



Time for Quality and Emotion

Successful modern management is characterized by the courage for passion and tolerance as well as efficiency in applying the correct means.

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EDITORIAL

Luxury



Isn't it a luxury in times of the internet and excess supply of print media to have a company magazine? No, we don't think so! Our Management Mailer offers an additional way of communicating with you, and keeping up the contact is important to HILL. So important, that we even doubled its size during our re-launch. In the new layout you'll find interesting information and testimonies as before, enriched by an enhanced service for you (see HILL_Business Talk and HILL_Info Box). See for yourself that our efforts are bearing fruit. We welcome any type of comments and are grateful for all suggestions. The HILL team hopes you enjoy the read!

Ulrike Tattler



More Time For High-Quality Dialogs

Online-Screening of 2,610 Applicants in Only Eight Months

INTERVIEW

with Rainer Hochfellner,
bauMax HR Director

MM: *For a couple of months, you have been using a screening procedure on your website, which assesses the general aptitude of applicants for bauMax in your online application program. Can you tell us about your experiences so far?*



Rainer Hochfellner, HR Director at bauMax

Hochfellner: Our experiences with the online application and the attached test have been very good. Most of the online applicants also voluntarily fill out the online-test, and people approve of the response that is sent to them immediately after the test. So far, we haven't received any complaints from our applicants, even though there have been thousands who applied on our homepage.

What was your main reason to introduce such a procedure?

We wanted to...

1. offer support to our branch managers and other executives in the branches who are not so experienced in selecting applicants, aiming to find the best and right candidates from a great pool of applications.
2. give our branch managers a tool that would help them optimize personnel search and selection and make it more efficient.
3. win time for our branch managers, so they can use this additional time for high-quality dialogs with the best applicants.

How many people have completed the online-screening system by now?

All in all, we had 4,214 online applications since the summer 2005 that had the possibility to take the test. 2,610 – almost 62% – have completed the test voluntarily.

In which processes do you apply this procedure at your company?

We use this procedure for all applications in our chain stores in Austria since the middle of last year. We are going to use this method in our chain stores in the CEE countries starting 2007. The online applications and the test are also being used at simple administrative tasks in the headquarters.

CURRENT

What is the feedback from your applicants?

When we introduced the test, we decided to send applicants who took the test an immediate written response about their test results. So far, we haven't received any negative feedback.

What were the most important criteria while choosing the procedure?

1. We wanted a custom-made testing procedure that took the conditions in our branches into account and would cover all important demands.
2. We definitely wanted a test that was easy to use and wouldn't take our candidates longer than 20 minutes.
3. The screening had to be internet-capable, to give the applicants the opportunity to apply from their homes.
4. The test should sufficiently differentiate between good and less adequate applicants.
5. The testing procedure had to fulfill minimum scientific standards and had to return stable data.

All these points are fulfilled by our online-screening procedure for the pre-selection of our candidates, which has been developed by HILL International.

Company Profile



- > **122 locations** in six Central- and Eastern-European countries (Austria, Hungary, Czech Republic, Slovakia, Slovenia, Croatia)
- > Turnover end of 2005: **1,1 Bn. Euro**
- > **6,600 employees**
- > **Awards:** in January 2005 bauMax was in the top ten of the best employers in Europe awarded by the American economy magazine »Fortune«
- > **26 % market share, total market**
- > **98 % name recognition in Austria**
- > **Fall 2006:** start in Romania with three chain stores
- > **2007:** start in Bulgaria
- > **Expansion goal until 2010:** 180 chain stores in 8 countries
- > Internet: **www.baumax.at**



Hungarians Say »Yes, of Course«, While Meaning »No«!

67% of All International Cooperations Fail

Why is the Russian business partner changing the contract for the umpteenth time? Why has the performance of the entire sales team drastically dropped since the introduction of the new bonus system at the joint venture partner in Poland? Why isn't the project in India completed on time? And why do Hungarians say »Yes, of course«, while actually meaning »No«?

We can only answer these questions if we spend some time scrutinizing the business culture of our partners. Culture is a very complex and evasive phenomenon, affecting all parts of our lives. But we are only really aware of our culture when we clash with other cultures that differ from ours. In business life, we most often notice differences in behavior, for example the different ideas of time or the habits of our business partner.

However, differences that are rooted much deeper, like inner values and basic principles of life, are very often only felt subconsciously.

INTERNATIONAL

Thus, a comprehensive study of cultures and the strengthening of intercultural competences of all internationally working employees and executives is crucial to the success of an international plan.

Only this way will we understand, for example, that the Japanese business partner is not refusing to answer your first offer for weeks because of business tactics, but because in collectivist countries

a decision in a group takes much longer and the planning is long-term focused. We will change our schedule and start thinking and communicating our strategies differently when we understand that the Bulgarian partner has no Bulgarian word for »appointment«, but that he has to describe this term with several words, or that the word »strategy« means »rough orientation« and not strict operative goals in some countries.

Balancing cultural differences

Intercultural intelligence not only means discerning cultural differences, but also inter-



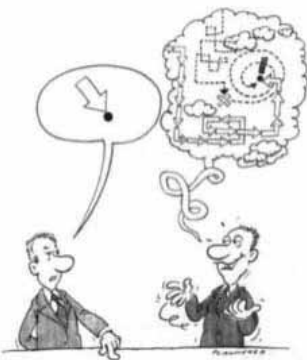
Klara Parfuss, intercultural trainer at HILL

preting and balancing them correctly. It includes empathy, openness towards other cultures, but also flexibility in behavior, tolerance and confidence in dealing with unusual situations, as well as the ability to notice and adapt to different ways of communication.

Careful preparation can significantly increase the likelihood of success in international operations and expansions. In intercultural workshops and seminars, executives and specialists get important information about the historical, social and economic influences of the target country. They get to know colloquialisms and methods of negotiation of the business partner, practice dealing with conflicts and actively work out problem-solving strategies for critical situations.

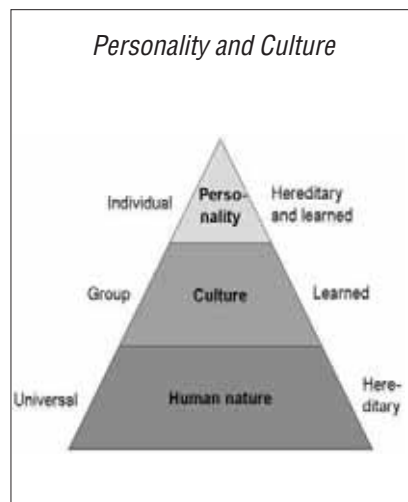
Klara Parfuss
Intercultural Trainer & Coach
parfuss@hill.co.at

Direct vs. Indirect communication



Intercultural competence is essential

But especially these differences are of greatest importance according to international surveys: about 67% of all worldwide cooperations end up failing. The majority of deployments of expatriates are canceled ahead of schedule. 30% of the transnational enterprises and cooperations fail because of technical, financial or strategic problems, but at least 70% because of intercultural problems.



HILL Graz Continues Success



The new HILL Woltron Team Graz

The new team of HILL Woltron in Graz has been chosen: four dedicated employees will supervise and counsel Styrian enterprises and institutions under the management of business psychologist Cornelia Steiner. The office is marked by its employment of the proven scientific analysis of potentials and is going to focus on internationality via border-crossing personnel searches and recruitment, especially in CEE. As an HR generalist,

it also offers organizational consulting and development. But a single person will also find comprehensive support from career counseling to supervision and coaching.

Further information:
phone +43 316 81 34 40 or
c.steiner@hill-graz.at

New Horizons Are Worth It

Since November 2005, Christoph Gratzter strengthens the HILL Communications Austria team as an associate. He is the managing director of Neue Horizonte (German, meaning "new horizons"), an IT training company with a software development department, and is now taking part in sales of HILL Communications services from Vienna to Salzburg.

In addition to the Communications-portfolio in the areas of personnel development and organizational development, Gratzter also brings in the IT competencies of his company. This also pays off for the readers of the HILL Management Mailer:

INFORMAL

Do you know the costs to your company if employees waste only 10 minutes in an office program »trying« and »searching« each year? You would probably be surprised, but Christoph Gratzter can quickly calculate that for you without obligation; he is a specialist in custom-made solutions – from evaluating your needs to the concluding report.

With the Neue Horizonte training systems you save time and avoid mistakes in planning and execution. Also, the processing of financial supports (up to 66% subsidies are possible in Austria!) are taken care of by Christoph Gratzter and his team.

See for yourself – further information:
phone +43 7472 65510-3140
office@neuehorizonte.at
www.neuehorizonte.at

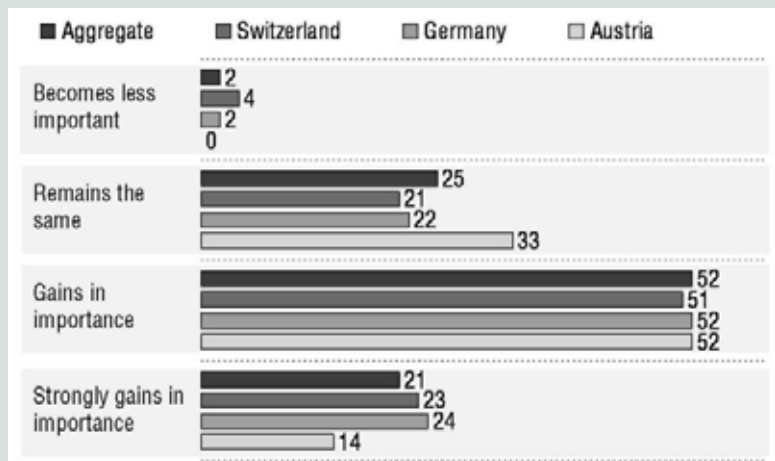


Christoph Gratzter

Human Resources on the Rise

More than 70% of managers in German speaking countries are convinced that human resources are gaining in importance rapidly. This view is supported by a recent study which surveyed 300 executive managers in Germany, Austria and Switzerland. Research was carried out during July of 2005 among companies with a minimum of 250 employees. Furthermore the poll concluded that 76% of the participants expect the influence of strategic management to increase.

[Source: Der Standard/Beratergruppe Neuwaldeggr/OGM]



HILL_BUSINESS TALK

Management Jour Fixe

Growth Markets

Business Culture in India

Frank Brück shares his expertise on India by delivering a presentation on certain aspects of Indian business culture. A group of experts will attend to your questions in a subsequent discussion.

Thursday, May 11 2006, 6pm – 8.30pm

HILL International Headquarters, 1030 Vienna, Schwarzenbergplatz 7
Free of charge!

RSVP until 05/09/2006 | phone +43 1 796 97 98-36 | marketing@hill.co.at */.

Workshop

Train Your Memory

BrainBusiness®

The evening will be hosted by **Walter Pötsch**, a trainer of mnemotechnics. Prepare to be surprised by your brain's mnemonic capabilities.

Monday, May 22 2006, 6pm – 8.30pm

HILL International Headquarters, 1030 Vienna, Schwarzenbergplatz 7
Free of charge!

RSVP until 05/18/2006 | phone +43 1 796 97 98-36 | marketing@hill.co.at */.

Workshop

Communication & Controlling of Strategic Goals

Balanced Score Card

Gerhard Kokoll, a business trainer with long experience in CEE countries, demonstrates the various applications and advantages of the Balanced Score Card as a management tool.

Thursday, June 1 2006, 6pm – 8.30pm

HILL International Headquarters, 1030 Vienna, Schwarzenbergplatz 7
Free of charge!

RSVP until 05/26/2006 | phone +43 1 796 97 98-36 | marketing@hill.co.at */.

Seminar

Improve Your Leadership Competence

The Principle of Leadership

On three evenings **Gerald Karner**, HR strategist and HILL partner, shares his experience and shows that successful business management depends on a view but crucial principles.

Wednesdays, 6pm – 8.30pm

June 7 (module 1), **June 21** (module 2), **June 28** (module 3), min. of 8 participants per module
HILL International Headquarters, 1030 Vienna, Schwarzenbergplatz 7
Seminar fee € 200 incl. 20% VAT. per module Fee for all three modules € 510 incl. 20% VAT.

RSVP until 05/30/2006 | phone +43 1 796 97 98-36 | marketing@hill.co.at */.

Seminar

Train Your Intercultural Competence

Cultural Differences in Business

Klara Parfuss, intercultural trainer and coach, shares her knowledge of cultural differences in business life.

Thursday, June 8 2006, 9am – 5pm

HILL International Headquarters, 1030 Vienna, Schwarzenbergplatz 7
Seminar fee € 350 incl. 20% VAT., minimum of 8 participants

RSVP until 06/02/2006 | phone +43 1 796 97 98-36 | marketing@hill.co.at */.

Workshop & Vernissage

Set Highlights in Recruiting

Excellent Selection

What are the key points of a job interview? **Cornelia Steiner**, managing executive of HILL's branch office in Graz, offers her expertise and know-how.

Wednesday, June 28 2006, 6.30pm – 8pm

HILL Woltron Management Partner, 8010 Graz, Brockmanngasse 22
Afterwards you are invited to the vernissage of Ursula Kümmler (paintings, acrylic on canvas).

Free of charge!

RSVP until 06/23/2006 | phone +43 316 813 440 | office@hill-graz.at */.

Please make use of our interesting events!

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Title | First name

Last name

Company

Job title

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HILL_INFO BOX

BrainBusiness®

Getting started in the fascinating world of mnemotechnics will improve your capability to memorize all kinds of information. Help yourself and your employees by learning how to organize information more effectively so that you can remember it more easily. Data, facts and figures can be quickly memorized, if you are speaking your brain's language. Names and people stay in your memory and information heard once is kept forever. By working through easy exercises you will acquire the methods necessary and you will be able to use them instantly.

Business Culture in India

India has revealed itself as a businessman's dream come true. For someone to venture in India successfully, however, preparation is paramount. Although it is easily possible to do business in English, cultural differences still play an important role. Therefore it is necessary to acquire a sound understanding of the business culture in order to build and maintain business contacts effectively. It is this preparation that often gives the decisive edge for success over failure. During this evening the most important aspects of business culture in India are exemplified and discussed.

The Principle of Leadership

Module 1: Basics and principles of modern leadership

The basics of sustainable and successful management – an update for the experienced executive.

Module 2: Practical leadership tips

Practicable examples of effective management, recurring mistakes and how to develop and optimize your individual leadership style.

Module 3: Intercultural leadership competence

Whether you are a partner, client or employee: intercultural competence in management is a competitive advantage. You learn the necessary skills for success for an international business environment.

Balanced Score Card

The Balanced Score Card (BSC) not only provides useful means for the successful development of management, but is also an effective tool for communicating and controlling strategic goals. Next to financial benchmarks, the BSC can also incorporate other relevant criteria like strategic change processes, HR development or the company's positioning. The BSC's scope goes beyond that of other planning tools, because it allows for the recurring evaluation of so-called »soft factors«.

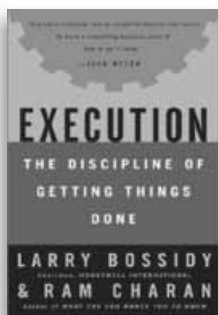
Excellent Selection

The mere search for applicants is not the highest priority in a personnel selection process. Instead, the most important task is to identify the best people, who are at the same time the most suitable for the positions at hand. This is always the greatest challenge with all job placements and (re)allocations. Structured interviews and unbiased analysis of potentials with a scientific background are the key tools to an effective recruiting process. Comparability of results and efficiency in its application provide a solid basis for decisions and convey assuredness.

Cultural Differences in Business

Culture is a very far-reaching and complex topic. It is present in all walks of life, but it is business where its importance is often not recognized. It is, however, not very difficult to understand the business behavior in e.g. CEE and SEE countries. This is just a question of intercultural competence and much depends on the necessary know-how in this area. This way many causes of conflict can be identified beforehand and therefore avoided or resolved. Intercultural competence is about identifying, interpreting and balancing cultural differences.

BOOK REVIEW



Execution – The Discipline of Getting Things Done

by Larry Bossidy, Ram Charan & Charles Burck

[published by Crown Business, 1st edition, 2002, ISBN 0609610570, English; review by Melanie Harrer]

Getting things done is key to the success of every company. And this is what this book is all about, namely turning strategies and aspirations into delivered results. The authors point out that execution is not just the tactical side of business, but a discipline to learn. In many successful and unsuccessful business stories they emphasize that the discipline of execution is what links the three core business processes of people, strategy, and operations. Execution offers sound practical advice for any decision-maker on how to really make things happen.

Neither Loved Nor Feared

Leadership in Times of Change

Everyone talks about it and nobody has a problem with it: management in companies. But when you examine the situation carefully, reality is often different. We frequently refuse to notice and acknowledge the fact that problems in a company and bad results frequently stem from management deficiencies, while many managers are actually aware of this.

It's not a coincidence that we have such a wide range of literature on the topic of management, and that so-called »management-gurus« preach their »one true« way of management very successfully.

Dynamic changes in business and increasing complexity add to the insecurity of many managers. Reactions vary from denying the problem (»The employees simply have to do as they are told.«) to an exaggerated view (»You have to be a born manager.«), and the management styles oscillate between »soft« or extremely motivating to authoritarian or aloof and distant.

Crucial to competitiveness

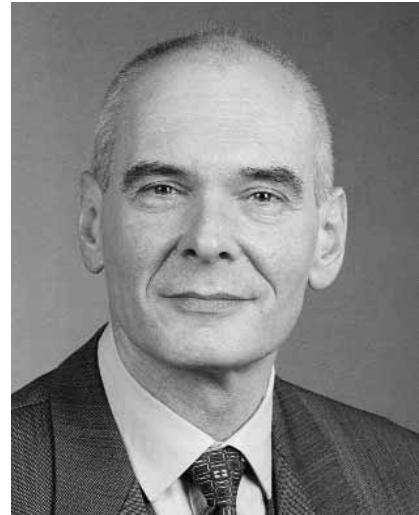
Naturally, there is no correct management recipe for every person, situation and company. But there are a few basic principles of management of and in organizations, which have proven to work on a long-term basis. In times of fast change and much insecurity in the business world, continuity and clarity in management have become very important. It is not about soliciting fear or love, but building

CONTROVERSIAL

trust and respect for managers. Knowing and applying the principles of successful management are a crucial advantage in the competition, and largely independent of talent. The good news is: management can be learned! Training experienced managers regularly to keep up and improve their own abilities is just as important as training future managers.

Leading with passion

Things tend to look different when we talk about "leadership". It's all about the ability for vision, passion and emotion, generally a talent you are born with, something you cannot readily learn. Nevertheless, in reality we often see born leaders who fail dramatically, because they only rely on leadership, and deny the basics and tools of management, while acting in an arrogant and egotistic way. On the other hand, courage in business and visionary passion can be developed on the basis of a secure application of the principles of successful management, when the joy about the task and the commitment to the company's success become evident. Therefore, you



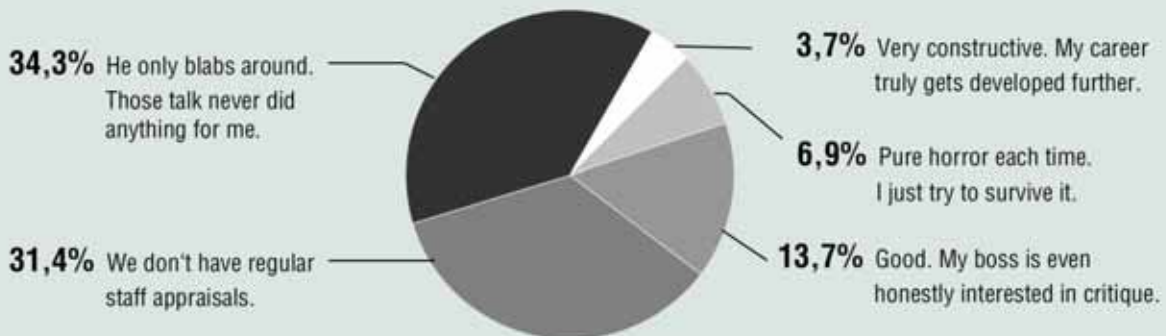
Gerald Karner, HR strategist at HILL

can also train your own personality for leadership to a certain extent. It is important to know, though, that this ability is not crucial to the permanent success of a company. The knowledge and application of common management tools and knowing the long-term proven management basics and principles in business practice are vital.

Gerald Karner
Personnel strategist & management consultant
karner@hill.co.at

Management Tools

What do you think of the annual appraisal interview with your boss?



Find out more about appraisal interviews as a management tool on page 8.

[Source: online-survey 2005 at karriere.de]





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Monolog or Dialog

Who Is Happy About Appraisal Interviews?

The staff appraisal is one of the most essential management tools in a company. The organization as well as the managers and personnel all benefit from its quality and consistent application. The appraisal interview is understood as a basis for a permanent dialog between the manager and the employee. Choosing locations, setting goals and planning development, but even more so the quality of interpersonal relationships, which has a great impact on the working atmosphere, all play an im-

METHODOLOGY

portant role in it. In the appraisal interview, goals of the company, the department and individuals are led together and decided upon in a way that successes can be measured and development becomes possible. In a structured one-on-one conversation, the two people assess the past together and commit to new successful future strategies and plans. The success and effectiveness of this management tool depend very much on its status and application in the company.

Ursula Tatzber

Factors of Success

- > **Concrete** – the contents have to be specified
- > **Aimed at success** – the contents have to be motivating and challenging at the same time
- > **Organized** – the conversation needs to be planned and prepared ahead
- > **Measurable** – there are clear criteria, indicators, that help assessing whether the goal was accomplished
- > **Based on partnership** – consensus and respect are essential
- > **Well planned** – all actions are embedded in a clearly defined time frame
- > **Empathic** – understanding your dialog partners gives support
- > **Comprehensible** – evaluations, decisions and actions have to be transparent and consistent
- > **Reasonable** – anticipate results, but not beyond realistic, applicable limits

