MANAGEMENT DIAGNOSIS

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umantis

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ABSTRACT

This analysis aims to examine Haufe Umantis, a successful HR software company, and delve into some of their distinctive business strategies. To conduct thorough analysis, this report will adopt the PLOC model. Drawing on this framework and extensive research, we will provide insightful recommendations for the company's improvement.

CONTENT TABLE

PART I - INTRODUCTION 1

1. Report base (PLOC) 1

2. Introduction to Haufe Umantis 2

3. Why we chose Haufe Umantis 2

PART II - PLANNING : MANAGEMENT STARTS WITH A CLEAR PURPOSE 4

1. Defining Planning with a Purpose 4

2. The purpose stated on Haufe Umantis 4

3. Cynthia A. MONTGOMERY's method 5

4. Our recommendations for the CEO 6

PART III - LEADING : FOCUS ON THE EMPOWERMENT 7

1. Defining leadership and empowerment 7

2. The degree of empowerment implemented within the company. 8

3. Our Recommendations for the CEO 10

PART IV - ORGANIZING : FOCUS ON THE STRUCTURE 12

1. Defining organizational structure 12

2. The Organizational structure of Haufe Umantis using the 5 building blocks 12

Specialization 13
Hierarchy 13
Centralization 15
Formalization 16
Coordination 17

3. Our Recommendations for the CEO 18

PART V - CONTROLLING : FOCUS ON THE CONTROL 20

1. Defining Control 20

2. Control within Haufe Umantis 21

3. Our Recommendations for the CEO 22

CONCLUSION 23

BIBLIOGRAPHY 25

PART I - INTRODUCTION

This report, which examines the management of Haufe Umantis, relies on our research and is structured around the acronym PLOC, as well as the content of the lectures taught by Dr. BEZ at Montpellier Management University, 2023.
The focus of the content will be on the strategic decisions implemented by the company between 2008 and 2020, a period during which an especially interesting democratic process was employed. Although this process is no longer in place, the company's democratic values and many of our recommendations extend beyond this specific practice and remain highly pertinent to the company's current context.

1. Report base (PLOC)

To facilitate the tracking of our research, we deemed it necessary to explain the meaning of the acronym PLOC. This acronym has emerged in recent years in response to the constant evolution of the field of management and its implications. Indeed, management has entered a new era where its mission is no longer limited to "taking care" of the company as was defined in the 20th century. Today, it encompasses much more than that (Bez, 2023).
Nowadays, managers are tasked with ensuring the efficiency of operations by collaborating with the employees to endure the achievement of the firm's objectives. This is done through the execution of four key basic management functions (PLOC):

- ➔ Planning
- ➔ Leading
- ➔ Organizing
- ➔ Controlling

Planning	Organizing	Leading	Controlling
1. Vision & Mission 2. Strategizing 3. Goals & Objectives	1. Organization Design 2. Culture 3. Social Networks	1. Leadership 2. Decision Making 3. Communications 4. Groups/Teams 5. Motivation	1. Systems/Processes 2. Strategic Human Resources

Illustration of the POLC model
Image available at : https://open.lib.umn.edu/principlesmanagement/chapter/1-5-planning-organizing-leading-and-controlling-2/ (Accessed October 2023)

2. Introduction to Haufe Umantis

In the year 2000, four university students from the Swiss Federal Institute of Technology Zurich, had a vision of creating a web-based talent and performance management software (Umantis, 2023), as well as the intention of reshaping the traditional way of working (Minnaar, 2017). This combination led to the foundation for the successful inception of Umantis.

Their positive results led them to make the democratic decision to merge with the Group Haufe in 2012 and that is how Haufe Umantis was born. Haufe Umantis offers personnel management software to many companies, such as Migros, Hilti and Swisscom. The software simplifies and accelerates workflows and processes through HR-view, by perfectly combining proven talent management aspects (Haufe Umantis, 2023). To achieve this, the software facilitates the advertisement of job positions, interview arrangements, email templates, collaborations between recruiters, and managers and reporting tools.

While their successful software put them on the map for their clients, what truly distinguished them are their two fundamental values: democracy and agreement. They employed elections to make decisions, including the voting process for selecting their leaders, which garnered attention and contributed to their recognition.

"He basically said, "This is the situation. Let's vote on it!" And that's what we did"
(Minnaar, 2017)

A quote by Marc Stoffel, CEO of Haufe Umantis from 2013 to 2022, where he describes the moment the previous CEO Hermann, called a meeting with the then 100 employees to share his idea of voting for the next CEO when he steps down (Minnaar, 2017). This was the first leadership election at Haufe Umantis.

3. Why we chose Haufe Umantis

This practice inspired by democracy is what first piqued our interest when we read about the Swiss talent management and HR company. When reading more about Haufe Umantis, we saw another quote by the former CEO Marc Stoffel;

"It's not our mission to be a happy workplace per se. It's our mission to find out the best way for employees to run the organization."
(Minaar, 2017)

What captivates attention in this quote is their conviction that employees lead the company. In alignment with this belief, the company set up many unique practices, including the voting practice, but also the swarming model. In this model, Haufe Umantis employees organize themselves independently into groups called "swarms" in the areas where they believe they can contribute the greatest benefit.

These distinctive approaches interested us because we wanted to learn how they affected the company and its employees. We also wanted to understand how these decisions ultimately impact the customers and create a better business model. We decided to learn more about this company and in our findings we understood the strengths of such a system but also the weaknesses in their management style. With our research and through analysis we have created possible solutions for Haufe Umantis to better their management system which are outlined throughout the report.

PART II - PLANNING : MANAGEMENT STARTS WITH A CLEAR PURPOSE

1. Defining Planning with a Purpose

Planning with a Purpose

"Purpose is who we are and what makes us distinctive. It's what we as a company exist to achieve" (Prokesch, 1997)

The purpose is the few words that will define the system; it is what the company exists to achieve. In the words of Cynthia Montgomery, a renowned business strategist and economist, the idea is that if the company is able to identify those words they can then manage according to those words and the customers who care about those words can find the company (Montgomery conference, 2016).
Moreover, it is crucial for companies to set clear goals so that employees can do their job, that there is a barrier to imitation, customers and suppliers can find the company, and employees feel like part of a team working towards a common goal (Bez, 2023). Cynthia Montgomery split the purpose of a company into the answer to three questions: who we are, what makes us distinctive, and why we exist. These questions help to pinpoint and explain what a company's purpose is, and define with clarity what the company as a whole aims to achieve.
In this section we have assessed Haufe Umantis's current purpose which can be found on their website and used Cynthia's method to create a new and improved purpose for the company.

2. The purpose stated on Haufe Umantis



Stated above is the official Haufe Umantis Purpose, found in their website (Haufe Umantis, 2023). Through the study of this purpose it seems that the company chose to highlight three main aspects, their Swiss origins, the genuine personal consulting and their constant availability.

This quote states some of the main points that the company provides to the consumer, however, in the words of Montgomery, the purpose should be compelling. From just this purpose stated on the website alone it is difficult to understand what exactly the company does and what sets them apart. By following Cynthia Montgomerys method, as detailed below, we are able to review this purpose and improve it.

3. Cynthia A. MONTGOMERY's method

Who are we ?

Haufe Umantis is a Swiss company, which provides the service of personal consulting focused on human connection. They specialize in talent management resources and HR skills, emerging as a groundbreaker in web-based talent and performance management within the European market.

What makes us distinctive ?

What makes Haufe Umantis truly distinctive is the way they deal with people, whether that is their own employees or customers. Hermann, one of the company's founders, is heavily influenced by democratic ideas, which leads to their mantra, 'Employees lead companies' which is alive at all levels in the company (Minnaar, 2017). The company believes that employees should be free to make decisions and work wherever they can benefit the company the most. This determines not only how they treat their people, but also how they do business. This democratic and free approach of the way they work inside the company is clearly reflected to their outside parties and consumers. Employees are more motivated and can form genuine connections with clients which is something they advertise by saying they "offer personalized and genuine connections and are always there for our customers" (Haufe Umantis, 2023).

What do we exist for ?

"Haufe Mantis exists to be the future of human resources by offering innovative and reliable business solutions for management and HR … As has been the case since the founding years, the needs of customers are the undisputed priorities focus" (Haufe Umantis, 2023). Haufe Umantis exists to offer the best HR solution for other companies while focusing on a personalized, attentive work that begins inside the company and is reflected through their service.

4. Our recommendations for the CEO

The purpose that Haufe Umantis established on their website for all of their clients and employees to see is well worded, but it fails to explain exactly what they do, what they strive for as a company and why they do it.

From the purpose, a client or potential client understands that they offer solutions and consulting, but it is unclear what for. It is possible that the current purpose is not clear because the company was not able to make the tough decisions that it takes to decide what direction they want to move in and what their clear goals are.

With our proposed version of the purpose it is explicitly clear that Haufe Umantis's solutions are for human resources and it is also clear that the company strives to be innovative and revolutionary. This is important for the customers to know, but it is also important for the employees to know because every decision that they make in their job and the way they work must be in the direction of the company's purpose.

The new purpose

Haufe Mantis, a Swiss-based company, is committed to revolutionizing conventional work practices through a dedication to democratic and consensus-driven values. These principles aim to innovate HR solutions and provide authentic personalized consulting to influence and shape the future of human resources within companies.

PART III - LEADING : FOCUS ON THE EMPOWERMENT

1. Defining leadership and empowerment

Leadership

To define empowerment and further explore this part of the report, we must first define leadership. Leadership can be defined as "**A process** whereby an individual influences a group of individuals to achieve a **common goal**"(Northouse, 2010, p.3).
A few words are emphasized in this definition because it is crucial to reinforce the fact that leadership is a process, and not just a quality that people are born with. Any individual can work towards mastering the art of leadership. The other word that is highlighted is common goal. The goal of a company should be shared with all employees, as leading is most effective when all of the people being led know exactly what they are working towards.

Empowerment

To become an exceptional leader, it is crucial to inspire and motivate employees while taking into account their individual personalities and needs as well as the unique aspects of the company and its products or services. In this discussion, we will concentrate on a key aspect of leadership: empowerment. Let's begin by defining empowerment:

"**Delegating** authority and decision-making, **sharing information**, and **asking for their input**"
(Bez, 2023)

Delegating a task is a form of empowerment because it involves entrusting the employee with responsibility and conveying trust and recognition for their dedication to the company. *Sharing Information* is also crucial. As the action is delegated, it's essential to share information about the project or task's objectives. This ensures that the person responsible comprehends the context and the significance of their role, enabling them to make decisions in alignment with the company's objectives. Finally, *asking for the employees' input* will encourage active participation in decision-making. Empowerment invites employees to provide feedback and suggestions. In fact, individuals within a department or project team may identify potential challenges or alternative approaches that could yield better results, thereby contributing to informed decision-making.

The question we ask ourselves is, when to implement empowerment and to what extent. This question is brought up in the Harvard Business Review, "When Empowerment works and when it

doesn't" (Allan Lee, Sara Willis and Ami Wei Tian, 2018). According to the authors, what must be considered is that empowering employees can be a beneficial managerial choice when aiming for creativity and fostering a higher level of something called organizational citizenship. This refers to all of the positive actions that an employee does on top of their stated role in the company.

However, if the goal is to maintain routine and strict adherence to established procedures, empowerment may not be the most suitable approach. The effectiveness of empowerment initiatives is closely tied to the company's strategic objectives; it can either enhance or diminish performance based on alignment with these goals.

For Haufe Umantis, their purpose includes being innovative, so it aligns with their goal to empower their employees. However, continuous feedback is crucial for evaluating and refining the implementation of empowerment strategies, ensuring they remain in harmony with the company's overall mission and vision.

Haufe Umantis distinguishes itself through its unique approach to employee leadership.

Haufe Umantis stands out because of its unique management approach, characterized by a democratic framework. The company operates as a democracy, allowing employees to actively participate in strategic decision-making processes. This inclusive approach means that every employee has a voice and a vote, shaping significant aspects of the company such as electing the CEO and making crucial business decisions collectively.

2. The degree of empowerment implemented within the company.

The degree of empowerment implemented within Haufe Umantis is high. Haufe Umantis mantra is "Employees lead companies," that is, the company is committed to having the employees have power within the organization, this is done by the democratic strategic decisions, such as voting for future strategies. Furthermore, votes are also done for higher leadership positions, anyone in the company can candidate and have the opportunity to be in a position to empower those within the organization.

By giving their employees the power to vote for changes within the organization, the top leaders are empowering every employee. This is empowerment because the leaders are delegating the task of the vote, sharing the important information that is needed to make informed votes, and listening to the employees opinions on what decisions the company should make. These leaders are considered participative leaders because they are sharing the decision making powers and co-leading with their employees.

Naturally, when a vote is held for the election of a manager, there will be someone who wins and also at least one person who loses. This could cause some conflict between the candidates, and therefore, within the company. Conflict is historically something that companies avoid, but Thinker 50 conflict theorist Amy Gallo believes that conflict is actually important and that people should lean into healthy conflict. It can be reasoned that Marc Herman, previous CEO of Haufe Umantis, would agree with Gallo's theory. When explaining his reason for leadership elections, he stated that "You need to create an atmosphere where people leave leadership roles without losing their face. It will allow people to feel comfortable by going in and out of the leadership to develop a spiral career" (Corporate Rebels, 2017.) He believes that if there is a leader who gets voted out of his position by his employees, it is an important conflict to have because that leader will then be able to learn from it, grow, and continue on a different path which they are more suited for.

By allowing the employees to vote for the decisions which govern them, the company is giving them autonomy. Autonomy is one of the three intrinsic motivators - in addition to purpose and mastery - that you need in order to empower people according to Daniel Pink's Theory of Empowerment. By connecting autonomy with these other motivators, employees are more likely to feel like they are contributing meaningfully to their company and ultimately to their community.

In order to successfully reach empowerment, there are certain needs that need to be met, according to Maslow's Hierarchy of Needs Theory. The theory is based upon a pyramid with five different levels. From bottom to top, the levels are physiological needs, safety needs, love and belonging, esteem, and self actualization.



Illustration of the Maslow's hierarchy of needs
Available at : https://www.thoughtco.com/maslows-hierarchy-of-needs-4582571 (Accessed November 2023)

According to this theory, all of the four bottom tears must be at least partially filled before reaching empowerment (Bez, 2023.) The high degree of empowerment within Haufe Umantis is only possible because the employees already have at least some degree of fulfillment of the four bottom

tears of the pyramid. One example of how Haufe Umantis helps its employees reach this fulfillment is through its votes for upper level management. This gives the employees the freedom to vote for who they want to manage them and it gives the managers who were elected by their peers a sense of respect and recognition. These are all needs that are part of the fourth tier of the pyramid, under esteem. By helping the employees with their esteem, they are helping them work towards self-actualization, which is the tier that empowerment is in.

Another theory of empowerment that helps to explain the degree of empowerment within Haufe Umantis is McGregor's Theory of X and Y. This theory says that managers who believe in Theory X believe that their employees are unmotivated by the work they are doing and only work for money, as shown below in the red. Theory Y managers believe that their employees enjoy their work and their contribution towards the success of the company, as shown below in green.

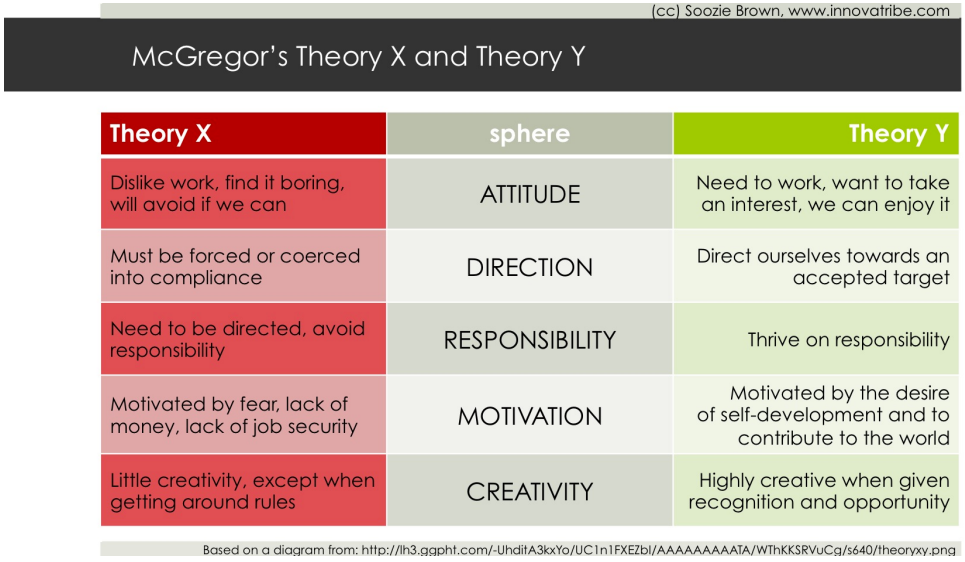


Illustration of McGregor's X and Y Theory

Image available at : https://frontlinemanagementexperts.wordpress.com/2015/08/31/douglas-mcgregor-on-theory-x-and-theory-y/ *(Accessed November, 2023)*

At Haufe Umantis, they believe that "every employee has a role to play" and each employee has a personal coach to help with their self-development (Haufe Umantis, 2023.) This shows that the managers within Haufe Umantis are more aligned with Theory Y.

3. Our Recommendations for the CEO

As stated in the definition, empowerment is about delegating, sharing information, and asking for employee input. Since Haufe Umantis lets its employees vote in important decisions, they also have to share a lot of important information with their employees. It is very important to reduce bias in elections and make sure that all of the voters are well informed about what they are voting

for or against. The employees are currently informed on the various topics, but as the company grows it will become increasingly difficult to ensure this.

We propose two solutions. First, the company will have to start creating sectors which each vote for the topics and leaders which most concern them. We can compare this to splitting the company into different cities. Each city (department) will vote for their own bills and leaders so that they vote for the things which they are most informed on and which affect them the most.

Our other solution is to make sure both sides of an argument or both candidates can share their sides without bias. Currently, the company has a shared document which allows voters to ask questions about the things they are voting for (Haufe Umantis, 2023), but we propose presentations to thoroughly explain topics or candidates' platforms.

PART IV - ORGANIZING : FOCUS ON THE STRUCTURE

1. Defining organizational structure

Organizational Structure

"The organizational structure determines how the work efforts of individuals and teams are orchestrated and how resources are distributed."

(Bez, 2023)

In simpler terms, when we talk about organizational structure, we are referring to the framework or hierarchy that outlines how the company is structured in terms of responsibilities, roles, and tasks. It also encompasses the coordination of these efforts.

There are 5 building blocks that can define an organizational structure :

- ➔ Specialization
- ➔ Hierarchy
- ➔ Centralization
- ➔ Formalization
- ➔ Coordination

Let's develop them using the organizational structure of Haufe Umantis.

2. The Organizational structure of Haufe Umantis using the 5 building blocks

We analyzed the organizational structure of Haufe Umantis using the information provided from their website and other online articles about the organization. However, there were some gaps in the available information, which we had to fill in by making assumptions.

We also analyzed the strengths and weaknesses of each building block in relation to Haufe Umantis. It is important to note that every decision made within a company carries consequences, and being extremely high or low for any of these building blocks can cause challenges in a company. Therefore, the structure of each block is somewhere in between the two sides. We want to help Haufe Umantis find a balance that works for them for each of the building blocks.

Specialization

When discussing specialization within an organizational framework, it can be distilled into a fundamental query: How are tasks distributed among individuals? (Bez, 2023).
In other words, the question arises as to whether employees are responsible for a broad range of tasks or if their functions are limited and specific due to certain attributes, whether they are considered versatile within their team or specialized in a particular field, etc.

In the case of Haufe Umantis, there exists a relatively low degree of specialization. This can be explained by the fact that employees are afforded the flexibility to transition between various roles within the company. Navigating these role transitions necessitates the ability to adapt effectively, resulting in a workforce characterized by versatility.

A low degree of specialization can foster heightened job satisfaction. It allows employees to engage in diverse tasks, preventing monotony and nurturing their loyalty to the company, even when they find themselves in roles they may not particularly favor at a given moment. This adaptability also benefits the company, especially during periods of financial constraint, as it reduces interdependence among team members. This means that employees can assume various roles, ensuring work continuity even when resources are scarce, a contrast to highly specialized companies where expertise is confined to a narrow set of tasks, creating vulnerability. Furthermore, versatility within a company equips employees with the ability to swiftly adapt to market fluctuations and unforeseen challenges, such as the pandemic.

However, it's crucial to acknowledge that a low degree of specialization has its potential drawbacks. Employees may find it frustrating in terms of their career aspirations, feeling they can never truly become experts in any particular role due to frequent shifts. Additionally, it can affect work quality, as transitioning between roles necessitates an adaptation period, impacting the initial quality of work output. In contrast, a high degree of specialization enhances productivity and work quality. Moreover, not everyone is equipped to handle the constantly changing demands of various tasks, leading to feelings of being overwhelmed and outdone.

Hierarchy

When we talk about hierarchy in a company, we talk about the position of people depending on their responsibilities. It’s an organizational element that determines who reports to whom in the company (Bez, 2023). This organization could have many levels or few levels. The two most common types of hierarchies are the tall and the flat one.

A tall hierarchy denotes an organizational structure characterized by numerous levels. This implies the presence of numerous executives and supervisors throughout the company. In such organizations, at the top of the hierarchy is the CEO or Executive Director, and below them extends a large chain of command, reaching the lower levels of the organizational hierarchy. This multi-tiered structure implies a clear and defined reporting and decision-making pathway that extends from the top leadership to the lower ranks of the organization.
A flat hierarchy stands in stark contrast to the tall hierarchy. It is defined by a limited number of levels, resulting in a reduced number of supervisors and reporting lines.

Haufe Umantis is a flat organization structure.

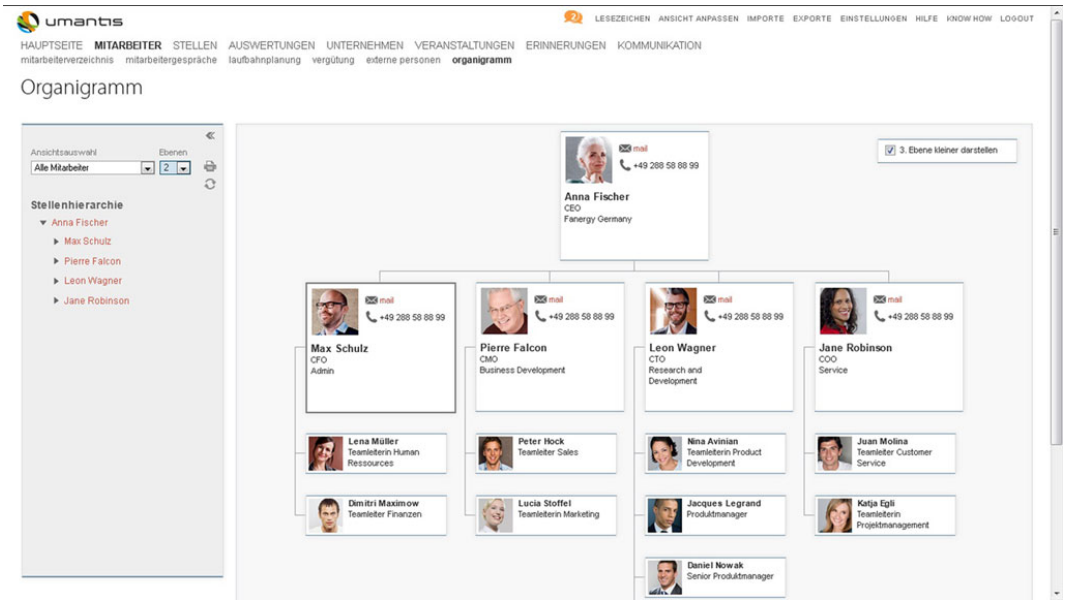


Illustration of the hierarchy of Haufe Umantis: https://www.betterbuys.com/talent-management/reviews/haufe-review/

A flat hierarchy has numerous advantages. Firstly, it promotes quick decision-making. In contrast to large hierarchies where employees waste time waiting for directives, flat hierarchies allow for swift responses to unforeseen circumstances and agile decision-making within teams. Employees only need to consult a few individuals to validate their decisions, whereas in organizations with a large hierarchy, this can be a lengthy process, resulting in a decrease in team productivity. Moreover, this type of hierarchy encourages active communication within teams and enables certain employees to emerge as potential leaders for the company. Additionally, this organizational model is often less costly than one involving a significant hierarchy that requires numerous executives and supervisors, consequently leading to high salary expenses. Furthermore, within a flat hierarchy, employees enjoy greater autonomy and empowerment and there is also a better team spirit within the company : as there is less hierarchy, there is therefore less distance between employees.

However, it is important to emphasize that the adoption of a flat organizational structure also comes with potential disadvantages. In this model, it becomes challenging for employees to define a clear career path, target positions to aspire to, and for employers to establish a promotion plan. This situation can lead to a decrease in motivation and, consequently, a decline in productivity over time, as every individual requires goals to unleash their full potential. Additionally, authorities are not clearly defined, complicating the resolution of issues that require the intervention of individuals with a comprehensive view of the company.
It is also crucial to consider that this flat organizational model aligns more with the structure commonly found in medium, small, or very small enterprises. In these contexts, employers and employees truly know each other, fostering collaboration and informal communication without the need for formal appointments. Furthermore, in these human-scale enterprises, there is no need to create distinct departments or delegate decision-making to specific individuals in whom the CEO trusts, as the close proximity among team members facilitates collaborative decision-making.

Centralization

The term centralization is used to designate the concentration of decision-making at the top of the hierarchy within a company. (Bez, 2023). When we talk about a company in which decision-making power is centralized, it means that a small group, often located at the top of the hierarchy (such as the CEO or the board of directors), is responsible for strategic decisions and, generally, choices that have implications within the company. The responsibilities of managers at lower levels are thus limited, and their day-to-day autonomy is restricted as they depend on directives from higher levels.

Haufe Umantis is a decentralized company. This can be illustrated by the fact that it promotes a self-managed company. Indeed, every employee has responsibilities and is considered the same on the corporate decisions as he/she is voting to elect the CEOs/business decision for example (one vote = one voice; you can have different responsibilities/positions/tasks but for the decision-making everyone is equal).

Decentralizing company operations comes with its own set of advantages and potential drawbacks. The main advantage is the speed of execution, in contrast to the centralized decision-making process, which involves lengthy information processing. Moreover, it nurtures a sense of belonging among employees, leading to increased motivation and engagement in their roles. Decision-making processes become more agile as they are not confined to a select few individuals. Additionally, delegating decision-making to relevant parties allows for a more accurate assessment of specific departmental needs. Furthermore, this enhances the flexibility and adaptability of employees within the company.

However, on the flip side, accommodating every employee's input can prolong the decision-making process for critical business matters, such as CEO elections. Moreover, dispersing decision-making authority can lead to insufficient communication among different departments, potentially resulting in inconsistencies across company-wide decisions.

Formalization

Formalization is defined by the extent to which employee behavior is steered by explicit and codified rules and procedures (Bez, 2023). In a company characterized by a high level of formalization, employees typically benefit from detailed job descriptions where all their tasks are predefined and limited. They are required to follow clear procedures and are not allowed to deviate from these established processes. This approach aims to ensure uniformity and precision in task execution.

Conversely, in a company characterized by a low level of formalization, employees are not strictly confined, for example, by a predefined task list. Their work is explicit, but it may sometimes involve additional tasks or flexible responsibilities. When assigned a project, they are not subject to a rigid procedure but rather to an objective to achieve. In this context, they must demonstrate autonomy in their processes to reach this goal.

Umantis employees organize themselves independently in “swarms”, the areas where they believe they can contribute the greatest benefit in order to promote creativity and innovation within the company (Haufe Umantis, 2023). A "swarm" represents a group of individuals specialized in a particular field. Within the framework of Haufe Umantis, employees have the opportunity to choose the domain in which they want to invest their efforts, and their work is centered within this specialized team.

Due to Haufe Umantis prioritizing the encouragement of innovative thinking beyond conventional procedures and the status quo, it can be inferred that the level of formalization within the company is relatively low.

It is crucial to note that low formalization within a company has both advantages and disadvantages. On one hand, low formalization tends to stimulate employees' creativity and increase their flexibility in response to workload fluctuations. The absence of strict guidelines encourages them to develop autonomy within their teams, thus fostering innovation. Additionally, it promotes informal communication and mutual assistance within teams, enhancing a sense of belonging. Employees may also feel a greater level of commitment and responsibility within the company.

However, low formalization also comes with several drawbacks. The absence of clear procedures, fixed deadlines, and a formal definition of roles and tasks can lead to confusion among employees.

An "informal" definition of roles may result in task duplication and time loss in projects due to a lack of effective communication among team members. Furthermore, low formalization tends to make the company's outcomes less predictable. The processes used by employees may take longer as they are not constrained by strict deadlines or predefined procedures. This also increases the risk of errors, as the absence of clear directives can lead to incorrect interpretations of expectations.

Coordination

Coordination within a company can be categorized into six distinct types:

- ➔ Mutual Adjustment : This occurs when you directly communicate and collaborate with the person you need to coordinate with.
- ➔ Direct Supervision : In this type, your manager takes charge of making decisions and overseeing the coordination between you and your colleagues.
- ➔ Standardization of Work Processes : Coordination is achieved by focusing on the "how." This means aligning efforts on how to accomplish the shared goal.
- ➔ Standardization of Outputs : Coordination is based on the goal itself, ensuring alignment in achieving the desired outcome.
- ➔ Standardization of Skills and Knowledge : Coordination is facilitated by considering the diverse backgrounds and skills of individuals involved.
- ➔ Standardization of Norms : This type involves coordination through shared values, beliefs, and behavior standards.

The coordination structure in Haufe Umantis is mostly characterized by mutual adjustment. As mentioned in the formalization paragraph above, employees organize themselves in “swarms” which are small groups where they have to coordinate their processes in order to come up with a successful output together (Haufe Umantis, 2023) but those processes are not standardized. Indeed, every team has the freedom to organize itself as it sees fit. In addition, another experiment that this company has implemented is “People coaches”, that is, every employee is assigned another employee to look out for and support, putting in place the idea of a mutual adjustment (Haufe Umantis, 2023).

We can further analyze the coordination of Haufe Umantis by using Mintzberg's Five Organizational Structures Theory. This theory creates five different structural configurations that companies can have which include :

- ➔ Simple structure
- ➔ Machine bureaucracy
- ➔ Professional bureaucracy
- ➔ Divisionalized form
- ➔ Adhocracy

(Bez, 2023)

Each of these configurations have a primary coordinating mechanism. As stated in the paragraph above, the coordination structure of Haufe Umantis is mostly mutual adjustment. This coordination structure is the prime coordination mechanism for adhocracy. Therefore we know that Haufe Umantis can be categorized by this structural configuration using Mintzberg's theory.

Different types of coordination within a company have different benefits and drawbacks. However, overall, high coordination in a company leads to less time wasted and delays.

Coordination can also lead to conflict though if people have different approaches and disagree.

3. Our Recommendations for the CEO

Advocating for a low level of specialization at Haufe Umantis perfectly aligns with the company's core philosophy, which consistently emphasizes the value of creativity and innovation. We firmly believe that excessive specialization could hinder the achievement of these objectives. Therefore, it is crucial for the CEO to consider the challenges related to transitioning between roles as the company grows. We believe that the CEO's primary goal is to ensure that each employee is aware of the appropriate channels for obtaining references, thereby mitigating the inherent risks of confusion in a flat organizational structure. Effective training tailored to each employee's role can reduce potential risks associated with the lack of employee specialization. We perceive the versatility of individuals as a genuine asset to the company, aligning perfectly with low specialization. As a specialized recruitment company, we believe that our team's mastery in managing all stages of client relationships enhances their professional credibility and attests to the exceptional quality of their expertise. A low-specialization approach encourages skill diversification and allows for a more agile and creative response to challenges, contributing to the continuous prosperity of Haufe Umantis.

Having a low specialization within the organization aligns with a flat hierarchy. But as we have recognized the potential challenges of a flat hierarchy as the company grows, we recommend gradually assigning responsibilities to emerging leaders within teams, allowing for the gradual creation of departments in the long term. We advocate for minimizing reporting levels within these

departments, thereby encouraging constant communication while avoiding unnecessary delays in decision-making.

To address the negative effects of decentralized decision-making, we propose the use of a ranked-choice voting method, reducing the time required for decision-making. This method streamlines the process and eliminates the need for a second vote in case of a tie because each voter ranks all of the candidates in the order of their choice.

As the company expands and the number of employees and offices involved increases, it will become increasingly challenging to engage all employees in votes without a considerable loss of time. In order to maintain recruitment advantages and remain competitive in the job market, we are considering conducting votes at each office location. For instance, Haufe Umantis Barcelona would conduct its own votes to elect the local manager.

Votes for the CEO election and strategic decisions concerning Haufe Umantis as a whole could take place through a platform like Google Form, or possibly through the development of an application (although this would be more costly for the company). The voting process would be conducted online, allowing CEO candidates to present their ideas. Regarding strategic decisions for the company, various options would be explained to ensure clear understanding, enabling employees to vote with informed judgment. This approach would reduce time loss while maintaining democracy within the company, ensuring that each employee has a say in organizational changes.

Given the emphasis on creativity and innovation at Haufe Umantis, maintaining a relatively low level of formalization is crucial. However, as the company is growing, sustaining this approach becomes more complex. We have considered Haufe Umantis as a whole and identified different teams within the organization that may lean towards consistent results and/or creative thinking. Therefore, we recommend that teams focused on accounting and legal aspects adopt more formalized processes with predefined procedures while remaining flexible in their execution to avoid imposing a radical change on current employees. It is essential that expectations are clear, and effective communication within teams is maintained to prevent errors and time losses. Thus, the company should advocate for open internal communication.

To address potential conflict issues resulting from coordination by mutual adjustment, employees should be equipped with good conflict resolution skills. High-level leaders should also coordinate the "how" of processes to avoid conflicts arising from unclear communication.

PART V - CONTROLLING : FOCUS ON THE CONTROL

1. Defining Control

Control

"Control is a feedback loop that drives action".

(Bez, 2023)

The concept of control within a company can be defined in various ways and requires a nuanced perspective. Our recent class allowed us to distinguish two significant aspects of this concept with regard to employee management.

Firstly, control can be described as the establishment of standards. In this context, managers monitor whether employees are adhering to decisions and adhering to the guidelines that govern their roles and tasks. For Haufe Umantis, their main foreseeing action is done within the hiring process. They decided to make a change in their hiring process and let each team hire the employees they will be working directly with instead of letting the HR department hire all the new employees for the company (Corporate Rebels, 2017). This led to an increase from 5% to 60% in the percentage of new hires that were recruited through referrals (Corporate Rebels, 2017).

The second aspect revolves around identifying errors made by employees to assess performance in comparison to expectations. Detecting errors enables us to rectify them and enhance future performance. Haufe Umantis has an interesting approach to detection of errors. Each employee has their own personal coach within the company (Haufe Umantis, 2023). This personal coach gives feedback on the employees performance and gives constructive criticism in order to correct any negative tendencies and reinforce positive tendencies.

However, control extends beyond rectifying employee mistakes and aligning with their interests. Indeed, some companies incorporate technology into their management processes. Control also entails ensuring that these technologies, such as artificial intelligence, are free from biases and are used in the company's best interests (Reid Black, 2022). Furthermore, control encompasses the enforcement of security regulations to maintain a safe workplace for employees. Additionally, control can pertain to the management of financial assets.

There are two different approaches in the control of firms: management by domination and management by self-control. Management by domination is when the control is strict and led by the top management. It is a formal way to control the employees' work within the company. When we talk about management by self-control, it refers to "the ability to regulate one's emotions, thoughts, and behaviors effectively in different situations. This includes managing stress, delaying gratification, motivating oneself, and setting and working toward personal and academic goals" (Harvard, 2023). This type of management is usually observed in the companies that offer more autonomy to their employees. According to what we know about Haufe Umantis, we can assume that they use the management by self-control approach because they practice peer review and employee self-assessment.

2. Control within Haufe Umantis

According to our research we may conclude that control in Haufe Humantis is done using psychological safety. That is, "a belief that one will not be punished, and is even expected to speak up with ideas, questions, concerns or mistakes" according to studies by researcher Amy Edmondson. By analyzing employee reviews and comments on this company as exemplified by the following review "I work independently, I can bring in my ideas and implement them, with great colleagues and a lot of freedom. It's just fun." (Christopher Pause, editor-in-chief, through Linkedin). Employees are pushed to innovate and be creative and therefore it is a safe space to contribute ideas. This is not to say that it is not an environment of high performance pressure. Haufe Umantis has high profile clients and are expected to deliver excellence.

According to Amy Edmonson table



Illustration of the Amy Edmonson table
Available at : https://www.houstonexchange.co.uk/2019/04/psychological-safety-moving-to-the-learning-zone/ (Accessed November 2023)

Therefore, are able to state that according to Amy Edmondsons "Psychological safety x Performance pressure" table, Haufe Umantis is in the "Learning zone", that is, a balance between performing well and pushing employee boundaries to do better.

3. Our Recommendations for the CEO

While the referral approach to onboarding allows for team members to hire people that they are excited to work with, there are things that the CEO should consider. Employees, like very human beings, have bias and their judgment when giving referrals could be clouded by their relationship with a person instead of the person's skills and qualities. Bias can be intentional or unintentional. You can for example favorise an employee instead of another, because of his gender or his age for example. The notion of control in a company must be related to the fact that it is important to set standards. Therefore, the CEO of Haufe Umantis could define standards of control, as well as key performance indicators, for all his employees, according to the purpose, the values and the vision of the company.

Also, the HR department is trained to identify who will be the best candidate for a role and they know how to get to know people within a short 30 minute interview. By letting each team hire their own employees there could be a disconnect between the kind of employee that they want to find and the judgment to know which candidate that is. We advise the CEO to move the onboarding process back to the HR department. However, so that the teams are sure to gain the employees that they will be happy working with, we suggest that the HR manager in charge of the onboarding for that team's open position meet with the team and talk to them about the kind of person they want. Any referrals of the team members should also be treated like the other candidates and go through the full interview process with the HR team so that the less biased HR employee can decide if they are actually a good fit for the role.

We can also recommend to the CEO, according to the concept developed by Amy Gallo, to encourage his employees to talk to each other when they face a problem. Indeed, according to her, conflicts can harm the life of companies, so it's important to establish rules. These rules can be part of the control. At the moment a conflict between two people inside the company appears, it's important to encourage them to talk to each other to find a solution. We think that it could be a good idea if the CEO designates a person inside the company, who is aware about conflict management, and its role will be to be the referent to solve problems and permit well-being at work for everybody.

CONCLUSION

To conclude, through this report, we highlight the different elements of the management of Haufe Umantis. We define its weaknesses and also its strengths regarding different aspects. We choose to work for this company because of its innovative management practices including its democratic election process to choose the CEO each year.

This report was based on the management of Haufe Umantis from 2008-2020. Nowadays, the leadership elections have been replaced in a more basic process. The co-founder and chairman of the company, Hermann Arnold, explained in an interview in June 2020 that “It became increasingly difficult to organize democratic elections.” In fact, it can be really difficult and take a lot of time to organize democratic elections when you have subsidiaries all around the world.

To summarize all the recommendations we will give to the CEO, he can first of all improve the purpose of the company. Indeed, their actual purpose fails to explain exactly what they do and why they exist as a company. From the purpose, a client or potential client understands that they offer solutions and consulting, but it is unclear what for. We think that their new purpose should explain clearly that Haufe Umantis’s solutions are for human resources and also highlight the fact that this company is innovative and revolutionary. The CEO should remember that the purpose of the company is really important, not only for the customers but also for the employees and the suppliers.

Concerning empowerment, we made recommendations concerning the way the CEO was elected. Now, we know that these elections no longer take place because it becomes too difficult to organize with the increasing number of employees of the company. So we think that it was a good decision. Haufe Umantis employees are still involved in the company's major decisions, but no longer for the election of the CEO which had become too complicated to manage.

This joins our recommendations concerning the decentralization of the decisions. We suggested that Haufe Umantis uses ranked choice voting to combat the time it takes to conduct a vote within the company. We are contemplating reintroducing voting, not as a means to make final decisions within the company, but rather to provide managers and leaders with insights into employees' perspectives when reaching ultimate decisions. This could foster employee awareness of potential organizational changes and contribute to creating a transparent environment, making them feel more involved without the previous difficulties. In addition, to do so with less organizing complications, it would be ideal to introduce an app to make information more accessible and facilitate the voting process for employees.

Finally, for the control process, we think that to make sure that the new employees recruited will fit with the spirit of the company, and the tasks related to the position, the HR department has to discuss the open position with the manager of the team which is hiring a new employee. Therefore, there will be less chance that the recruited employee will not be a good fit.

Despite the challenges posed by Haufe Umantis' frequent strategy changes and limited online research availability, we remain satisfied with our decision to analyze the company. Through this rapport, we gained insights into how a company that values employee consensus in decision-making can prosper, even if the approach needs adaptation. Additionally, it was interesting to observe how the company faced these challenges and for us to use the theories we have learnt to seek solutions ourselves.

This case demonstrates the fact that management must constantly evolve. The methods that once worked for Haufe Umantis had to adjust to better fit the changing company and the changing environment. The company was able to collect feedback on their styles from their employees and adjust as needed because management is all about trial and error. We learned that it is very important to stay curious and always look for new management styles in order to learn and grow.

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