of post communist countries

Post communist countries are countries located in Central and Eastern Europe that were until 1989 isolated from Western Europe. Those countries were under the strong influence and supervision of former Soviet Union (USSR). My personal professional and living experience is from former Czechoslovakia, which was in 1993 split into two independent counties Slovakia and Czech Republic. I have also experience from Poland and Hungary. For that reason my analysis and discussions are derived from experience with four post communist countries: Slovakia, Czech Republic, Poland and Hungary. After 1989 when communist regime was put down, national economies started to transform from central planned economy into market economy. New markets and new business opportunities were opened for foreign investors from Western Europe, USA and rest of the world in general.

Nowadays, there are many businesses in those post communist countries from Western Europe and United states. One thing is pretty much in common for all of them: In order to be successful in new country, new environment and culture, those companies have to find the way of doing business in particular culture. In other words people that posses certain culture have to be taken into the consideration firstly. Consequently all the processes, procedures, company culture must be created with synergy of the existing culture, not to go against it, but rather utilize positive aspects and put down negative elements of cultural heritage.

Post communist countries were outside of modern management processes and 20 years ago worked on central planning economy with very minor share of privately owned companies. Thus new, modern management techniques and management systems are in past two decades trying to be implemented in very specific environment, which has a strong heritage of people's mind set formed by previous regime.

Milan Zelený is contemplating about Central and Eastern Europe management system in his book *Hledání vlastní cesty. Absence of own fundamentals, absence of own school, or system of thinking represents a significant handicap to Europe.*

Continuation of former, strong managerial and organizational habits was disconnected by World War II and by long term of reconstruction. In Central and Eastern Europe the new era of communist ideology in managerial and entrepreneurial thinking was imposed. After putting down the communism in 1989, the disorientation in managerial thinking was evident[2].

How to successfully create and develop own management system, how to build a modern company in post communist Slovakia is the main objective of my master thesis.

3. History of GPI in Slovakia and definition of its strategy 10-10-10

Introduction and history overview of GPI Slovensko

To understand the start up face and specific environment of the company, let me start with brief history overview of my company GPI Slovensko. It was 5 years ago when French company GPI Groupe Gergonne headquartered in Oyonnax started its first activities in Central Europe in Slovakia. The objective of the company was through local manufacture or through the sales activities geographically expand on the markets of Central and Eastern Europe. In August 2005 I started to work as a first Slovak team member on the project called GPI Slovakia. I went through the stages of setting up the company in Slovakia, hiring first employees and mainly doing market research on the Slovak and Czech market. After six month spent visiting clients, where the idea of selling components to TIER 1 and TIER 2 suppliers in automotive firms seemed to be not an easy- actually the experience ensured us in the trend that if company wants to succeed it has to be close with production facility to the markets that are growing. Thus the decision of transforming the sales office into the manufacturing facility was done.

In March 2006 machines were installed in the hall in the industrial zone of Liptovský Mikuláš in north part of Slovakia. First projects were granted to "new kid on the scene". First customers like OLHO in Czech republic and Služba VD in Slovakia

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[2] Milan Zelený (2010): Hledání vlastní cesty

exposed small team of at that time less the 10 people to the requirements of the much bigger companies in automotive sector.

Current state of the company

From that point onwards GPI was constantly growing and along the way reached many remarkable milestones. In less the one year company was successfully certified for its quality management system according to ISO/ TS 16949. Later on the implementation of environmental management system according to ISO 14001 was accomplished. In the second half of 2010 company was successfully certified for management system for occupant health and safety according to OHSAS 18001. Starting with one person in production we have grown to a two shift production with at the moment 40 employees. Large multinational corporations in automotive sector that did not cooperate with our parent company were brought in. Examples of our clients like Automotive lighting, NIEF Plastics, Bourbon Fabi, Hella, IAC Group, TRW ensures me that we have obtained confidence of big companies in relatively short time.

GPI Slovensko is at the moment according to the feedback collected from our clients perceived as a reliable partner on Slovak, Czech and Polish market for technical solutions for die cutting components from technical foams and rubbers where adhesive is an important characteristic. GPI is supplying TIER 1 and TIER 2 companies with various types of components in applications like adhesive rubber gaskets for rare signal lights and third break lights, foam adhesive gaskets and seals in HVAC modules, small self-adhesive interior trim parts, distance and spacer parts in dashboards and many others.

Future vision and position on the market

Now I would like to introduce my vision of the company in 2015. Taking into the consideration my five years experience, both success stories and difficulties, where

from the basic idea was build a real company being supplied in automotive industry my vision is I believe ambitious but realistic as well.

Year 2015 will be tenth year of the existence of the company and is five years from now.

I personally see as a biggest challenge company being shifted from supplier to TIER 1 and TIER 2 companies *to being a direct (TIER 1) supplier for the OEMs located in the region*. Despite the fact that majority of our components are and still will be assembled by TIER 1 and TIE 2 companies, it is the question of prestige and opportunity to apply top down approach when looking for new business ultimately associated with particular OEM. When good relationship is established with OEM departments like R&D, engineering, quality, purchasing, ect.; it provides excellent opportunity to be promoted or assigned by OEM to TIER 1 and TIER 2 suppliers for the new projects, where most of our business is located. Ambition of GPI is to supply to KIA, Hyundai, PSA, Volkswagen, Skoda and FIAT and to have detailed knowledge of the projects running for these OEMs lower in the supply chain and participate in the projects.

With regard to TIER 1 and TIER 2 supplier base there is at the moment one handicap. Despite GPI as a new company was able to take over many projects where our competitors have failed in quality, logistics or simply couldn't manage changes during the projects, there is apparently difficulty to get the new projects. Those new projects are still being nominated for many reasons in headquarters located in Western Europe to our competitors. Thus a must objective for GPI is to *be a preferred supplier with all our clients for our type of components and moreover to be actively involved in development process with our TIER 1 and TIER 2 partners.*

Continuing growing GPI *will have to move from the current premises to new production hall* within the industrial zone of Liptovský Mikuláš. This will become reality within next 2 year mandatory. There is a land already purchased where new factory will be built. By 2015 production in three shifts on 7000 m2 of new plant will

be organized. This significant growth is associated with 150 employees working for GPI and with penetration of new markets.

At the moment our strongest market is Slovakia from the view of sales. However *within next six years I believe that Poland will become our biggest export market*. For that reason one or *two distribution platforms will be set up to better serve our clients mainly in automotive sector*. One platform could be located in south of Poland in Gliwice, Bielsko- Biala area, the other in central Poland. Platforms will allow us to consolidate logistic flows from Slovakia to Poland and lower freight cost that are at the moment significant part of the final price for small in value, but big in volume foam components.

As it took four years to develop business on three markets, I believe that within next six years GPI *will be developing activities in new emerging countries*. I hope that we will keep the pace with big multinational companies that are already now looking at East. Countries like Ukraine and Russia are where we have an indication of new business with current clients.

When speaking about new markets I believe that potential of our southern neighbors-Hungary, Romania and Bulgaria will be explored and utilized.

At the end I would like to summarize my vision of company in the year 2015. First of all I want to see GPI Slovensko as a *healthy company*, which is offering *stability for its employees*. I want to see the company that has paid all the debts to parent company and is *able to finance its further development activities on the new markets* I was mentioning. Company located in Liptovský Mikuláš is to be recognized in the region as a *desired employer* and being known as a company *offering extraordinary growth opportunities for talented and dedicated employees*.

With regard to market, I hope that diversification in the ratio three times 33% for automotive industry, other industries (home appliances, electronics, ect.) and industry for converted adhesives will balance company sales and will be *much better prepared for any future downturns of the global economy.*

When speaking about automotive industry it is obvious that big companies, that GPI is supplying to, prefer cooperation with companies being presented globally as well. For that reason emphasis on our global presence- e.g. France, Spain, Mexico, USA, Slovakia, and Poland has to be stressed. *Furthermore coordination of the projects in different countries for the same company seems to be competitive advantage* for clients like TRW.

Development of new applications in automotive industry where customized double sided pressure sensitive adhesives are being used with various materials will ensure competitive advantage of GPI and together with professional services hopefully long lasting profitable relationship with all partners in automotive sector.

Definition of company strategy for term 2010- 2015 „10-10-10 STRATEGY"

10 YEARS
10 M SALES
10 % PROFIT

Chart number 1, Process approach in 10-10-10 strategy[3]

Annual sales of 10M EUR means:

- More staff
- Reproducing and transferring knowledge
- Larger factory
- Total Quality Management

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[3] Source: Internal strategy document GPI Slovensko s.r.o.

- Development and innovation of own management system
- Increase sales by 50% year on year (2010 – 2M   2011 – 3M   2012 – 4.5M   2013 – 6.5M   2014 – 10M)
- Management by objectives
- Processes Piloting to achieve results
- Total Quality Management
- P.D.C.A. fully implemented
- Personnel development

Not just the "best we can" but simply be the "best"

How GPI progressed and how intends to progress further in QMS:

Step 1	The Best We Can
Step 2	Quality Controlled
Step 3	Quality Assured
Step 4	Continuous Improvement
Step 5	Total Quality Management/ Developing own Management System

Chart number 2, How GPI Slovensko progressed with quality management system[4]

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[4] Source: Internal strategy document GPI Slovensko s.r.o.

4. Different ways for striving for excellence in company (theoretical part)

4.1. The Toyota Way

When analyzing different approaches to company management systems I feel obliged to start with the one that was in the entire history of automotive industry discussed to most. Japanese Toyota production system is famous all over the world, was studied by large number of individuals and companies for its uniqueness and ability to be different from other company management system of word auto-makers. In this chapter I will not exhaustingly describe the Toyota production system; rather I will try to give an overview on the entire company management system of Toyota Company known as "The Toyota Way". My information is based on the studying of available literature mostly from Jeffrey K. Liker: The Toyota Way: 14 Management Principles from the World's Greatest Manufacturer and from James P. Womack, Daniel T. Jones and Daniel Roos: The Machine That Changed the World.

Let me start with the citation of Fuji Cho, president of Toyota who has written in the Toyota Way document in 2001 following: "*Since Toyota's founding we have adhered to the core principle of contributing to society through the practice of manufacturing high quality products and services. Our business practices and activities based on this core principle created values, beliefs and business methods that over the years have become a source of competitive advantage. These are the managerial values and business methods that are known as the Toyota Way.*"

What is in fact Toyota Production System, The Toyota Way? What is behind the success of Toyota Corporation? There are elements that can be and of course were described (Elements of Toyota Production System) in the books mentioned above, but there are dimensions that are not visible. ***Invisible elements are attributed to people, leadership, company culture and philosophy, knowledge creation and transfer and to the development of human potential as such.***

It is easier and logical to start with the description and analysis of the tangible elements of the Toyota Way. The most known visualization of the Toyota's principles is organization into four broad categories- 4 P': Long Term **Philosophy**,

The Right **Process** Will Produce the Right Results, Add Value to the Organization by Developing Your **People and Partners** and Continuously Solving Root **Problems** Drives Organizational Learning. The hierarchy is illustrated in chart number 3 below.
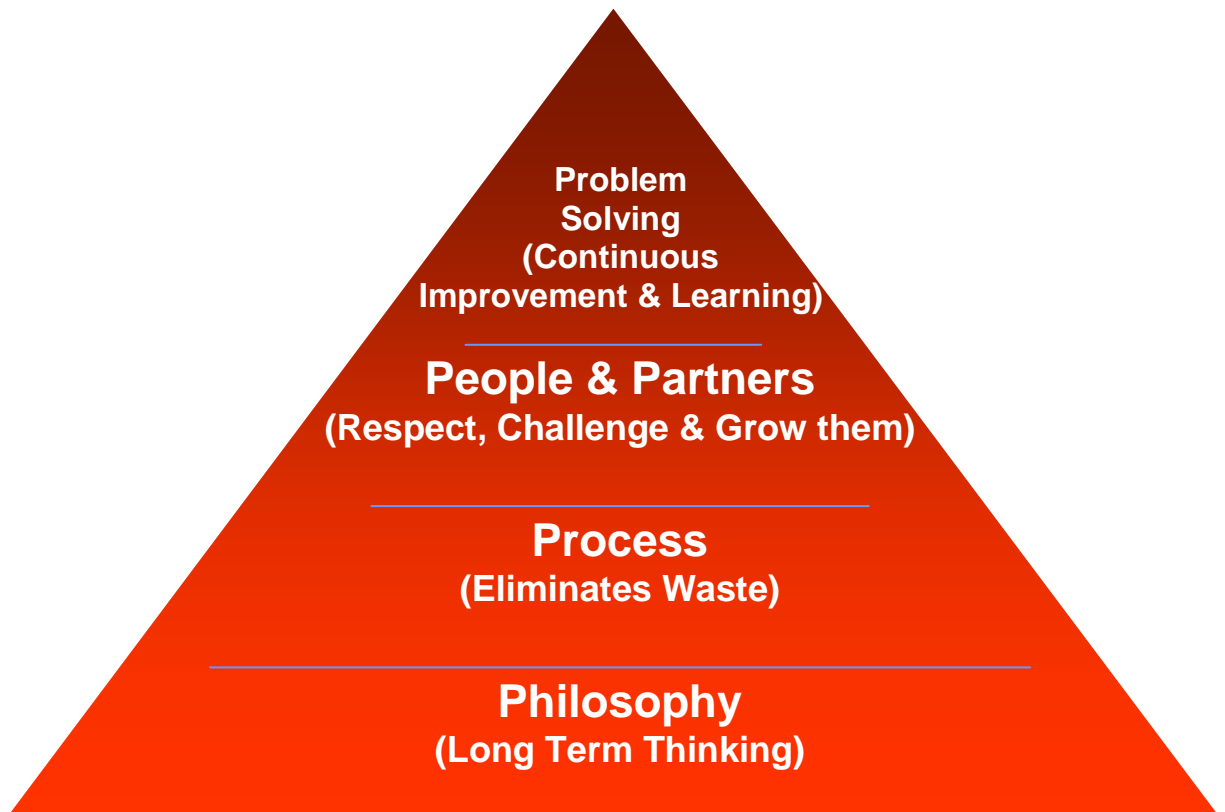

Problem Solving (Continuous Improvement & Learning)

People & Partners (Respect, Challenge & Grow them)

Process (Eliminates Waste)

Philosophy (Long Term Thinking)

Chart number 3: 4 P's Model of The Toyota Way[5]

Long-term philosophy is answering the very fundamental question: "Why do we exist?"

Toyota's mission is as follows:

- Serve Society and Customers through exceptional quality automobiles
- Contribute to the economic growth of the country and community in which it is located (external stakeholders)
- Contribute to the stability and well being of team members (internal stakeholders)
- Contribute to the overall growth of Toyota

[5] Source: Liker Jeffrey K. (2009): Toyota Way Leadership Conference- presentations from conference

It is philosophical foundation for all the other principles. Long term thinking is superseding any short term driven activities. In other words short term financial goals are not as important as a long term mission of company.

Bill Fromm in his book The 10 commandments of Business and How to Break Them is analyzing and distinguishing between short term financial health and long term strategic health of company. If the profitability (profit) is to the only one objective of the company, there is essentially fundamental problem in this approach. For the sake of short term financial results, the strategic long term health of company is sacrificed. Increasing of profitability can indicate, that company is looking at this particular moment financial healthy. However the company can seem to be financially healthy today, but for future be very weak from strategic point of view. In modern era of companies, there is one mistake (trend) often being repeated. As the companies have its debts, they tend to prioritize financial health so that they are allowed to take on more debts in the future, rather then focus on the strategic health that should reduce overall indebtedness of the company in long term.

The focus of the long term thinking is to add value to the customer and society as well. Toyota is creating so called "*learning enterprise*", e.g. highly flexible and adoptive company. Very basic feature of company learning process is its long term orientation. Learning and transfer of knowledge doesn't happen over night. Long term philosophy in fact forces to do well analyzed, strategic decisions and investments.

Robert B. Mc.Curry, former executive Vice President of Toyota Motor Sales said: "*The most important factors for success are patience, a focus on long term rather then short term result, reinvestment in people, product and plant, and an unforgiving commitment to quality*" Patience is thus implicitly defining the long term perspective.

The Right Process Will Produce the Right Results is second category answering the very fundamental question: "How do we add value?" The incredible results of Toyota are reflecting incredible consistency of company's **operational excellence**.

Toyota focuses on processes in each of its activities. Processes and their constant improvement (Kaizen philosophy) is the base for operational excellence. Toyota people are deeply convinced that the right process will produce results they desire. All the processes strive to eliminate waste; the factory is called "lean", production is called "lean production". This is how the operational excellence is being defined by people from outside.

Waste elimination was defined as non value adding waste in business or manufacturing processes. There are eight types of waste:

1. Overproduction
2. Waiting (time on hand)
3. Unnecessary transport or conveyance
4. Over-processing or incorrect processing
5. Excess inventory
6. Unnecessary movement
7. Defects
8. Unused employee creativity

As can be seen from chart number 4, there are a lot of non adding value activities in the entire production process. Value adding activities represent only a small fraction of total lead time. Paradoxically, traditional costs saving activities are focused on value adding items, which are easier to recognize. On the other side lean thinking aims to eliminate what is not necessary, e.g. non value adding activities.
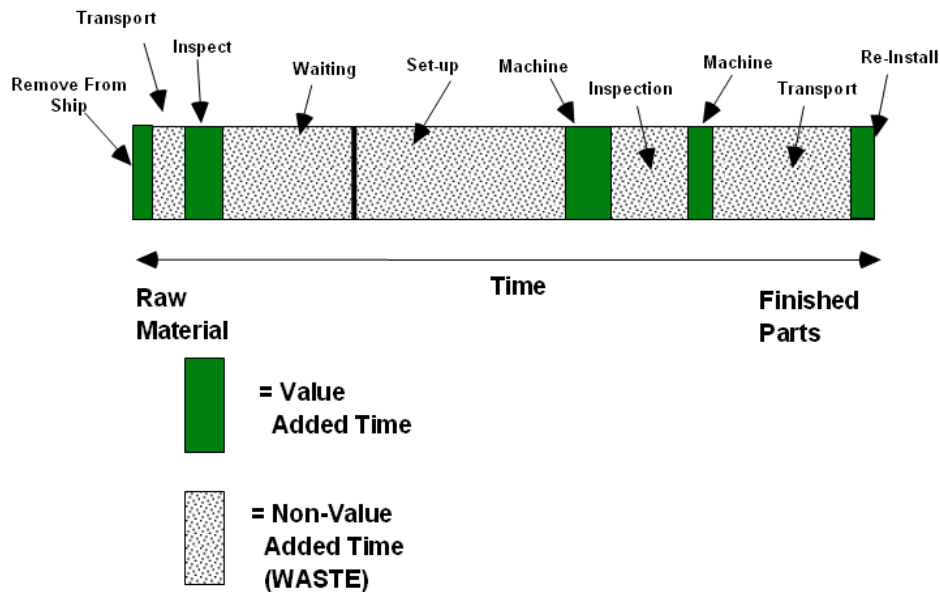
Chart number 4, Non-adding value activities in product lead time.[6]

Waste reduction is to be applied to all the company processes. Taiichi Ohno was very well aware that shortening lead time from raw material to finished products and from the receipt of the information from client to delivering the car is essential. Waste elimination is the way to achieve it. Taiichi Ohno said: "*All we are doing is looking at the time line from the moment the customer gives us an order to the point when we collect the cash. And we are reducing that time line by removing the non-value-added wastes*." On the chart number 5, there is graphically illustrated the whole idea how elimination of waste in lean production company reduces the lead time.

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[6] Source: Liker Jeffrey K. (2009): Toyota Way Leadership Conference- presentations from conference
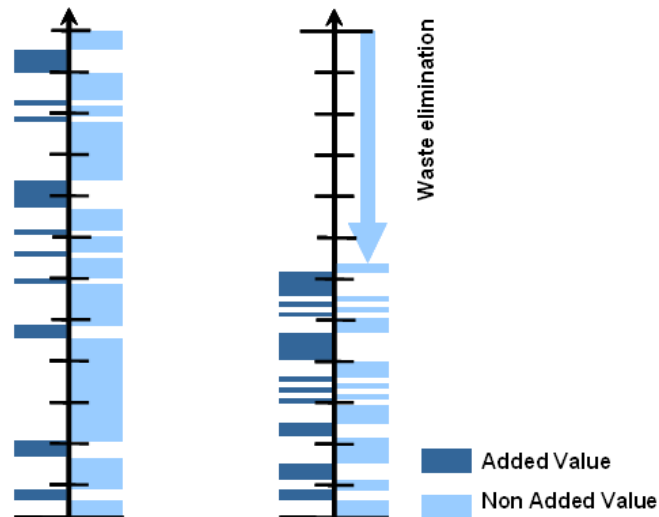
Chart number 5, Elimination of non-added-value waste reducing the lead time.[7]

Many of process oriented activities are explained by the Toyota Production System house diagram (See chart number 6 below). Toyota uses the principle of house to emphasize that all its elements are to be linked correctly, balanced and to emphasize the structure. The house as a unit is only as strong as strong are its foundations, pillars and roof. The system is only as strong as its weakest part. This common truth is essential for understanding the balance of system elements.

At the very top of the house, there is a roof. In TPS it represents company goals- best quality, lowest cost and shortest lead time. This is very much in common with other companies. However Toyota adds best safety and high morale. Safety is being integrated into all company processes and moral reflects development of people and their loyalty to company. Moral is difficult to quantify and represents invisible difference compared to other companies, which is directly linked with productivity and quality. Roof is being hold by the two pillars. On the left hand side, there is Just-in-Time pillar, which involves takt time planning, continuous flow, pull system, quick changeover and integrated logistics. On the right hand side, the Jidoka pillar appears. Jidoka is defined as philosophy, where the error is not allowed to be tolerated and transmitted in the process. People are to ensure solving of the root cause of any problem immediately, e.g. even at the cost of stopping the line. In the

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[7] Source: Liker Jeffrey K. (2009): Toyota Way Leadership Conference- presentations from conference

middle of house there are people. People and teamwork are essential to benefit from continuous improvement philosophy. Continuous improvement is critical for waste reduction and waste reduction represents one of the bases for further continuous improvement. The bottom of house is created by its foundations. Heijunka means leveling of the production process depending on volume and variety. Stable and standardized processes are necessary for further improvement.

Chart number 6, The Toyota Production System house diagram.[8]

The particular elements are linked together. Each element influences and reinforces other elements. Each part contributes to whole system.

Add Value to the Organization by Developing Your *People and Partners*

As we look at the pyramid, where Toyota's 4 P's are illustrated, and as we climb from the bottom to the top, we start revealing invisible elements and principles of The Toyota Way. Long term thinking is nowadays common and essential to most of the companies. This is the fact that can be very clearly verified through the course of their actions and decisions, not through their mission statements. Companies around the globe also pay a lot of attention to their processes, where the most money is being drowned and where they believe the biggest potential for financial improvement

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[8] Source: Liker Jeffrey K. (2009): Toyota Way Leadership Conference- presentations from conference

exists. Again, these are visible elements and by visiting the company, walking through the factory, looking at various indicators attached to particular processes, we can say that company is lean, that the processes are efficient. This is level on the "4P's pyramid" where many of companies were able to reach.

Now I'd like to focus on the description of the levels and dimensions of Toyota Way, which are in its nature not visible. You can not see the unique leadership characteristic of person, however you can see the results that servant and motivational leadership brings. You can not see the knowledge of worker, but you can see how the knowledge is being utilized to solve the problems and to improve the system. These are just a few examples of what is so special about Toyota. The most important things are invisible, they are associated with people.

People are fundamentally the main source of Toyota's success. Sensi is the name for leader in Toyota Company. Who are the Toyota leaders? What personal characteristics do they possess? What is it, which is so special compared to other leader in other companies? On the chart number 7 is made a comparison of traditional western leader and Toyota leader.

Traditional Western Leader	Toyota Leader
Quick Results	Patient
Proud	Humble
Climb Ladder Rapidly	Learn Deeply and Horizontally and gradually work way up ladder
Results at all Costs	The Right Process will Lead to the Right Results
Accomplish objectives through People	Develop People
Overcome Barriers	Take Time to Deeply understand Problems and Root Cause before Acting
Manage by the Numbers	Deeply understand the process (Go and See)

Chart number 7, Western and Toyota Leaders (J.Liker)[9]

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[9] Source: Zelený Milan: "Hledání vlastní cesty"

I believe that the fundamental differences are caused by very important influential factor. It is the *culture of Japanese people* that was born long time before the first automobile was invented and produced. Japanese culture, which is known by its humble, patient people who realize that learning is never-ending process, is being part of the success. Japanese culture is very strong oriented on the values. In order to define and respect value you have to go into the depth of understanding in philosophical sense, not to satisfy yourself with superficial view of world. Could the philosophy of Japanese culture and the mind set be adopted by other people and cultures as well? Yes, it could be tried, but we have to realize that imitate the culture that is in fact everything around us from the day we were born is literally impossible. Culture is to be lived in its cultural environment.

Toyota's leaders are teacher and mentors. One of the most important roles of Seni is to teach their colleagues. It seems very simple and natural, just like parents constantly teach their children, Toyota leaders do the same. In this way, just like in the family, mutual trust and respect is being developed. There is a combination of traditional class-room teaching with very intense daily mentoring, e.g. on the job training. The goal is long term prosperity of all employees and partners as well. When these simple and natural principles are transferred into the actions the real transfer of knowledge happens. Knowledge has to be further grown and is being leveraged in the future. Leading by example is first precondition and requires thorough understanding of the work. Then respect is the consequence of admiring the knowledge and wisdom of Sensi.

Jeffery K. Liker said: "*The view of management at Toyota is that they build people, not just the cars.*"

People at Toyota are not just a cog wheel in the machine. If people are being developed and trained they are not just an "ordinary workers", but they become problem solvers, innovators and change agents. The synergy of the people and process can be resembled to DNA structure. Mutual trust is putting together people

and product value stream as shown on chart number 8. It is a culture of quality people working together with shared Toyota values to continually improve.
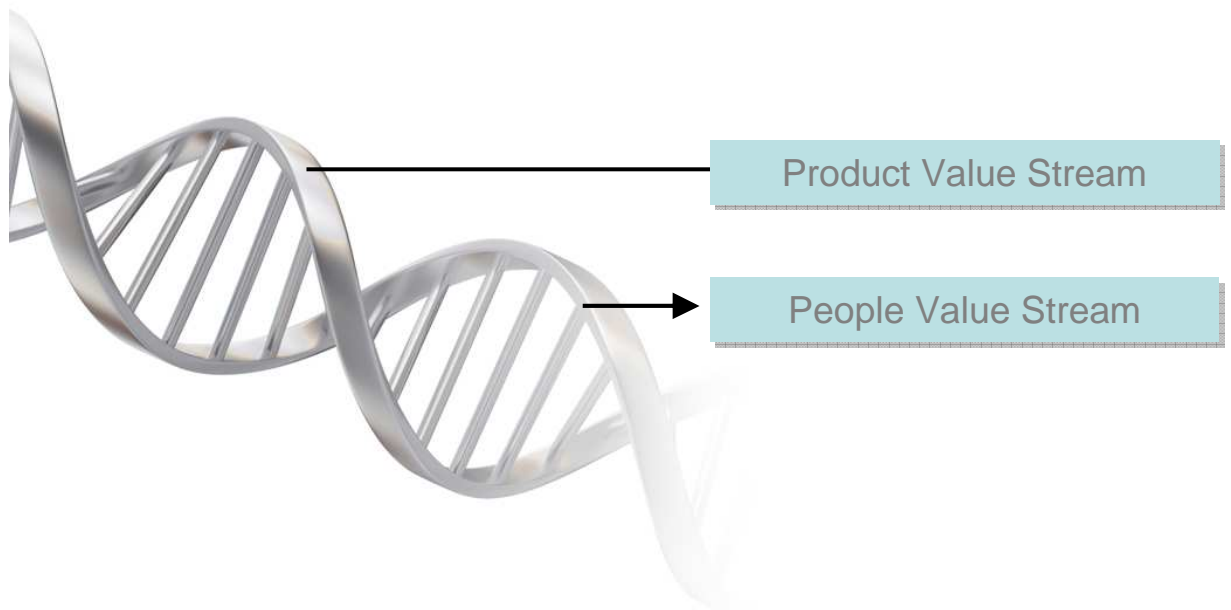

Chart number 8, The Toyota DNA[10]

When speaking about people, Toyota is not only looking at the development of its employees, but focuses on the *suppliers and partners* as well. It is not possible to be lean without having lean suppliers, who share the same principles and support you in your lean activities. Positive influence of the Toyota Way was observed on the Toyota's suppliers as they work together as a team.

Empowerment of people means to give people responsibility and authority to be proactive, to change to things to better. It also means pushing down proposal and decision making to the workers. Subsequently, through open discussion and consensus decision and its implementation is done.

Toyota's internal document is referring to people and their role: "*We strive to decide our own fate. We act with self-reliance, trusting in our own abilities. We accept responsibility for our conduct and for maintaining and improving the skills that enable us to produce added value.*"

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[10] Source: Liker Jeffrey K. (2009): Toyota Way Leadership Conference- presentations from conference

Continuously Solving Root *Problems* Drives Organizational Learning- this is the top element of the 4P's pyramid. It is critically linked with people's development in cyclical form. People are being developed through constant urgency to solve the root of the problems. Occurrence of problems is the drive for continual learning. When best practices are shared and spread company wide, we are speaking about truly *learning organization.* It is important to understand that the whole system of continual improvement through problem solving is to be implemented everywhere. It is not a tool; it is a philosophy- Kaizen. Kaizen is Japanese term for continuous improvement and it possesses the principle of Deming P-D-C-A (Plan, Do, Check, Act) cycle. Kaizen as a philosophy promotes teamwork. Resolving problems in small groups is where the learning process starts. Small incremental improvements on a daily basis contribute to growth of the efficiency and confirm daily learning.

Problem solving in Toyota has one very distinct approach- *Genchi genbutsu*. Very short definition is to go and see for yourself to thoroughly understand the situation. Taichii Ohno described the principle following: "*Observe the production floor without preconceptions and with blank mind. Repeat why five times to every matter.*" The whole idea is that we can not take anything for granted. Especially in very complex systems, there are many processes interacts and influence each other. Even though, we define reports, KPIs and other figures to be collected, the most important in order to resolve the problem is to go where the problem is. No reports can ever replace the details we are able to observe when looking at the process how it is really functioning. Having blank mind without any preconception is to be learned. We often analyze problem and we are already influenced by our opinion. We think that we already know what the root cause is. Sometimes we might be right, but in many cases or preconception of root cause is distracting us from seeing and understanding the real root of the problem. Once the problem is discovered in Toyota, the decision to eliminate the root cause is made by consensus, while considering all available options. Then the decision is being implemented rapidly, there is no time to wait.

I would finish writing about Toyota's growth through problem solving and continuous improvement with citation from The Toyota Way document from 2001:

"We view errors as opportunities for learning. Rather then blaming individuals, the organization takes corrective action and distributes knowledge about each experience broadly. Learning is continuous company-wide process as superiors motivate and train subordinates; as predecessors do the same for successors; and as team at all levels share knowledge with one another."

Summary

The Toyota Way is not a tool box, that can be copied and implement successfully in any company regardless the thorough understanding of philosophy, principles and cultural background. On the other side it can be, and often is a lesson, vision and inspiration for any organization that wants to be successful in the long term. It is also excellent example of people focused company, which fosters people's involvement at highest level and builds truly learning enterprise. The results (being number one global automotive supplier and synonym for quality and reliability) confirm and justify the Toyota Way relevance in modern management styles.

However nothing last for ever, nothing can be taken for granted in the long-term. At the time when I am writing my master thesis, it is Toyota which is being on the covers of newspapers not for the excellent results, but for the problems with the cars. Various car models at various regions of the world are being recalled for the problems with its gas pedals, breaks ect. All of the sudden the image of the company and brand is being questioned. There are problems at other OEM's as well, but Toyota is superseding them all. The biggest and the best is now under the severe criticism. What has happened? Is it the punishment for exorbitant growth? Is it the failure to cope with the constant pressure to shorten development time and time to introduce new models? Is it the pride of being the best that did allow Toyota to fail? Is this the limitation of The Toyota Way in constantly changing world environment of today? We have learned a lot from the history and future will show us the answers. The questions are to be asked; the reality is to be lived; consequences are to be borne. What remains open is the future, future of the Toyota Way.

4.2. Baťa Management System

As the scope of my master thesis is creation and development of management system in the geographical area of post communist countries of Central and Eastern Europe I was thinking of the most relevant example of company in the region. I was looking for the historical background in which the companies were established and analyzed what was done good and if there is anything that took into the consideration cultural and geographic specifications of the region. I realized that it is not necessary to go very far for the excellent management system, which over more then 100 years proved its uniqueness and effectiveness. Management system of Baťa Company is definitely part of the culture that was created in early 1894 in former Czechoslovakia.

When I asked, usually people older then myself, about Tomáš Baťa and his company I received very similar answers that are very much in common. Baťa's company had a very good reputation. Not only it was referred to as a stabile and desired employer, but the main message was that it was the company that paid lot of attention to its employees. It was much more about the people that in any other company. Before new highway, which is now bypassing town Svit was build, I remember driving through Svit and looking and houses build with its very characteristic appearance of red bricks without facade rendering. Those houses were built for employees in Svit, where a shoe factory of Baťa was operating. I also remember people saying about Tomáš Baťa: "*He built the factory, but didn't build any pavements firstly. He let people to come to factory the way the decided the most convenient for them. After some time, based on that exercise he built the pavements according to the ways people used to walk.*" This is really a true reflection of using common sense in everyday's life and in business as well.

As the memories of ordinary people are not sufficient to study and analyze Baťa Management System I was utilizing the information in the books. In excellent way Milan Zelený is describing BMS in his books Human Systems Management in English language and in latest book in Czech language Hledání vlastní cesty.

Professor Milan Zelený wrote in his book Hledání vlastní cesty (2010) about Baťa Management System following: "*Baťa Management System represents significant fundamental base of principles and values needed for creation of European management system for companies. European management system is necessary to increase competitiveness, strategic cooperation and managerial self-confidence of Europe in era of growing global hyper-competition.*"

Tomáš Baťa established his shoe company in 1984 in Zlín in Moravia region, which is close to border with Slovakia in era of former Czechoslovakia. BMS can be conceptually described by eight main principles (8 S's in Czech language) together with its particular realization, see chart number 9 below.

Eight principles:

Dimension	Realization
World class	Global benchmarking
Cooperation	Work partnership
Self-government	Private corporation
Participation	Profit sharing
Co-ownership	Employee capitalization
Self-management	Shop autonomy
Co-entrepreneurship	Market/customer focus
Competition	Internal benchmarking

Chart number 9, Bata Management System described in eight principles[11]

In the following line I am shortly describing the above mentioned principles. *World class* means comparison or benchmarking with the best on the market globally. Baťa created truly global enterprise. From the very beginning he did not limit his activities to local market. He considered his market to be entire world. *Cooperation* represents both internal and external cooperation, company networks, strategic alliances and partnerships. Cooperation was understood and a counter part to competition. All the employees were so called partners or associates of the company. He knew that each company is only as good as good is its cooperation network, which the company is

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[11] Source: Zelený Milan: "Hledání vlastní cesty"

part of. *Self government* is reflecting the fact that company was not public, but privately owned. Thus company ownership was aimed to company "insiders" and was not spread over thousands of small shareholders like in case of publically owned companies. Baťa's company was not for sale. Neither it was under the influence of trading with company shares, nor under the influence of politicians unlike many corporations today. *Participation* was demonstrated by sharing of the profits reached by results of the autonomous workshops. Without participation it is not possible to require and build responsibility and accountability for the work being done. Without personal accountability the unwanted habits like stealing, bribing and lying will hinder the company performance and development. *Co-ownership* is related to "real ownership" of the company, not to the "illusionary feeling of the ownership". Every employee had an intra-company account, where the share of the profits were deposited on one side and deducted damages caused to company. This money was an addition to the employee's salary. Everybody has to be financially responsible towards the company. Every worker becomes in that way the capitalist. *Self management* was essential for successful performance of departments and business units around the globe. The global network was a franchise network of independent entrepreneurs. The independence is the pre-requirement for the responsibility and accountability. Baťa understood his company as a "society of entrepreneurs" and *co-entrepreneurship* was a key element. Entrepreneur can not exist without a customer, whose needs are to be satisfied. Every employee had his internal and external customer. *Competition* is to be present inside the company as well. Financial results and performance indicators were displayed inside the company. Open book policy was a tool not to hide anything and to carry out rigorous internal benchmarking. Activities, which did not meet quality of productivity expectations, are not to be done in company. They are to be outsourced to those who can perform them better.

What is very distinctive and pioneering on BMS is the aim of the enterprise. During the first Baťa conference in 2001 Myron Tribus explained Baťa's perspective on the ultimate business aim of the enterprise. He was referring to 3 models describing essential factors for company success of David Maley. He couldn't fit Baťa's approach to the aim of enterprise in any of the models as Baťa's philosophy is fundamentally different. On the charts below I illustrate 4 models.
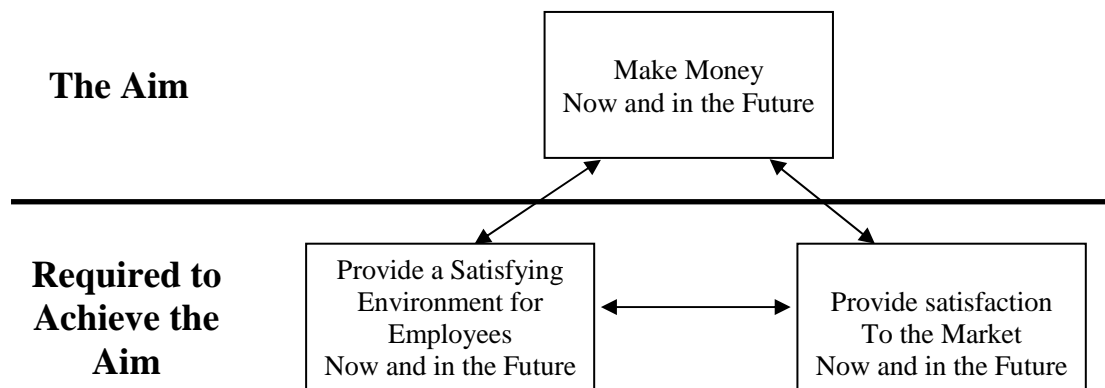
Chart number 10, Shareholder dominance.[12]

Shareholder dominance model is historically dominant is most countries. The objective is to increase shareholder value. Company is on the market in order to make money.
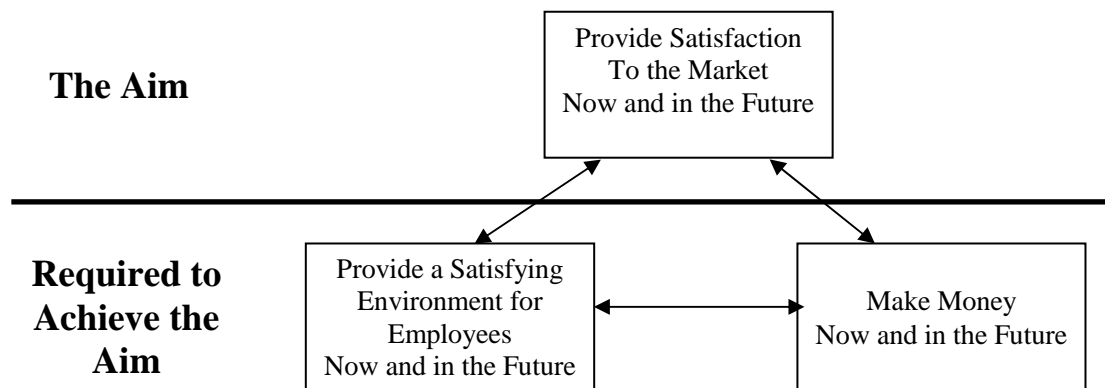

Chart number11, Customer comes first model[13]

The second model describing aim of the company and influential factors is putting the quality and customer first.

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[12] Source: Zelený Milan (2005): "Human Systems Management", World Scientific, Singapore, p. 297

[13] Source: Zelený Milan (2005): "Human Systems Management", World Scientific, Singapore, p. 297

The Aim

Provide a Satisfying Environment for Employees Now and in the Future

Required to Achieve the Aim

Provide Satisfaction To the market Now and in the Future
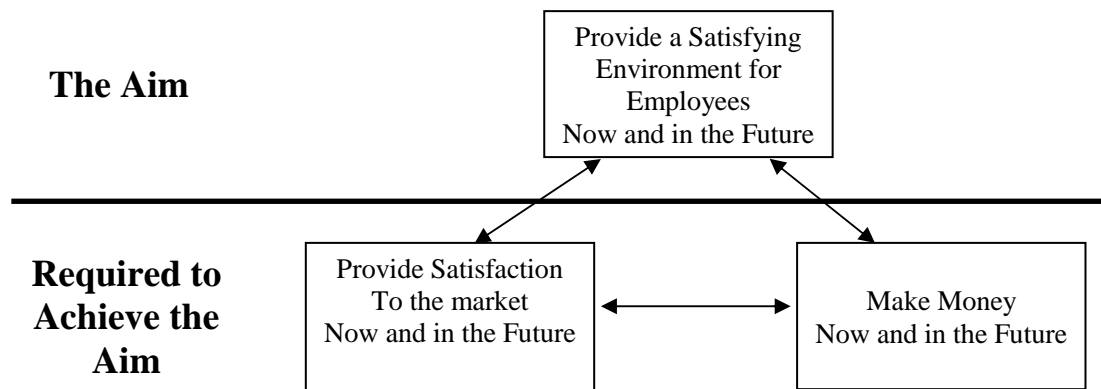
Make Money Now and in the Future

Chart number 12, Employees first[14]

The third approach places employee's satisfaction on the top reasoning that if employees are satisfied they provide adequate service to customers and company makes money as well.

Baťa's aim was different from all 3 models mentioned before. Not only in words, but especially in everyday's actions Baťa was aiming to serve the society. He saw the enterprise as an instrument for social good. He though of his company in terms of elevating standard of living not only for local community in Zlín, but anywhere in the world.
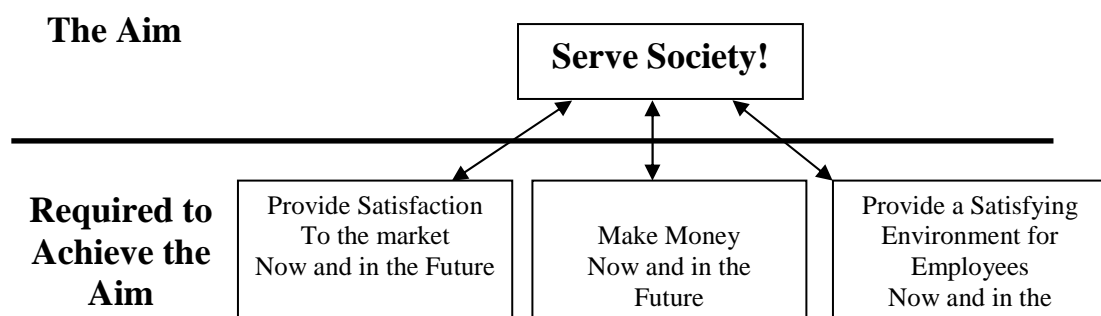

The Aim

Serve Society!

Required to Achieve the Aim

Provide Satisfaction To the market Now and in the Future

Make Money Now and in the Future

Provide a Satisfying Environment for Employees Now and in the

Chart number 13, Baťa's aim of the enterprise.[15]

Tomáš Baťa recognized long before current corporate gurus, that it is not money, not technology, not labor, not real estate, but *knowledge* as the most important form of

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[14] Source: Zelený Milan (2005): "Human Systems Management", World Scientific, Singapore, p. 298
[15] Source: Zelený Milan (2005): "Human Systems Management", World Scientific, Singapore, p. 298

capital that is necessary for creating sustainable competitive advantage. I would add the following: "*Everything can be taken away from you, but knowledge.*" When Baťa's factories were "nationalized" in former Czechoslovakia in around 1939, he was forced into exile. What ultimately survived was what is not tangible, e.g. knowledge that can be transferred and reproduced anywhere in the world, philosophy, moral values and management system as such.

In order to further explain BMS I will use Baťa's quotations (in italic), which the best reflect management wisdom and management culture of Tomáš Baťa. *Our life is the only thing in this world we cannot consider to be our private property, as we have not contributed anything to its generation. It was only conferred to us with the obligation and expectation to pass it on to our posterity, multiplied and improved.* This is I believe the strongest and the most fundamental belief of Bata, which reflects the whole philosophy of his enterprise- reproducing the knowledge and serving to society.

Should you ever want to build a big enterprise, build up yourselves first. There are 3 things that real entrepreneur has to do (in this order of importance):

- Build him/ herself
- Build the enterprise
- Build the product

By building ourselves we are referring to values, convictions, vision, character, persistency, knowledge and capabilities. These elements have to be very clear and in internal harmony of person. It takes time to reach the state when everything inside of you is clear, peaceful and ready to start building the enterprise. For building the enterprise is not only important to do the things right, but much more important is to know how to do right things. Finally products and services that are marketed provide much more value that any other does.

Those who are only chasing after money will never catch up with it. Do work well and honestly; try to do better then your neighbor. Money will come running after

you. The aim of the business was not to make the money. Company is not a money making machine. If you care about your real work, you will earn money. Money itself is not a target. What matters is the process of earning money, e.g. steady, increasing and lasting flow of money.

As there does not exist any textbook or tried and tested method, I decided to build my own system, which, as I hope, would help mankind. The name of this system is: "An example". Leading through examples is the most powerful form of leadership. Great person like Tomáš Baťa was able to utilize it through his deep moral values, character, knowledge and skills.

By profit sharing we intend to boost moral and material well-being of our workers. A worker should understand our business, should grow with it. We wish that all our workers become financial partners in our enterprise. We ask that you use your higher income to improve the living standards of your families and enhance your education. Only then we can hope that the enterprise will recover the invested funds. Your increased capabilities can be applied to work for the enterprise or to public service of our country. Profit was shared among the workers as it was generated on the workshop. However the loss of the workshop was not passed on to the workers as it is perceived as a responsibility of management to create suitable conditions for profit generation. Participation in profits is an integral part of autonomous workshop management. Profits were calculated on a weekly basis. Every worker was able to calculate his share of the profit. Profit sharing was derived from the profit of small teams, where team members had a real chance to influence the output and profit. There were used intracompany prices for the flow of materials and semi finished products, e.g. each department within the company purchases necessary goods from preceding department and sells it to the next workshop in the value chain.

Management of an enterprise can not be done without trust. If I did not trust people and had to check everything by myself, it would cost more than the damage that might eventually arisen from breaking my trust. No enterprise can be managed without trusting people. If you have to control everything, you are a controller not an

entrepreneur. Control itself doesn't add any value, moreover it takes time and micromanagement prevents you form real company management.

An incapable director looks jealously around himself and wishes to get rid of anybody who could outdo him and possible replace him. A capable director, on the other hand, continuously searches for people able to be trained to replace him as soon as possible. Constant development of people is a must. Transfer of knowledge and growing the talent is to be so natural for the leaders. Only small people are trying to remain irreplaceable and are not willing to share the knowledge with others.

Building- they are only heaps of bricks and concrete. Machines- they are only pieces of iron and steel. Only human beings give life to it all. Traditional production means like machinery and buildings are indeed considered as dead assets. Human knowledge and wisdom is the most important asset. It is easy to build or repair the machine. But the machine itself without workers knowledge of how to work is completely useless. Traditional economic theory speaks about production factors- buildings, machines, labor and land. It is not referring to concept of knowledge attached to the human beings.

Do your work in such a way that the next worker in the chain wants it. Do not continue with bad work. Control and self-control of quality become a strategic necessity. Quality of final product is derived from the quality of process producing the product. Quality originates in the process, not in the department of quality control.

One man can, within one day, do the mental work worth millions. But you cannot expect the same from a machine. This mental work can be found all around us, and a plenty still waiting to be done. All this unemployment and misery is caused by the fact that there is a lack of capable people willing to do mental work. This quote is not to say that manual labor is not important. It is to say innovative thinking is to be applied to look for new possibilities, to improve current processes, to generate real wealth.

In countries with high business morale there is a high standard of living. Business and production- I mean industrial and agricultural production as well as crafts- create values. It is obvious that where creators of values are mutually cheating and robbing instead of helping and supporting each other, poverty is the inevitable and necessary result. These are undeniable parallels of the world today. Sometimes, it is like vicious circle. The poor can not get rid of their poverty. Poverty doesn't pay the debts, doesn't but the goods. Not much value is being created; mainly unfair redistribution of what was already created is being done. A handshake or a man's given word doesn't mean anything. Every signature is to be verified by notary. In order to break this vicious circle strong moral qualities of the leaders be it in business and politics are needed.

Our Customer- Our Master. Customer is the only reason for producing the goods and providing services. Yes, customer's needs are to be satisfied. What is the next level that helps to differentiate is to be step ahead of customer. Not only to satisfy customer needs, but to exceed customer's satisfaction by anticipating his yet unknown needs. Anticipation, innovation, originality is the key to do so.

BMS is integrated system characterized by its main features: co-ownership, profit sharing, self-government of shops, departments and processes. Company has been representing environmental co-existence with and shaped development of society in Zlín and Moravia region. Employees were partners and associates, working effectively in teams. All were educated towards the highest standards of perfection, internal competition and global competitiveness. All people were part of the self-reproducing and self-motivating organism called the Baťa Company.

Today Baťa Company is presented on five continents, runs production facilities in 27 countries, and sells shoes through their 5000 independent retailers in more then 70 countries. All together it employs more the 50 000 people, who serves more the 1 million customers every day. What a truly global company originated from Czechoslovakia.

4.3. Creating unique management system in company- Z-I-P-F model

Introduction

Tomáš Baťa said: "If you intend to build a big company, you have to build yourself first."

Z-I-P-F model is new model of company management system developed by professor Milan Zelený at Fordham University in New York. I found it very relevant to interpret ideas and concepts of Milan Zelený for number of reasons. First of all Milan Zelený is truly combination of academic a pragmatic person specializing in management systems. His origin is Czech; he left former Czechoslovakia in 1968. The objective of my master thesis is defined in region of post communist countries of Central and Eastern Europe. It is beneficial to learn from expert, who not only understand the history of the region, but still is in intense contact with the environment and people in Czech Republic and Slovakia.

Z-I-P-F model is development model that has to be explained and implemented on the two levels:

1. Personal model of development
2. Company model of development

The model is to be studied, analyzed and individualized for particular company. It is requiring principal change in thinking, attitude and mindset of individuals. Total openness, honesty and self criticism is essential for mapping of personal and company situation in Z-I-P-F model.

Personal model of development

Creation of human's personality is a cyclical process. It is not the linear transformation starting with current state towards future desired state, because personality doesn't possess any final desired state, it is being constantly developing

and renewing its adaptability to changing and developing environment. We have to learn to think in "development spirals", or in other words to think in cycles.

Only machines and mechanical systems have its final, desired state. Living organisms are never "finalized", they never have any clear final state of being. Thus, there is no necessity to set the goals, except for partial control goals. Instead, it is necessary to balance the abilities and adaptability of functioning in constantly changing circumstances. "Big human personality" is not big due to reaching its goals, but through conscientious reaching of balanced growth and getting to the stage of self-reproducing cycle, and ultimately integrates with the dynamics of (given or chosen) environment. Consequently, the "right goals" are automatically resulting from the way of life and the way of doing business. It is no longer needed to specify the goals.

Goals remain to be set by those, whose way of life and environment automatically lead neither to actions and behaving, nor to results, which they wish to obtain. The best life is the one, which has its "goals" integrated in its being and nature. It is the individual's choice of and integration into the environment, understanding of changing environment and circumstances, rather then isolated development of individual human being. This is a difference between "big personality" and person. Each individual as a *person* (biological point of view) and *personality* (sociological and cultural point of view) has to develop and balance scale of dimensions. I start with ***knowledge (Z=Znalost in Czech) dimension***. This is what human being *knows* (information, descriptions), what human being *is* (its character, ethics) and what human being *is capable to do* (skills, actions and experience). *Knowledge dimension* is transforming into personal and personality parameters, e.g. into ***internal dimension*** (personal growth, goals, behavior, health, profession) and into external and ***company dimensions*** (family, friends, partners, colleagues and company with its environment). Cooperation and balance (e.g. quality) of both internal and external dimensions is valued by market and by market realization is being reflected in *financial dimensions*, e.g. in financial flows, its stability and balance (earning money, investing money and spending money on personal and company level). This is the description of personal development cycle Z-I-P-F.

On the chart number 14, there are illustrated basic relations of the Z-I-P-F personal development model. Knowledge is exploited for creation of person with its internal dimensions and to creation of personality with its external and company dimensions. Internal dimensions are used in creation of environment (personal and company environment), which is needed for balanced integration into company creation process. Creation of company is understood as collaborative effort. To what extend are personal and personality dimensions and created environment balanced? This is valued on the market and is being reflected in financial flows. Balance of financial investments and consumption is a base for acquisition of new knowledge, which is leading to new person and personality and to new environment and new company. In other words: Company is developing together with us (human beings) as a living organism. The objective is to reach higher valuation on the market, e.g. higher added value and then company is developing and growing.

Cohesion and balance of all dimensions is the basic pre-requirement for the success of personal development model. Let me emphasis the key concept: We are not striving for perfection and quality of particular dimensions of model, but we strive for their integration and balance. Just like observing living organisms. We do not need big lungs or muscles, as we are not specialized machines. Management of life and company is a great envoi, which coordinates work and lives of large number of human beings. Integration, linkage, balance, balancing and coordination- these are key words of living organisms. All "organs" are necessary, not only brain, not only heart, but also blood circulation system, nervous system, eyes, lungs and thousands of cells and hormonal flows, which reflect the principles of living organisms. Company is not a machine.
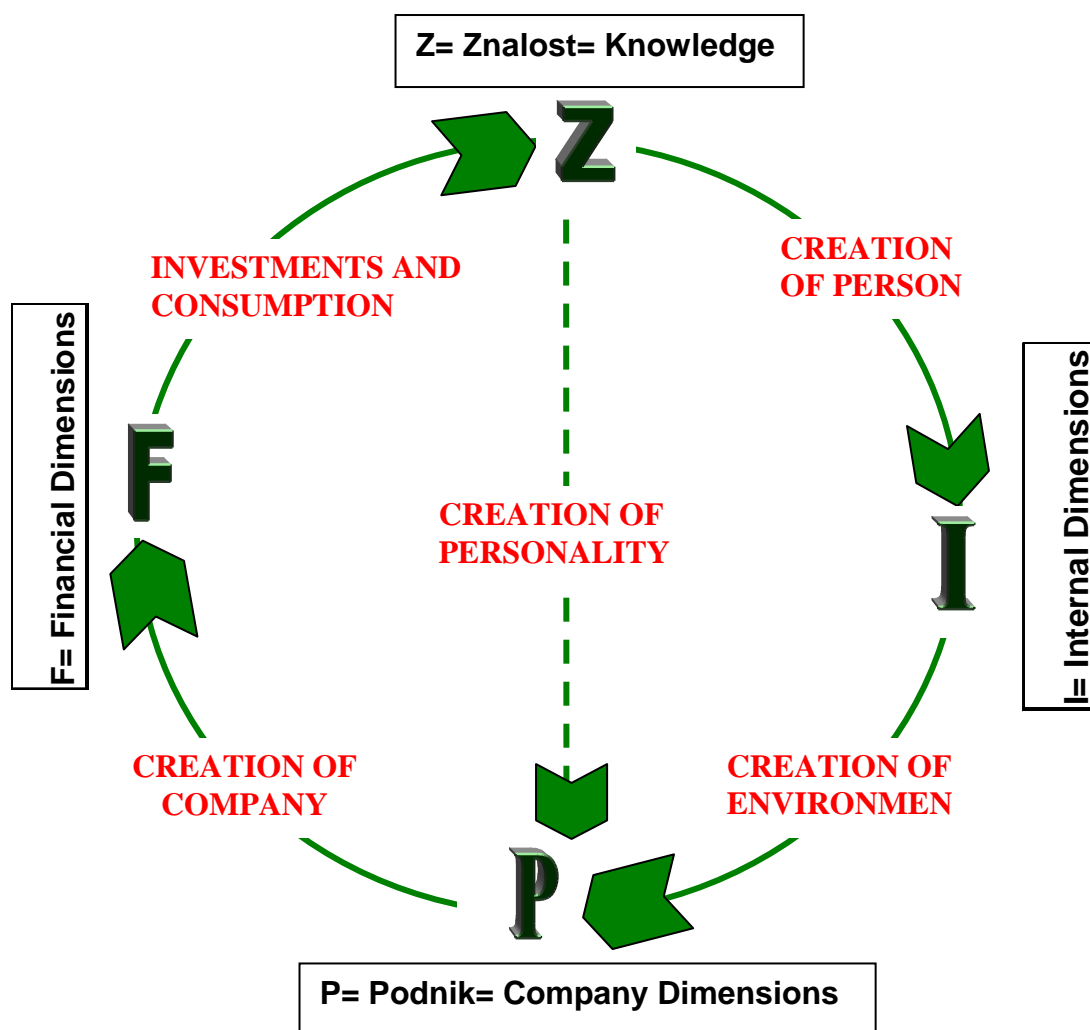
Chart number 14, Personal model of development Z-I-P-F[16]

Described Z-I-P-F cycle represents basic framework, which has to be fulfilled and personalized. Following tasks are to be addressed very openly:

1. Deep understanding of cyclical character of Z-I-P-F, link all dimensions and simulate basic cause and effects relations.
2. Self analysis of current state. What are your strength and weaknesses? Which dimensions are to be focused on? Which dimensions do you consider to be particularly strong, why?

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[16] Source: Zelený Milan: "Hledání vlastní cesty"

3. Evaluate your own balance between personal and personality factors. Where do you feel need for improvement?|

4. Draw up your personal development model Z-I-P-F using quality attributes of the dimensions (+, ++, -, --, ect.). The objective is mapping of current state, self-evaluation and self-reflection.

5. Try to analyze dynamics of future growth and development according to particular dimensions. What would you like to achieve in Z-I-P-F dimensions?

Personal model of development is long term continual process. The results are unfortunately not reachable immediately. People in their nature do not change, people do develop and evolve. There are no real short-cuts to expedite the process. Active participation, persistence and patience, these are the advices to be kept in mind when proceeding with the model.

Initial phase as describe earlier is focused on qualitative and verbal evaluations. Logically, next phases have to follow up. Graphical quantitative tools are to be implemented to monitor progress over the time. Development of person and its personality valued by market should be observed after 2-3 years.

Company model of development

Company model of development Z-I-P-F is to be started together with personal model of development. Dimensions of model are being transformed from personal environment to company and customer environments. The main idea is that firstly we are developing person and personality of individual, then process "infects" colleagues and other employees of company and ultimately customer is being reached and developed through creation of new product portfolio for global markets. It is important that new products have to be tested by employees and employees have integrated those new products and fully support them. That way we can attack global markets with knowledge, experience, and self-confidence.

No matter what model of company management we are interpreting, there is always one mandatory objective that we can not leave out- money making. In order to make money the company has to use its resources in innovative way to satisfy customer's needs. There are four basic dimensions of company development model:

- Customer (in Czech= zákazník **(Z)**)
- Innovations **(I)**
- Resources and processes **(P)**
- Money and finance **(F)**

Those four dimensions are to be tight in *self-reproducing cycle*. Business is thus cycle of repetitive renewing of capital supported by above mentioned four dimensions. However the definition and content of the dimensions is different compared to Z-I-P-F personal development model. Short description of model flows: We are working directly with customer (Z). Transformation of knowledge into innovations (I) of products and services is realized. Build necessary processes (P) to satisfy customer. Added value and market valuation are leading to increased financial flows (F).

In other word Z-I-P-F model at company level is capturing and illustrating following:
- Turnover of financial capital in company
- Development of human capital
- Management of knowledge within company
- Innovation cycle
- Creation of strategic environment of company

Into Z-I-P-F there is also integrated number of other both external and internal cycles.
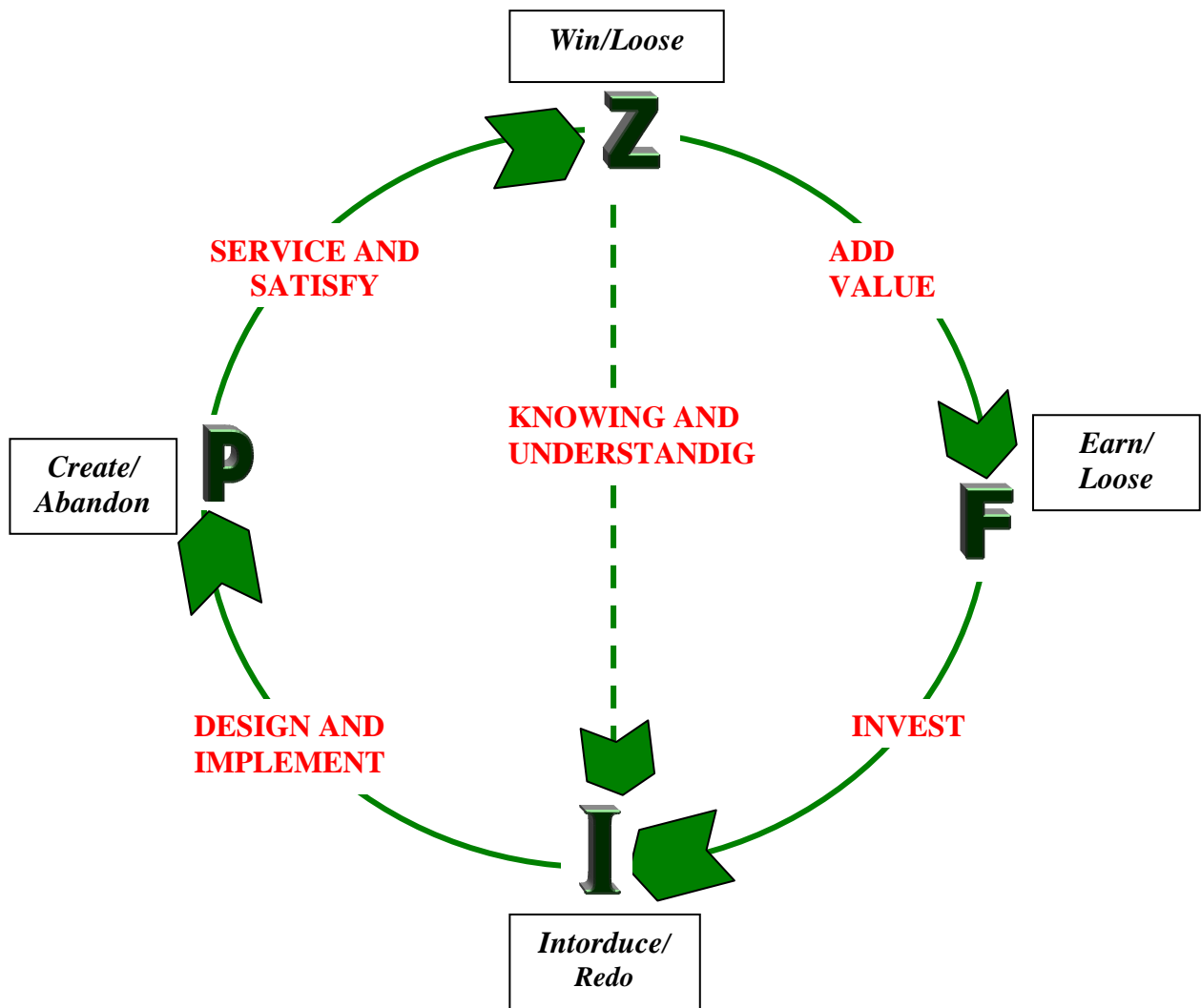
Chart number 15, Company model of development Z-I-P-F[17]

I believe it is essential to define particular dimensions of Z-I-P-F deeper:

Z= Zakazník= Cusotmer. Customer either internal or external is focus for business activities. Without a customer, it is not possible to add value and consequently earn money. Company has to serve customer or create environment for self-serving. In order to satisfy client, the company has to know and understand customer, learn from customer and educate customer as well. It is critical to manage portfolio of customers. We can distinguish among various categories of customers and then based on the distinction address our marketing activities.

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[17] Source: Zelený Milan: "Hledání vlastní cesty"

I= Innovations are meant as changes in products or processes, which have to add value and are realized on the market only. Through innovations, company is aiming to increase customer satisfaction. Company has to know and understand not only existing customer, but also new potential customer. New products and processes are to be implemented and together with better service increased satisfaction is intended. Innovation cycle is "heart beating" of company. It is in place when we can relay on loyal customers and ultimately delivers long lasting future of company. Innovation portfolio of products and services is to be managed, evaluated and improved.

P= Processes and resources are used to satisfy customer. Portfolio of processes has to be managed, new processes are to be implemented and old processes are to be eliminated. Processes and resources (material, technological, knowledge, financial) in portfolio are to be reviewed, changed and optimized. Satisfied customer is at the end of the day adding value and added value is generating money.

F= Finance and money reflects success of all previous dimensions, customer satisfaction and adding the value to customer. Financial portfolio is to be analyzed to understand who and where is creating money on one side and who and when is spending money on the other side. Essential is to analyze added value, profitability, return on investments, return on equity and cash flow- balanced over long term period.

Just like with personal development model, there are same tasks to be followed when implementation process of Z-I-P-F model on company level is to be done. Now, when putting personal and company development model together, there are some critical aspects to be realized:

- Mapping of initial state of person, personality and company has to be done correctly
- In this stage conceptions and common language is defined
- Communication of Z-I-P-F is to be started with key colleagues- leaders
- By teaching other we educate ourselves in the most efficient way

- The company environment has to be in accord with person and personality (person can be only as good as good is the environment in which is existing)

Next stage is creation of customer model for our customers and markets, which is the base for development of new products. Last stage is creation of strategy for new markets penetration, e.g. global model.

4.3. Summary and analysis of various management systems

When studying in depth management systems of Toyota Corporation, Bata Company and ZIPF development model of Jan Zelený, I have arrived to few very common approaches that are very basic and effective as well. I will list the most fundamental and practical points for building the company management system and especially those that are applicable at my company GPI Slovensko.

- People are the key element of each management system regardless the country, culture or environment.
- Respect to people and their development is essential investment for the future of company.
- Company needs to develop people and people will develop company. This is cyclical growth approach.
- Company culture is represented by people, their attitude to company is being reflected in company results. Culture has to be intentionally built within the company.
- Problem solving and continuous improvement culture learn people and increase organization competitiveness and effectiveness.
- Entrepreneurial spirit of all employees has to be encouraged and recognized.
- Transfer of knowledge is necessary for reproducing company success on the larger scale for the growing company. Growth is necessary to survive. Learning organization is the way of developing.
- Company has to have a clear vision and contribution for society. Long term orientation is more important then current priorities.

- Company is being influenced by surrounding society on one side and influences the society on the other side. There has to be a win-win approach.
- Company has to have a distinctive competitive advantage- innovation in various aspects is the answer.
- Involvement of people at all levels in process creation and process improvement contributes to overall effectiveness of company. Right process produces right results with competent and motivated people.
- Waste elimination is the base for operational excellence.

5. Best practices (areas to be taken into the consideration) for creating and implementing own management system

5.1. People, the key element of modern management system

An integral part of the management system is creating and reproducing of knowledge, which is attached exclusively to the people within the organization. People are the most valued capital of the company nowadays, their human potential is very unique element that has to be developed and knowledge has to be shared. How to make this happen? Knowing, that we need to do that is not sufficient. The transformation of knowing into action is the key, very fundamental challenge of all the companies. On the next pages I will devote to practical, executable activities that aim to reproduce the organization's knowledge, which is the most important issue in start-up company, which has to grow in order to survive. I will give a very practical summary of how I see the way of developing human potential that is so necessary in long term to achieving compliance with strategy. This part of my master thesis is focused on people. I am analyzing so called "management trinity", which includes one on one's regular meetings, feedback, coaching and delegation. I will also demonstrate how to improve company performance through effective communication using a DISC behavioral model.

5.1.1. One on one's

When I analyzed what is the most in common feature of great managers in successfully developing companies I arrived to simple conclusion. It is not their

brilliant ideas or the expertise in the field, even though that those elements are of great importance. My conclusion is that it is their strong relationship with the people. Then if you have strong, reliable relationships, you can transfer you brilliant ideas and expertise further within the company. The most effective way by far how to *encourage professional relationships with people* is through regular one on one's meetings. Everybody agrees that successful company is depending on effective teams. How to build an effective team? It is not by doing the outdoor teambuilding activities primary; however this is not to say that those activities wouldn't help. I am convinced that for good team is essential one element- trust. Successful teams are known for the high degree of trust among its members. So the question is what to do to improve the trustiness? The answer lies in very simple principles. All human being evaluate trust based on their relationships with other human beings. Relationship is being measured by communication with people, its quality and quantity as well. So the conclusion is simple, if you want to have a good team increase the level of trust. You can increase level of trust by a teachable set of behavior that is encouraging professional relationships with people. And this is the underlying concept of one on one's meetings. One on one's is regular, structured meeting. It last 30 minutes and it is being held rather privately. The objective is to have regular communication at least for 30 minutes once per week. From my experience the communication that is happening daily when passing along the people or small coffee talks is not sufficient to build better professional relationship. First 10 minutes are to be dedicated to your direct, as the object of the meeting is he or she. Here he or she is allowed to tell anything about his/ her personal life, work, colleagues, simply anything to build the trust. For the trust is absolutely critical to have the feeling that other person cares about you. Second 10 minutes are dedicated to professional agenda- projects that are important, progress of work and are useful for clarification of business activities, not assigning new tasks. Last 10 minutes are for talking about career, training, development and other opportunities. This one on one exercise is highly recommendable for all managers to execute with their direct subordinates and also to encourage their direct subordinates to do the same with their team members. One on one is thus the first step of the developing people by earning their trust through regular communication. Ultimately, there is direct correlation between good relationship and achieved results.

5.1.2. Feedback

As I described building or encouraging professional relationships through one on one's, I will logically proceed with the next very basic managerial activity- giving the feedback. Feedback is to be perceived as a strategic tool and responsibility of manager to adjust subordinates behavior in case of negative feedback, but it is also very powerful in terms of motivation when you need to encourage positive behavior for the future in case of positive affirming feedback.

From my experience, and I believe it is not only my observation, managers are rather uncomfortable with delivering negative feedback and provide positive feedback very rarely. Better said managers fear to give negative feedback. Why is that? It is fundamentally emotional reason, the fear of conflict. Mangers are afraid of destroying relationships they have with their subordinates through introducing a conflict. I have to say that this is very unpractical approach. In fact what does those managers do is going to produce completely opposite results as they might hope. Feedback is in its nature designed for future improvement and development. If you do not give the feedback, because you might hope that next time performance/ behavior will be better, but it won't be, the subordinate is receiving the information anyway. The information he or she decodes is that everything is of course up to the standards, because if it wouldn't be the manager would say something. And thus we are getting into the vicious circle. Managers didn't correct subordinates behavior through feedback, subordinate does not know that change in behavior is needed; dissatisfaction on the side of manager is growing. Logically it results into the point where commutation of negative behaviors can not be simply corrected as it could be long time ago at the beginning and then the relationship between those two people is broken. To avoid this pessimistic scenario, where the responsibility has the manager, but most often doesn't assume it is to learn and practice giving frequent feedback. I would say that feedback is kind of investment into the future development of company, investment through people. *Especially, when building up company, creating management system, the encouragement of positive behavior and adjusting of not "ideal" behavior is critical for correct setting of standards and values.*

Without that, you can not be sure of the right direction, you have to actively pilot the direction where the company is going and how the people onboard are proceeding.

Feedback encourages effective behavior. It is truly future oriented. It doesn't make sense to waist time whit the history. By definition, you can not encourage past activities, history. I also observed that some managers tend to remind their people of past mistakes. They believe that constantly recalled shame of their employees will motivate them to do better in the future. This is simply not truth. Shame is not a high performance tool. It might help to avoid poor performance in the future, but is far away from motivating to achieve high performance. Thus the way the feedback is being done has the influence of the motivation of person.

Positive feedback is being underestimated in most of the companies, despite it is very powerful. Yes, doing the good job is why the person gets paid, I agree. But speaking about motivation and further development of human potential positive, affirming feedback is absolutely necessary. I have seen it and experienced many times. Delivering good or extraordinary results is not easy, even it is tend to be taken for granted over the time. And right here positive feedback motivates and give energy. It doesn't cost anything to say: Good job, I appreciate it, keep it up. If managers can recognize that, they will see the improvement in behavior and loyalty very quickly. There are no excuses for not giving positive feedback.

Undoubtedly more frequent feedback is rewarded by better desired behavior. Further I would like to describe 4 logical steps of giving adjusting feedback. In first step you are to ask person if you can give him or her feedback. Why do you want to ask? Isn't it manager's privilege, duty and responsibility? Yes, it is. But it is important to understand what the objective of feedback is. It is not to deliver feedback, meaning telling what is wrong or not good. *The objective is that the feedback is being received and consequently behavior is change to more efficient one*. The best way is to do feedback as close as possible to the particular event of behavior that was observed. But, when I stressed to ask the person, it is because everybody could have a bad day, family problem, health problem and is not ready to receive and process the feedback. *Thus always ask firstly*: Can I give you a feedback?

In second step of effective delivering feedback you have to be aware that feedback is about person, your subordinate and he or she is the centre, not you. Start *describing specifically behavior that was observed*. At this stage manager has to be focused on pure description, not to incorporate his judgments of the causes of behavior. I usually start sentence with: When you do this (that). Stress is on employee, not on me. Clear and calm description, preferably without an emotion is recommended.

Further in step three the *description of impact of the behavior* is being done. Here is suitable to point out multiple impacts that each behavior usually has on the team members, status of person, and his/ her perception by others, future carrier and so on.

At the final stage the question of what can be done differently about that is raised. Often mistake if managers get the far is that they try to sole the problem for the employee. Again this is about the subordinate to come up with proposal how to change behavior. Sometimes the reaction is very simple and logical and quickly implemented by person. In other case, person might not have the immediate answer or might even go into very defensive mode. In such cases give him or her chance to think about it and ask to get back to that later. It usually works.

To conclude to feedback model, I would like to summarize. *Everybody needs feedback model. There is not enough feedback being provided and this reflects reserves for faster and more efficient development of people and organization. Naturally, human being respond to more feedback with better output and this has to be utilizing in modern management systems systematically and fully.*

5.1.3. Coaching

Coaching is nowadays modern term but there are many misinterpretations of what coaching really is, what it aims to achieve and how to use it effectively. My understanding of coaching is that it is *strategic management tool to improve people's performance*. Unlike the feedback, which is an event, coaching is systemic, cyclical process. The aim is to encourage and increase development of human potential, which is linked to performance. From my experience so many managers do not use

coaching as they believe the myth that it is very time intense, or they do not feel like they have necessary expertise in different fields. This is simply wrong understanding of coaching. *Coach is responsible for increased performance of teams, but he or she is not necessary the one that is teaching.* Often mistake that is labeled as coaching is telling the people what to do. That is not coaching.

Why is coaching so important? I see it as a strategic weapon for growing the organization through growing of people. *Teams that are not being coached usually fail to deliver results when there is a sudden change in environment or significant discontinuity like drop of sales in time of crisis.* Teams that are not coached had not develop their ability to react on the sudden changes have much more difficulties to adjust to new requirements.

Coaching is certainly not time consuming if it is being practiced and if the *coaching process reach the stage of habitual routine*. Coaching requires feedback and can be incorporated into regular one on one's meeting as described earlier. If I look at coaching from sport perspective, it is true that the best, world class players and athletes have the best coaches.

Coaching is not teaching. Everybody within the company can be coached on anything. It is the responsibility of managers that have to serve as an organization brain to increase the performance of people and teams through coaching.

I will explain the practical coaching model. As I mentioned it is cyclical process that is applying well known, simple PDCA approach. In the very first step, it is important to *establish goal*. What needs to be improved? This is to be collaborated with the employee based on the observations of behavior. Where I see the biggest difficulty is to describe accurately desired performance. What is to be achieved has to be very specific and measurable. Vague description of desired performance, like for example "improve excel skills" never works. *It is not easy to clearly define the goal but the effort invested in doing it correctly pays off.* In step number two we need to *collect performance data* to evaluate current state of the performance. Here we work many times with our personal observation, notes from interviews in order to analyze the performance date with we call mark as a step three. *Data analysis* is essential to be

sure that we have set the right goal. Based on that review and analysis we might need to *modify our initial goal* slightly when necessary. This is step number four. In the next stage, number five we *identify the development resources* that are available to be deployed be employee. Collaboration on the list of development resources has to be done together with the employee. Manager should be considered as a resource only in case that he/ she is having very specific knowledge. To repeat the whole philosophy of coaching, it is not necessary for manager to teach, but to ensure that person is being developed and performance improved. If you and your employee devote few minutes, usually you will come up with quite a few potential resources both internal and external. Limiting ourselves to traditional classroom courses is not very original, when there are nowadays many books available online on the internet, internet courses, or other people in organization- pears that could be involved. I believe, based on my experience, it is just the matter of effort to come with even more resources that is needed. In the next stage, number six the employee is to *pick from the available resources* one or even more to use. Here is important to use some intermediate goals through milestone definition. Reaching those milestones or quick wins along the way to ultimate goal serves as a great motivation strategy. *The action contract is to be elaborated and put on the paper.* Clear actions and respective deadline are to be defined, so that when the question is raised, there are only two possible answers. Yes or no in terms of compliance. To keep it simple is necessary. Last stage, number seven of the coaching process is to *implement that plan*. This is execution and part that adds to most of the value, for that reason is the most critical. If you proceed along the process well, but fail to execute the plan, it's not much of improvement to be achieved.

After implementing the development plan we get back to stage number two, where we collect performance data and analyze performance. Within the PDCA methodology we go around the circle until we achieve the goal. It is important not to be disappointed when the goal in not fully reached at the first try. This can not be the reason the abandon the coaching. *Even if we do not reach 100% of the goal, we still made some progress and thus we are better then at the beginning.*

5.1.4. Delegation

Purpose of delegation in start up organization and in each organization is to *transfer the knowledge, development of people and grow the leaders*. Without delegation and consequent development of people's skill the progress of organization can not be at full possible pace. From the experience managers do a lot of work that is of smaller importance towards their key priorities. That routine work can be in majority of cases performed more effectively by the people at lower levels. For that reason is absolutely critical to review the management system, its structure and assess how efficiently it is working.

Leader and manager have to delegate for two main reasons. First is that through delegation they transfer *their own knowledge and grow the talents*. The second reason is that they need to constantly *free up time to do strategic things*. The best leaders are those who delegate everything that is not of strategic priority and then have *time to look for new business opportunities, improve company performance and spent time with people, rather then accomplishing the tasks*.

Why are managers not delegating enough? They fear of the mistakes their subordinates would do. They believe that rather then delegating the task and allocating the time associated with the delegation they do it faster and better themselves. Both arguments are very wrong from the future point of view. Yes, it takes some time to explain and train person for new tasks, and the mistakes will appear. But after some time, this is improved and initial investment more then pays off. It is also important to realize, that manager who fail to delegate effectively are necessary becoming less and less effective as the new thins arrive along the way. When trying to catch up with all the unnecessary tasks the burn out effect can occur and future success of person is questionable.

Delegation is a *process that is accompanied by feedback and coaching*, which details I described on previous pages. What does the delegation do with people? When delegation is done well it has a significant impact on subordinates. It assigns new responsibility and what is even more important requires accountability. Also when

person is taking over new agendas from level up it gives him or her authority in the eyes of others within the organization. This is motivational factor for climbing up to corporate ladder. Delegation is result oriented. It is not giving the sequence of the specific tasks. For that *reason person that we delegate to has to assume accountability which involves responsibility*.

As there are so many bad examples of delegation in each company, I will describe the most effective way (process) of delegating. In initial stage the analysis of manager's job is carried out. Here the manager has to look at his objectives and analyze what is expected from him. As mentioned before, strategic and top responsibilities are not to be delegated. For remaining thing the question has to be asked. Can, or could anyone else do it? Form experience and to increase effectiveness it is good idea to consider area we dislike. Our primary areas of responsibility are unlikely to be in this category. Remember, the fact you do not like particular are doesn't mean that it can not be of interest for other person. Once the activities and tasks are listed and analyzed, manager has to decide which of them to delegate.

Selection of right person is next step. How to identify the right person? You need to know your team members well. This is easy when you get good professional relationship with people, as mentioned in the purpose of conducting one on one's regular meetings. When you know not only how person is performing at the moment, which can be very limited information, but also person's career visions, it allows the manager to decide correctly. *From my experience in many cases willingness to do something more, to grow counts more that education or previous experience.*

When the right person was identified, the preparation for delegation meeting is needed. Meeting should proceed in a logical way, where I'd like to point out some important points for motivation and for ensuring success of delegation. First of all managers do not ask subordinated to do something for them. This is simply said throwing the tasks. In real delegation model manager has to create a desire in other person to step up. For that reason, it is good to approach person and asking for the help. They manager is to give the reason why he or she has chosen the person. Here

is the motivation being combined with recognition. We usually chose people for their positive features, and this has to be said very explicitly. Then it is a good idea to ask up from for the acceptation of the idea. It is about the effectiveness. You as a manager do not want to go to the details and then receive negative answer. After receiving of commitment you should proceed with detailed description. What is essential not to be forgotten is to set deadline, quality standards and reporting frequency. It is a good idea during the first weeks to check actual work that is being done in more details in order to provide feedback. This allows manager to ensure that everything is on the right track and that no surprises will show up. Unfortunately the well know "knowing - doing gap" can be observed in the cases when wrong things are being delegated, there is not sufficient feedback provided, new person is not being trained and then the whole idea is wasted and frustration on both sides appears. Follow up activities that have to be on regular basis can be incorporated into one on one's meeting agenda. Of course when the delegation process is successfully done, person desires recognition and it is also reason to celebrate.

One on one's, feedback, coaching and delegation are very fundamental and simple manager tools that are interlinked, influencing one another and being used all the time together. This is not latest fashion from bestsellers books; rather it is return to very basic principles that work. It is all about development people, their human potential and to grow the organization, where new people are coming in are transfer of knowledge and continuity must be a priority.

On the following pages I will focus on the effective communication in more details.

5.1.5. Effective communication

The primary manager skill that managers are using is not decision making but communication. It is in deed the most frequently used skill of managers. I find it important to stress that communication skills are what carry your ideas to your team, and your value to the rest of the organization. For that reason it deserves a lot more attention. Most managers do it the best way they can do. They obtain different results form communication with different employees. The objective of this chapter is to

analyze different behavior and communication styles of people and through adjusting manager's behaviors' and communication to those styles to be more effective and obtain desired results. The experience tells us that in approximately 25% of communication cases when we use our natural, habitual way of communication we are effective. The remaining 75% of our communication has a big room for the improvement in order to achieve higher level of effectiveness. Why is it like that? The answer lies in the listener, in the recipient of information. Communication is in fact what the listener does. It is essential to know what the listener is thinking and how is he or she feeling. For that reason it is important to know the 4 natural styles of behavior/ communication of human beings, know how to identify those styles and through modifying manager's behavior avoid conflicts and increases the communication effectiveness.

Changing of behavior and communication style in different situation and with different people is in fact very natural. People speak in different ways to their kinds, to their parents; they behave differently at work, when they are with their family of in church. Thus, it is nothing fundamentally new to modify behavior in business relations in more professional way as well.

The DISC model is originating in the 1920's by an American psychologist William Moulton Marston. The abbreviation DISC stands for four styles of behavior and communication:

- D as *Dominance*
- I as *Influence*
- S as *Steadiness*
- C as *Conscientious*

Every person possesses kind of blend of all four styles. However the proportion of each style varies. Then the dominant style defines behavior, habits of communication of particular person. Let's use the adjective "high" to stress to dominant style. E.g. High D means that person is naturally dominant with minor present of the remaining 3 styles.

On the chart number 16 below, there is a visualization of all 4 styles with very brief description and definition. As it can be seen, there are 4 directions and each direction is in common for 2 styles. Both high Ds and high Is are assertive profiles in its nature. On the other side high Cs and high Ss are rather reserved people. This is very fundamental distinction which can be also perceived as a distribution of well known extroverts and introverts in population. Other dimension is to understand for business and communication purposes whether person is task or people oriented. Here we see that high Ds and high Cs are very much task oriented, whereas high Is and high Ss are naturally people oriented. To realize these dimensions is absolutely critical in order to do communication more effective and to fully utilize potential of people.
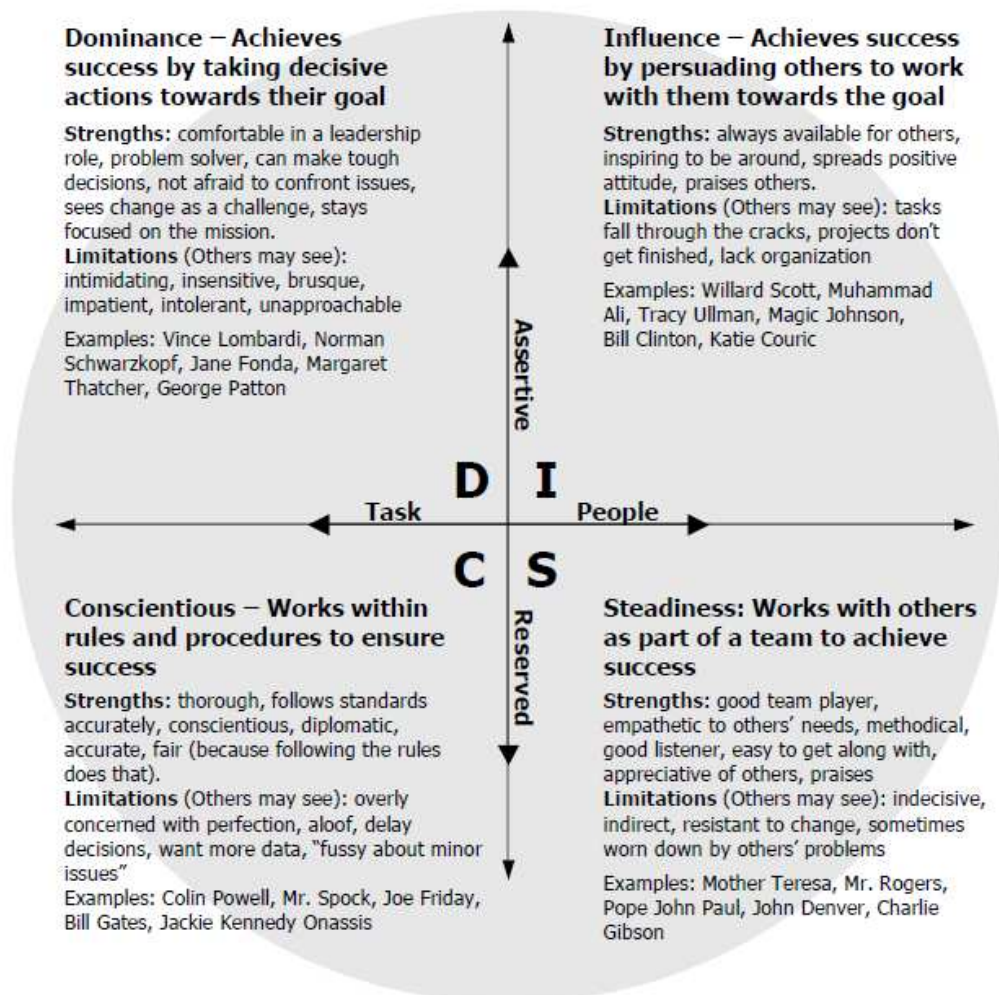
Dominance – Achieves success by taking decisive actions towards their goal

Strengths: comfortable in a leadership role, problem solver, can make tough decisions, not afraid to confront issues, sees change as a challenge, stays focused on the mission.
Limitations (Others may see): intimidating, insensitive, brusque, impatient, intolerant, unapproachable

Examples: Vince Lombardi, Norman Schwarzkopf, Jane Fonda, Margaret Thatcher, George Patton

Influence – Achieves success by persuading others to work with them towards the goal

Strengths: always available for others, inspiring to be around, spreads positive attitude, praises others.
Limitations (Others may see): tasks fall through the cracks, projects don't get finished, lack organization

Examples: Willard Scott, Muhammad Ali, Tracy Ullman, Magic Johnson, Bill Clinton, Katie Couric

Assertive

D | **I**

Task | People

C | **S**

Reserved

Conscientious – Works within rules and procedures to ensure success

Strengths: thorough, follows standards accurately, conscientious, diplomatic, accurate, fair (because following the rules does that).
Limitations (Others may see): overly concerned with perfection, aloof, delay decisions, want more data, "fussy about minor issues"
Examples: Colin Powell, Mr. Spock, Joe Friday, Bill Gates, Jackie Kennedy Onassis

Steadiness: Works with others as part of a team to achieve success

Strengths: good team player, empathetic to others' needs, methodical, good listener, easy to get along with, appreciative of others, praises
Limitations (Others may see): indecisive, indirect, resistant to change, sometimes worn down by others' problems

Examples: Mother Teresa, Mr. Rogers, Pope John Paul, John Denver, Charlie Gibson

Chart number 16, DISC model- 4 styles in 2 dimensions.[18]

The whole idea of modified behavior and communication is to be proceeded in 3 basic steps:

1. Recognize dominant style, e.g. how do we spot different styles
   a. Verbal clues (what the people say)
   b. Vocal clues (how they say it)
   c. Visual clues (things people do that are visual)
2. Understand the habits and an era upon the person reacts
3. Adjust the way of communication that makes sense to them

On the following pages I will in more details explain the methodology of DISC model, how to recognize dominant style and will also give my practical insights and experiences on how to modify behavior/ communication towards particular behavioral styles.

High D

Many managers are selecting high D profile people when it comes to important projects. The argument behind is usually very natural. If a few eggs need to be broken, go ahead and do it, at least we will have an omelet. I believe this sentence describe from outside, how the others perceive dominant style of people very accurately.

When they ask questions, they tend to ask *"what" questions*. For example: What is the status? What have been done? What remains to be done? What is the risk? What is our weakness/ strength? High Ds are very much fact oriented. Many times high Ds rather then asking questions tend to tell the questions. For example: Instead of asking "where are we?" the say "tell me where we are". Tell me what the status is. Tell me what our weaknesses are. They essentially *make demands* rather then asking questions. Definitely they tend to talk more then listen. High Ds are task oriented. It is not unusual that they are able to leave in the middle of conversation just because they got the information they needed and the rest is not interesting for them at the

moment. They go right into the issue, do not waste time with small talks. Other people might perceive those people as pushy, rude or even arrogant. Others might also think that those people do not care about how others feel. What is observed from the outside, it is not their personality, and it is their habit of communication. This is absolutely critical to understand in order not to disqualify somebody capable just because of the communication and behavior that might be different from your habitual style. This is valid also for other communication styles. What you see from outside is not the personality of person. High Ds are very direct with their opinions, they express opinions very openly, they do not mind being wrong. This is very valuable characteristic of dominant style. Regarding vocal clues, they are usually loud, use authoritative tone of voice, and speak very quickly using challenging intonation. What can be observed as a visual clue is firm hand shake, direct eye contact; they tend crossing their arms a lot. They do big gesture as opposite to small gestures. Small gesture are those being made in front of chest or stomach and on the other side big gesture are those being made outside the body, above the head as so on. Speaking even further about gestures, high Ds tend to do quick gestures, which are pointed to direction of the other person. High Ds are impatient, they are aware of the time. When you are communicating always be brief and to the point. For example, when question is raised: "Are we on the track?, there are only two answers. Yes or Not. In case of negative answer there has to be detailed explanation followed why not and what is going to be done in order to correct situation. High Ds, like marine use to say appreciate BLUF approach. The BLUF stands for bottom line up front. In order to be effective let those people to take the lead, if necessary do some coaching. In terms of delegation high Ds are easies people to delegate to. Just tell them what results you expect and by when. Usually not a big guidance is needed as they need to feel that they are independent. They like respect from other people, they seem to be power-hungry. They do not like to fail, which is their internal self motivation for achieving results. The goals are to be set high to motivate them. Always make High Ds accountable for not doing anything that had to be done. When negative, adjusting feedback is needed, they in fact expect to receive that kind of feedback, address the points that are important to them. Those are their loss of respect, promotion delay, not achieving extraordinary results, questionable contribution to the organization and not relying on them within the organization. The

same points are to be used when positive feedback is being delivered with positive statements of course. When you are complimenting high Ds, do not compliment them, but rather their ideas, actions and results. Most important is to realize and find out what is important to them, what do they react upon.

In the chart number 17 below, there is a summary in bullet point of the high D profile.

High D's - Dominance			
How You Can Spot Them:		**What They Want From Others:**	
How They Talk:	**What They Do:**	High D's like others to be direct, straightforward, and open to their need for results	
• Ask What Questions	• Task Focus, Results Oriented		
• Tells vs. Asks	• Impatient	**You Should Try To:**	**Be Ready For:**
• Talks More Than Listens	• Direct, Forceful	• Communicate briefly/to the point	• Blunt/demanding approach
• Go Right to The Issue	• Willing to Get in Trouble	• Respect their need for autonomy	• Lack of empathy
• May Be Pushy, Even Rude	• Time Conscious	• Be clear about rules/ expectations	• Lack of sensitivity
• Fast Speech	• Good Eye Contact	• Let them take the lead	• Little social interaction
• Authoritative Tone of Control	• History of Achievement	• Show your competence	
• Use Acronyms, Short Sentences	• Can Rely on Gut Feelings	• Stick to the topic	
• Open w/ Opinions	• Maverick	• Show independence	
How To Manage Your High D's			
You Can Help Them Learn:		**They May Want From You/ Your Organization:**	
• Identifying with others	• Ways to pace themselves	• Power and authority	• Results
• Empathy for others	• Relaxing	• A promotion	• To know the bottom line
• More logic, less gut	• To be approachable	• Prestige	• Freedom from details
• Listening skills	• Complimenting others	• Big challenges	• Direct answers
• To "soften" body language	• To ask more questions	• Authority to make changes	• Flexibility

Chart number 17, High D profile summary table[19]

High I

Successful sales people are usually within the DISC model classified as high Is. Those people can be observed as outgoing, energetic and friendly. Their very natural habit of behavior lies in socialization. They are people oriented as a direct opposite of task oriented people (high Ds or high Cs). They are excellent connectors and networkers. They get the job done, not necessary because they have the expertise, but because the can involve other people to help them. They are very good at giving and taking favors. World of people is the world they live in. They do not care about the tasks very much. They use to think out loud, are willing to come up with the ideas when interacting with other people. You can spot them usually outside of their desks;

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[19] Source: http://www.manager-tools.com

they love informal chats with their colleagues. They want to be friends with people they work with, they build the coalitions. When you have colleague, who is famous for telling stories, he or she is most probably a high I. By telling the stories, they do not try to prove anything, they just want to chat. As they are social oriented, focused on people, they ask "who" questions. They care about the people. Their questions are as follows: "Who is responsible?" "Who are my team-members?" People are first than are the tasks, unlike the high Ds. Naturally, they are very open. They frequently share their feeling with others. Just like high Ds are prepared to share, "show off" their ideas. They are very spontaneous. They do not mind being wrong, the criticism is usually accepted well as long as they get the opportunity to discuss the issue over. They are assertive and forceful just like high Ds. People's world is world of names; they very well remember names and this allows them to build their networks, staying in touch with large number of people. Time is very loose concept for them. High Is use to use a lot of inflections when they are speaking and from my observation it really adds value to what is being said. They talk fast, using lot of exclamation points in their speech. Visually they are famous for frequent and firm hand shakes, just like to politics running for the office. You can see a lot of smile of their faces and they do a lot of facial expressions, like moving the eye brows up and down. They like to dress modern and flashy, as they like when others are looking at them, they like fashion. To complete the visual description, they tend to do big gestures. When you are not naturally clicking with this profile, meaning that you are not high I, you should be aware of how to approach them when communicating. The best way is to approach high I in an informal way. Start conversation in a relaxed mode, ask about the weekend focus on the person and by the way do not forget to mention the point you need to work on. Ask them how they feel and how they feel about different thing related to business, remember they are people focused and work a lot with the feelings. Just like the actors, they like public recognition. When delegating to them, involve them slowly during several occasions and in rather informal way at the beginning. Staying away from very specific and detailed step by step description is appreciated. As they are very poor time managers, assistance in prioritization is to be considered. Their world is people not tasks and deadlines. When providing them with either positive (affirming) or negative (adjusting) feedback, it is necessary to make as a point of reference people. In positive or negative way to demonstrate how

something affects their popularity and prestige; or how their team looks like, what their boss or the organization thinks about them, ect. Simple said, show them how other see their work and stress impact on people rather then impact on the organization. For the coaching use mentors, tutors, e.g. human beings to guide them, rather then self-studying.

High I's - Influence			
How You Can Spot Them:		**What They Want From Others:**	
How They Talk:	**What They Do:**	High I's like others to be friendly, emotionally honest, and recognize the I's contributions	
• Ask who questions	• Animated	**You Should Try To:**	**Be Ready For:**
• Tell vs. ask	• Lots of facial expression	• Approach them informally	• Attempts to persuade/influence
• Make small talk	• Spontaneous	• Be relaxed and sociable	• Need for the spotlight
• Go off on tangents	• Laugh out loud	• Let them tell you how they feel	• Over-estimates self/others
• Use stories or anecdotes	• Stylish dress	• Keep the conversation light	• Over-selling ideas
• Faster speech	• Shorter attention span	• Provide written details	• Vulnerable to feeling rejected
• Express their feelings	• Warm	• Give public recognition	
• Share personal emotions	• May approach you closely	• Use humor	
• Exaggerate			
How To Manage Your High I's			
You Can Help Them Learn:		**They May Want From You/ Your Organization:**	
• More control of time	• Organization	• Popularity	• Casual warm relationships
• Objectivity	• Sense of urgency	• Visible rewards	• Freedom from details
• Emphasis on clear results	• Analysis of data	• Public recognition	• Approval And friendliness

Chart number 18, High I profile summary table[20]

High S

People with steadiness dominant feature of their behavior are very much people focused. They are great team-builders, naturally are they concerned for other people. They tend to be rather quite, definitely not the most loudly from within the group. They naturally gravitate to the people who are just like them, cooperative, pleasant and relaxed. Naturally they are avoiding the conflicts, just like high Cs. They do not like quick changes. This is not to say, that they can not cope with the change, but they need more time to process it. For the verbal clues they are asking "how" questions. Generally they prefer asking questions rather than giving statements. By asking questions, they are collecting more data to internalize the changes. After allowing them some time, they are prepared to give a statement, however often you have to ask them for the statement. When you interrupt them, they stop talking. They perceive it as a conflict, which they are trying to avoid. Then they take reserved,

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[20] Source: http://www.manager-tools.com

sometimes defensive approach. It would be mistakenly to interpret this as a lack of their confidence. It is not. It is just the other way of interacting. If you interrupt them, they will pick up the point later. They tend to reserve their opinions unlike high Ds and high Cs. Asking "how" questions are aiming to understand the process, to break down complex things into little bits. They are comfortable with small talks as they are people oriented and use first names of the people. For the vocal clue you will observe fewer ups and downs in their speech. Their tone of voice is rather metronomic, warm and gentle. They are patient, with quite volume and tend to do more pauses. What can be recognized visually is their gesture, they are small gestures. When meeting other people, their hand shake is not very firm, however their face is relaxed. They walk slower, stop by along the way for small conversations with other colleagues. In their conflict avoidance essence, they do not appreciate being overwhelmed by direct eye contact. They are wearing rather monochromatic colors and modest, traditional outfits. Important is the fact that they do get embarrassed by public recognition, they turn red. They are much more back-office then front desk. When you are communicating with high S, it is essential to point out how new ideas will reduce risk for them, for their work and for their team and people. When you need to convince high S, use data to support your initiatives and allow them time to process. Give them new ideas in advance. For supporting the efforts, pay extra time to brief them in advance and personally. This is very powerful approach. When they come to speak to you, focus on them. Do not reply to your email and shuffle papers over you table when they are speaking to you. Listen very attentively and do not interrupt them. For delegating the responsibilities take the extra time to go through the things and focus on the benefits for the team. Feedback is to be delivered gently, definitely in private way and time to internalize is necessary. For coaching the high S use resources that involve other people, just like for high I. The best fit for high S is job where steady and repetitive activities are demanding and good cooperation with team members.

High S's – Steadiness			
How You Can Spot Them:		**What They Want From Others:**	
How They Talk:	**What They Do:**	High S's like others to be relaxed, agreeable, and cooperative, and to show appreciation	
• Make small talk	• Photos of relationships out	**You Should Try To:**	**Be Ready For:**
• Ask how questions	• Consult others	• Be logical and systematic	• Friendly approach to others
• Ask vs. Tell	• Friendly functional work area	• Provide a secure environment	• Resistance to change
• Listen more than talk	• Casual relaxed walk	• Tell them about change early	• Difficulty prioritizing
• Slow, steady delivery	• Patient, tolerant	• Use sincere appreciation	• Difficulty with deadlines
• Reserved w/ opinions	• Service oriented	• Show how they're important	
• Lower volume	• Embarrassed by recognition	• Let them go slow into change	
• Warmth in voice	• Subdued clothing		
• Use first names			
How To Manage Your High S's			
You Can Help Them Learn:		**They May Want From You/ Your Organization:**	
• Openness to change	• Short cut methods	• Status quo	• Security
• Self-affirmation	• Effective presentation skills	• Private appreciation	• Time to adjust to changes
• How to make their accomplishments known	• Believing their successes are worthwhile	• Happy, calm relationships	• Listening
		• Standard procedures	• Sincerity

Chart number 19, High S profile summary table[21]

High C

Last of the four behavioral/ communication style is the conscientious. These are task oriented people often described as an IT profile. High Cs are very analytical, methodical and conscientious, they take their time to think things through. More data they have for their work, the happier they are. They like working in well defined processes and systems, and they very often make suggestions how to improve those processes and systems. When things go wrong, they are the first to point out that the rule was violated of that the process was ignored. They hate uncontrolled and emotional acts and decisions. For the verbal recognition the more ask questions to collect data rater than doing statements. This is opposite to high Is. They ask "why" questions, first of all know other's people behavior in the system or process and the ultimately seek to understand the required process. Just like high Cs, they are reserved, they tend to listen more then talk. When they talk, there are not much of the vocal clues. They have little inflection in their speech; in fact they are fairly mono-tone. Their speech is slower, but precise and detailed. They take their time, taking pauses before they reply. They do not want the emotions to rule their working day. They love data, but they do not get excited about data, they just analyze them. Visually, there are also not many of very distinct facial expressions. Slower body language, small and more controlled gesture are typical for them. Eye contact is

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[21] Source: http://www.manager-tools.com

definitely not that intense as when speaking about high Ds and high Is. As they are from nature reserve, in communication they do not like aggression. Ideally approach them in advance to outline the idea. Let them think about the ideas first. They are task focus, so when you try to interrupt them with some quick, important request their reaction is negative. Ask for their inputs. They are not big on the opinions like high Ds and high Is, but they will provide you with the data. Ask them to provide you with the recommendation; this is what the react upon. They are proud of their logic and accuracy, so if you want to compliment them, point out those points. In terms of delegation be prepared time wise for a lot of questions. Be willing to go through everything twice for their clarification. Show them steps you want to go through, but also let them to add the steps. As they are rather introverts, prepare to help them to reach others. Feedback is to be done privately, directly but not in very forceful way. Point out what doesn't make sense in terms of results, facts, logic, ect. High Cs often do so called quite acceptance, but they come back few days later with corrective actions. When coaching a high C, be careful of time. Make tem to keep the agreed time lines. When making a recommendation to high C, be aware of existing processes and procedures you might be in conflict with. Their usually long emails are to be read as there is important deliverable somewhere in the middle.

High C's – Conscientious			
How You Can Spot Them:		**What They Want From Others:**	
How They Talk:	**What They Do:**	High C's like others to minimize socializing, and give details; they value accuracy and attention to detail	
• Ask Why questions	• Focus on task and process	**You Should Try To:**	**Be Ready For:**
• Ask vs. tell	• Orderly	• Give clear expectations/deadlines	• Discomfort with ambiguity
• Listen more than talk	• Meticulous	• Show dependability	• Resistance to vague information
• Not a lot of reaction	• Precise, accurate	• Show loyalty	• Desire to double check
• Slower speech	• "Sterile" work area		• Little need to be w/ others people
• Lower volume	• Time conscious	• Be tactful and reserved	
• Prefer to talk vs. writing	• Hard to read	• Honor precedents	
• Get to point but like to talk	• Diplomatic	• Be precise and focused	
• Precise, detailed speech	• Want to be right	• Value high standards	
How To Manage Your High C's			
You Can Help Them Learn:		**They May Want From You/ Your Organization:**	
• Tolerance of conflict	• Acceptance of others' ideas	• Clear expectations	• No sudden changes
• To ask for support	• Tolerance of ambiguity	• Limited exposure	• Personal autonomy
• Group participation skills	• Acceptance of their limits	• Business-like environment	• Chance to show expertise
		• References & verification	• Attention to their objectives

Chart number 20, High C profile summary table[22]

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[22] Source: http://www.manager-tools.com

The bottom line of the DISC model is following. It doesn't matter who you are, or what your natural style is. You can behave anyway you want to, if you think abut it first, if you are aware of other's people style. And that is ultimately the way to increase communication effectiveness and build strong relationship with people. Strong relationships with people are essential for succeeding in developing the whole organization. Role of executive is to leverage people to accomplish the right things.

5.2. Impact of the cultural background on development of management system

During my five years experience at GPI Slovensko I have been analyzing impact of Slovak culture on developing business and on management of change within the company. Slovak culture was severely influenced by previous communist regime and the cultural habits strongly influence development of management system in our region. What is Slovak culture 21 years after putting down the communism? 21 years can be considered as one generation. Thus there are young people, who traveled and worked abroad and had a chance to interact with Western culture. On the other side there are people, who lived most of their life in the era of communism and are very slowly adjusting to changing environment. I could observe that some of the older people were able to adopt the change required by the environment; the others resist strongly and prefer to maintain their status quo.

I will list the most important aspects of Slovak culture with regard to company management system and I am adding comments to link the history, future and company:

1. Slovak culture is *non-proactive culture*. In other words we can say that it is reactive culture. Reactive culture is the opposite of proactive culture, where people do not wait to react upon problems, but actively anticipate and defines intentions and goals and strives to realize them.
2. *Uniformity-* Slovak culture historically did not encourage differentiation in terms of achievement and success. The trend was always to bring everybody

to the same level. The most successful people were aligned with the average and mediocrity was causing de-motivation and consequently hindering society development. Low performers were given the job and become a passengers in companies, that were obliged to travel but did not contribute much or at all to the company development. Talented individuals were put down instead of developing them further.

3. Slovak nation is described as very peaceful, "doveish" nation (feature derived from the dove of peace). We were never aggressive and we feared the conflict. I believe there is a link between this historical background and the *disability to deliver feedback in professional life*. Delivering feedback was tabu as it was not in line with the very basic democratic principle of expressing anyone's opinion. Feedback was also not used due to fear of launching the conflict. Simply people were not motivated to perform better or to change anything.

4. Previous regime *did not support entrepreneurial spirit*. Everything was collectively owned and thus belonged to everybody and nobody at the same time. Pro-activity was perceived as negative. Innovations were not rewarded. Jealousy of the other less capable people was de-motivating talented people.

5. People were *punished for their mistakes*. We use to say: "The mistake can not occur only in case when nothing is being done." And this was really the consequence. People were in their comfort zones, doing the same unproductive activities in repetitive way over and over. Of course, some individuals tried to do things better, tried to change things, but as you start doing those changes, you will encounter with mistakes as well. Punishment for the mistakes did not promote pro-activity and change. I call it vicious circle of rules. Rules are the rules. We do not break the rules. If we do, we are punished.

6. *Absence of decisions at lower (all) levels*- in the company structures decisions were proposed by few individuals, but the real decisions were done at the very top by people, who usually were completely disconnected and unaware of the problems. People thus used to be passive and even nowadays expect the decision to be made by their superiors, even in case it is their responsibility.

7. *Mistrust to systems* (company management system) and *regime* (communism) - people didn't trust to system. System was undemocratic, where the government controlled behavior of people. Government through its structures and agents (National Security, Communist Party, Labor Unions) monitored people's behavior and very effectively intervened in case of behavior other then uniform. For those reasons people were naturally forced to put together inside their smallest communities- e.g. families. Strong family relations still persist. There is noting wrong about having strong family relationships apart of one thing *negative influence.* Negative influence of older parents in terms of mistrust to systems towards their children is still valid. Unfortunately some young people negatively influenced by their parents or other family members have *difficulty to adopt changes, which modern companies are imposing* on them.

8. *Orientation on the social relationships* rather then on the system is prevailing. This is my conclusion for people with strong cultural heritage and older people. This is not to say that there are no self-motivated, result oriented people, but those were able to free up from negative influence of cultural heritage.

9. As social factors are important, the question of appropriate communication arises. Previous regime was pushing the papers. *Directors and management was so often hiding behind the papers rather then stepping in front.* Papers, processes, procedures are essential to define the framework, but *personal communication of strategic issues* is absolutely necessary. Nowadays verbal communication is being replaced by electronic. My conclusion is that there has to be some balance between virtual world of electronic communication of person sitting in the office and personal verbal interaction, which transmits also information that can not be exchanged via emails- feeling, attitude, appreciation, visual and vocal feedback.

10. Previous regime was characterized by central planned economy. Terms like market, competition did exist, but had a different meaning. Production was realized in order to produce. Focus on customer was missing. Everything went according to plan, not according to actual needs. Thus there were shortages of so many needed products and on the other side overstock of

unneeded, useless products. In such environment *prioritization and change of priorities was not needed.* People nowadays in era of constantly changing environment and global hyper competition, when we have to react to market needs in order to survive, in the era of demand fluctuations have to be able to set priorities quickly. Moreover the priorities are subject to change. We can not survive with old rigid approach.

11. The way of *expressing disagreement* is reflecting cultural heritage as well. Fact that people were not encouraged to express their opinions openly fearing that different opinion would net be received positively, but punished is rather negative part of cultural heritage. I have been observing cases when people instead of openly declaring their disagreement tend to do co called *"passive resistance"*. This is one of the most frustrating features I have encountered with. In such cases people do silent sabotage and complete involvement and understanding of the motives of those people is necessary to break the deadlock situation. Building a *company culture based on openness and correct professional relationships* helps to put down this negative feature.

12. *Time was loose concept* in previous regime. Compared to current IT, fast paced environment, there was not that much time pressure in the past. From my experience our culture has an attribute of *time polychronics*. This is reflecting in ability to work on many tasks simultaneously with many distractions and interruptions as an opposite of western precision and focus on one task at the time. Time commitments and the deadlines are objectives to be achieved if possible, but it is not unusual to excuse not meeting the deadline due to other tasks of lower priority. Time management and prioritization is to be trained in order to increase the effectiveness.

13. I already explained *culture of uniformity and general mistake non-acceptance* where people did not know what the failure or success means. Thus they did not need to admit the mistakes, as they were not allowed to do the mistakes. System was "perfect and correct". Those people did not acquire *habit of admitting own mistake, acceptance of criticism or even praise*. Admitting that there is something wrong is the mindset is principal breakthrough for the change to better.

14. On the other hand in the society with scarcity of material resources (materials, products and services that were available behind the iron curtain) we were *forced to be creative, self-sufficient and innovative* to manage the things for just a bit better living (examples might be building houses, repairing cars and bicycles, fixing majority of problems in house, building various machines in garage for home and garden use, ect.) Unfortunately the world of creativity and innovations was limited by walls of houses and fences of majority of individuals and was not supported at desired level inside the companies. Thus *the "communism" in terms of self-supportive and self-sufficient activities was realized within small family and friends communities*. Not on the global scale of society as the regime envisaged. Trust was build based on mutual help during the weekends in the closed communities of family and friends. Going out was risky and perceived as somewhat suspicious. 21 years later people still rely more on the people, whom they can trust. *Earning trust in professional relationships takes time, but is rewarding as puts down prejudices and liberates people's mindset to contribute and improve in companies.*

Culture of the nation and especially cultural heritage, its traditions and habits play significant role in building modern, proactive, non-indifferent company culture. Sound professional relationships of people and trust are the base for building and developing of management system with regard to its long term growth strategy. Culture has to be studied and understand in order to utilize positive aspects and correct habits that influence people and company performance.

6. Conclusions, policy of integral management system and performance indicators of GPI Slovensko

Nowadays, every company has to have a ***distinct competitive advantage***. Rather then copying existing concepts and systems of company management, it is essential to create own management system in company. This is of course not to say that company has to invent anything completely new, or that already existing and proven concepts are to be ignored (TQM, Lean production, TPM, 5S, Just in Time, Kanban system, Continues improvement- Kaizen, ect.) My conclusion is that company has within its logical needs implement its own management system, which is representing its competitive advantage.

Own management system of the company has to reflect and address:

- Its long term strategy
- Requirements and expectations of all shareholders
- Clients' needs
- Cultural background of the people

The ultimate objective is always the same: Growth in controlled way. Company, which is not progressing and growing (loosing market share) is destined to fail. Focus on the customer is becoming very critical. Generally, company has to strive to meet the clients' expectations better. Shorten delivery times, have higher flexibility and reactivity, constantly improving quality. On the other side requirements of the company itself have to be met. Profitability and positive cash flow are necessary to finance investments, which are necessary for further growth of the company.

Development of own management system of GPI Slovensko, its current state is reflected in company's integral policy, which I listed below.

INTEGRATED QUALITY, ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY POLICY
GPI Slovensko s.r.o.

Recent world events have changed the economic context in which we have been working since the foundation of the company. We are constantly obliged to adapt to changing circumstances and reconsider old values in the light of present-day circumstances and adapt our strategy and policies to these changing times.

Nonetheless, GPI Slovensko s.r.o. as part of its civic responsibility, maintains its firm commitment to its employees, its shareholders, and the local community. GPI Slovensko s.r.o. is dedicated to providing quality products and services in a manner that ensures a safe and healthy workplace for our employees minimizes our potential impact on the environment and ensures a viable economic future. We will operate in compliance with all relevant local, national, and international legislation and we will strive to use pollution prevention, environmental best practices and securing occupational health and safety in all we do while fully adhering to client specification to ensure their continued satisfaction.

Our objectives are:

- Become the company of reference on our markets with a viable economic future.
- Be a socially responsible company, pro-actively and continually striving to improve all aspects of our activities concerning our employees' welfare, our shareholders our clients and the community at large.
- Employee's satisfaction as a result of our commitment towards continual improvement of work environment and prevention of incidents and ill health.
- Constantly grow, even in difficult times of slowly recovering global economy, through constant vigilance on performance indicators, and implementation of corrective, preventive and improvement actions.

In order to achieve this we must:

- Question our way of doing things, in order to come up with new ways of dealing with the difficulties and problems encountered.

- Through a full understanding of desirable or non-desirable consequences, voluntarily adhere to the company policies regarding the environment, health and safety, respect of local, national and international legislation as well as complete adherence to our clients' specifications and requirements.

- Guarantee conformity of our products, whilst adhering to all agreements with our clients, including environmental concerns, risks attached to each work activity of employees and evaluation of their impacts throughout all our processes.

- Perpetrate a proactive approach in proposing technical and marketable solutions that are friendly to the environment, in line with philosophy of protection occupational health and safety and fulfill our clients' needs.

- Develop and maintain technological advantages in order to be competitive in present and future markets.

- Work systematically (P.D.C.A) in order to achieve our professional and personal goals, and reach the targets and objectives set by senior management.

Process management, the implication and advancement of staff, and the commitment of all concerned will be the backbone of our organization.

- Through training and constant reminders of the importance of the role of each individual within the company, we will promote efficient use of materials and resources throughout our facility including water, electricity, raw materials and other resources, particularly those that are non-renewable.

- Avoid unnecessary use of hazardous materials and products, seek substitutions when feasible, and take all reasonable steps to protect human health and the environment when such materials must be used, stored and disposed of.

- Communicate our environmental commitment and commitment towards occupational health and safety to clients, customers, suppliers and the public and encourage them to support it.

Senior Management is committed to abide by statutory and legal requirements as well as those of our clients. Compliance with statutory and legal requirements is also binding on all members of staff, and all third parties having direct dealings with the company. Senior management is also committed to continuous improvement of our Quality, Environmental and Occupational Health and Safety Management System and to the satisfaction of our clients.

Process management is base for the company management system. Processes at GPI Slovensko are described in process map below in structure of management processes, customer oriented processes and support processes.
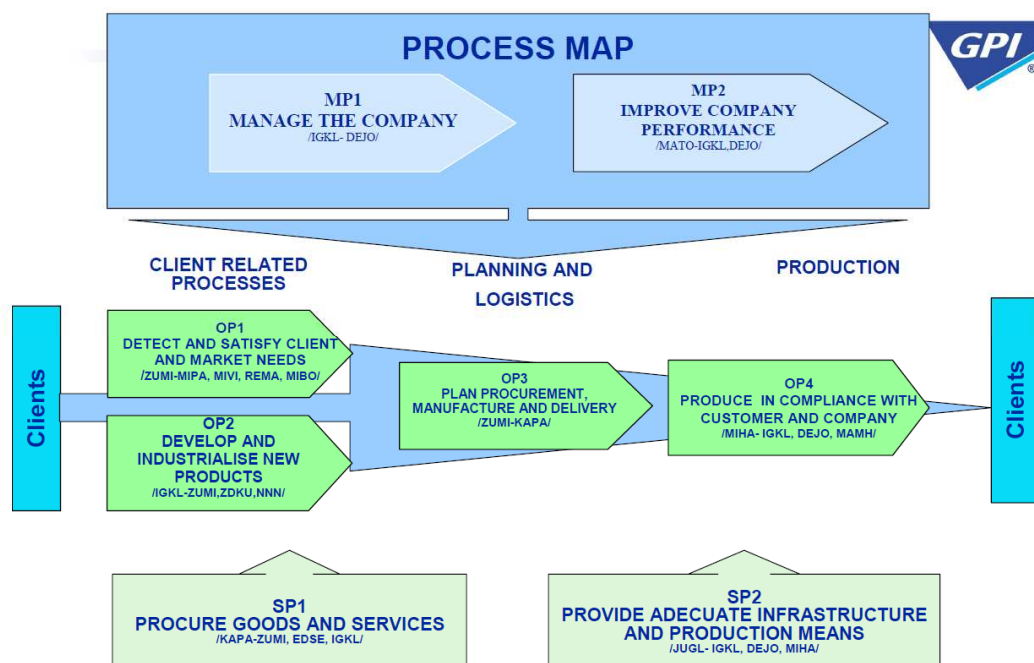
Chart number 21, Process map of GPI Slvoensko[23]

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[23] Source: Internal document GPI Slovensko s.r.o.

Success of the growth strategy is shown on the chart number 22 below, where net sales growth for past 4 years is illustrated.
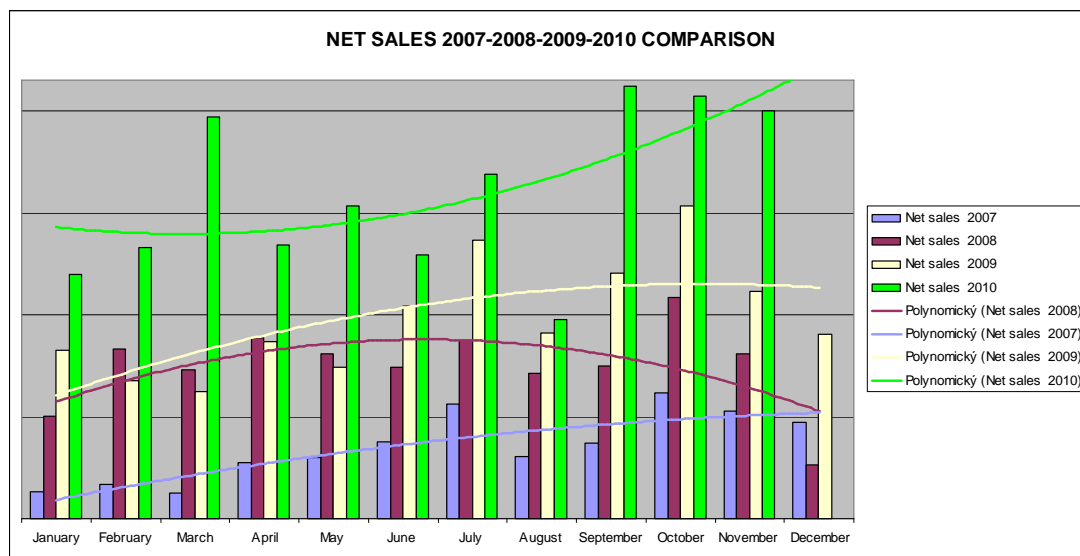

Chart number 22, Sales growth of GPI Slovensko[24]

Balanced score card is used as a managerial tool at GPI Slovensko for past 3 years. This tool allows reviewing company performance indicators on monthly basis and implementing corrective actions in line with defined strategy. Example of balanced score card with its indicators for year 2011 is on the chart number 23 below.

BALANCED SCORE CARD GPI SLOVENSKO 2011						
OBJECTIVE	MEASUREMENT	LEVEL 2010	GOAL 2011	Present level	Resp.	Process
SATISFY CLIENT	INCREASE COMPETITIVENESS ON PRICE QUOTATIONS				MAMH	OP2
	ORDERS DELIVERED ON TIME				ZUMI	OP3
	EXTERNAL PPM'S				MIHA	OP4
	CLOSED DEALS ON QUOTED PROJECTS				MIPA	OP1
	PRICE OFFERS DELIVERED WITHIN 5 DAYS				MAMH	OP2
BECOME PROFITABLE	SALES				MIPA	OP1
	NET PROFIT				IGKL	MP1
	COMPLIANCE WITH SALES FORECAST				ZUMI	OP1
DEVELOP FOR FUTURE	BRAND NEW POTENTIAL CLIENTS AND THEIR DEVELOPMENT				ZUMI	OP1
	PROGRESS IN BUILDING PROJECT				IGKL	MP1
	DEVELOPMENT OF SUPPLIERS- MONTHLY- EVALUATIONS AND IMPROVEMNETS FROM SUPPLIER				KAPA	SP1
ACHIEVE PRODUCTIVITY	REAL TIME vs QUOTED TIME (MACHINES and PACKING)				MIHA	OP4
	MATERIAL USED vs QUOTED MATERIAL				MIHA	OP4
	INTERNAL PPM'S				MIHA	OP4
	DIRECT MANHOURS WORKED				MIHA	OP4
QUALITY MANAGEMENT SYSTEM	PROCESS MEETING				MATO	MP2
	COST OF NON CONFORMITIES MEASURED AND MANAGED				MATO	MP2
HUMAN RESOURCES	NUMBER OF IMPROVEMENT PROPOSALS PER DEPARTMENT				MATO	MP2
	TRAINING PLAN, ITS COMPLIANCE AND CONTRIBUTION				IGKL	MP1

Chart number 23, Balanced Score Card of GPI Slovensko for 2011[25]

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[24] Internal document GPI Slovensko s.r.o.
[25] Internal document GPI Slovensko s.r.o.

7. Executive summary

Creation and implementation of management system in small start up company in Slovakia is not an easy assignment, however it is very challenging and rewarding exercise when system starts producing results.

Start up enterprise is very specific compared to enterprises with long history for several reasons. Start up company starts from zero and in my case with people without previous experience in the field, myself including. Company has to do so many things without appropriate resources and knowledge, which is an excellent opportunity for involved people to progress very quickly alongside the company. Start up GPI Slovensko had no clients and limited knowledge of how to satisfy clients at the beginning. *Focus was put on 3 major areas: people, clients and processes.* New people were trained on the job, were allowed to do mistakes, but eventually reached the stage of personal and professional development through acquisition of new clients and through building a good reputation for the company. Processes were continually discovered in the company and adjusted to client's and company needs. Later those invisible processes were mapped out and attention was put on the interactions with other internal and external processes.

What is the company management system? To avoid complex and sometimes misleading definitions I will use two words only: "*People and Processes*". All the rest is of secondary importance and can be derived from people and processes that are represented by people.

My appreciation of most critical findings, conclusions and recommendations with regard to development and implementation of management system is following:

People:

1) *People* are cornerstone of management system of start up company and any other company as well. In the global world everything becomes a commodity, the only way how to differentiate is to develop people. *People can not be copied and*

represent together with management system competitive advantage of company. Selection and motivation is critical.

2) *Development of people and further transfer of their knowledge* as the company is growing needs to be planned. Company has to be able to reproduce knowledge and reproduce itself in order to continue growing.

3) People have to be allowed to *do mistakes* in order to learn and to improve things.

4) *Effective communication* of managers and leaders increases performance of company and growth.

5) Building *professional relationships based on trust* through regular communication is essential (one on one's meetings, feedback, coaching and delegation).

6) *Company culture* is to be shaped in very sensitive way utilizing positive aspects of cultural heritage and correcting undesired influential factors on the other side. Proactive, non- indifferent culture is to built.

7) People are to be put into position of *entrepreneurs who do care about company.* There is no need and no room for "passengers" on the bus.

8) *Development of talented people and leaders* is essential in start up company.

9) It is difficult to keep people in *constantly high level of performance.* Rotation of people and *increasing competitiveness through implementing new people* is needed. Routine is not supporting personal development.

10) Small start up company is like a family. This has to be utilized. Small company has the advantage of *flexibility and reactivity* that is valuable for clients. *Involvement of people* to improvements and building culture is easier in small company, motivation and feedback is more direct.

11) *Common language* within the company is needed. We need to be sure that we speak "the same language" that we understand each other with clarity.

Processes and system:

12) Everything has to *have a plan*, and everything has its time for realization. Rome was not build in one day. *Patience, persistence and belief* are important for success.

13) *Processes are to be mapped out and visualized*. Influences and dependencies of processes are to be understood as well. Definition of internal and external customers is needed.

14) Setting objectives that lead company to *work in organized structured ways* (obtain certification according to ISO/ TS 16949, ISO 14001, OHSAS 18001) was very demanding at that time but paid off as it allowed to understand process management approach.

15) Implementing balanced score card as a manager tool to involve people from all departments to participate on strategic analysis and decisions.

16) Personal objective are to be set, reviewed and addressed to people to awake the passion and to motivate.

17) Avoiding of so called "knowing doing gap" is absolutely critical. We need to not only speak but also make decisions, execute and act.

18) Change is needed as environment around us is changing. Even more important then what is to be changed is to identify what is to be remaining unchanged- core values, principles. Only after knowing this, look for the change.

19) Learning and trying on new things is to be done on small scale and when successfully proven transferred company-wide. Pilot projects are ideal to do that.

Company management system can not be mechanically copied from one company to another. Company can not be managed as a machine; it is much more like a living organism. Company management system has to be flexible and innovative to adapt to changes of global environment. Company success is needed, but represents a thread for the future. People and processes stop progressing and company management system degenerate. Corporate sclerosis is a problem all growing companies have to face. Innovation of management system might be the remedy for start up company that is still growing in terms of number of employees, produced products and customers. The own way has to be found by each company. It is somewhat mysterious, magical and challenging as it is something new and unknown.

8. Practical relevance and contribution for my personal and professional development from my master thesis.

Through detailed, in depth studies of various management systems (The Toyota Way, Baťa Management System, Total Quality Management, Z-I-P-F development model, Ameba's theory of company management system, ect.) I could realize and understand the importance of own, unique management system in my company GPI Slovensko. There were many issues and dependencies, which I could previously observe and intuitively feel, but I could not describe and name correctly. I was not able to clearly see all the links and dependencies of company processes, activities and outputs. Thus I had a difficulty to act, to correct or improve on the managerial level. I realized that each small activity has some direct and indirect influence on other activities, people in company and shapes the company environment and culture.

After asking myself and also others right questions, I was able to understand in very structured way what the company management system really is, how to use it as a strategic distinctive competitive advantage. I came to conclusion that each company is only as good as people that work together inside the company, only as good as the environment and company culture, which is created by people. People and their constant development, company culture created and formed by people is the only way to pursue long term company strategy. Instead of focusing desperately on the numbers and any performance indicators, it is important to understand principle. Develop your people and they will produce results. Focus on the key and most critical basic element- focus on people.

Nowadays, there are many various manager tools literally for everything. Some companies in order to keep up with latest trends got overwhelmed by constant implementation of new "genuine" tools. Along the way of their efforts of implementing best "proven" practices and advices from "bestsellers", they got lost. We can not loose the perception of our real needs and environment we are living and doing the business in. Return to very basic principles might be the answer. Beauty lies in pure simplicity.

Common sense as a fundamental philosophy and its presence throughout entire management system in all its activities and decisions can not be forgotten. Being proactive leader, creating own future, own destiny, rather then looking back into the history. Even analyzing today's results is activity that is looking back to the history. Environment is constantly changing, what was valid yesterday and what is working today, will most probably not work tomorrow. Anticipation and adaptability is necessary in order to sustainably build healthy company. Knowledge, rather then skill, innovation as opposed to passivity and "status quo", uniqueness in opposite to copying and implementing strange models and ideas that are not consistent with company environment- these are the key words, that have to be transformed into daily reality.

Everybody wants and needs to be successful- individual, team, company. Once we reach that state we need to be careful. Human beings have a tendency to become complacent very quickly. Do not take anything for granted. Nothing lasts forever. World is constantly changing, observe the dynamics of change and constantly react, innovate your knowledge and innovate you organization, its management system. These are the principle ideas, which can not be truly captured in any schemas, but which are to be lived every day. Writing too much could turn my lines into the cliché. Writing doesn't add much value, acting does.

Feelings are difficult to measure. Feelings are very private and subjective. Feelings are part of human personality, which is so essential for running and developing business. We can not work without feelings. Today I do feel more confident and competent to transform the 10-10-10 strategy of GPI Slovensko into reality.

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