



*Committed to Success*

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## **Personnel Management: Working Hours**

### ***Why academic time is not the same as business time***

For a new entrepreneur coming from an academic background, it can be very easy to assume that managing the employees of a fledgling company is much the same as managing scientists from an academic laboratory. It is easy to understand why this may be the case. The entrepreneur has probably had limited experience with personnel management in the business world before founding his or her company. Additionally, a start-up company traditionally uses very little personnel: start-up firms employing just the entrepreneur and one additional employee are not unheard of, and are actually quite common. In many cases, the initial employees are brought into the company from the entrepreneur's previous research group, carrying over the group dynamics which were already established before the company was founded.

In such a situation, many entrepreneurs may be tempted to consider their company as a research group which just happens to be working in the business world, and to treat the employees in the same way. It is highly advisable, however, to avoid falling into this kind of thinking. A start-up company is not the same as a scientific research group, and the entrepreneur would do well to keep this in mind when dealing with his or her personnel, as well as when setting priorities.

One of the most important, but often overlooked topics the entrepreneur should consider is the matter of working hours. It is very common in the academic world for scientists to work long hours in the lab, and it is also relatively common for their group leaders and professors to encourage this attitude (sometimes even to enforce it), believing that more hours spent at work will translate in higher productivity. There is, of course, a fallacy in this kind of reasoning – arising from the mistaken belief that time equals productivity, whereas it is intuitive that productivity depends rather from personal efficiency. But this falls beyond the scope of this paper. Focusing merely on the amount of time spent in the working place, and on the attitude of the boss or CEO, however, it is obvious that the academic attitude will not work in the private sector. First of all, an entrepreneur cannot enforce or encourage longer working hours: law establishes a working week as being composed of forty (40) hours, which are normally divided into eight (8) hours per day. Attempting to force personnel to work more than that may result in legal problems, not to mention an atmosphere charged with hostility inside the company.

Secondly, an entrepreneur should always keep in mind that having employees working more than eight hours per day will be very expensive. Unlike the academic world, business regulations require that any overtime above and beyond the forty hours per week be paid – meaning that an employee working ten hours per day for a whole month (for a total of two hundred and twenty five hours rather than one hundred and eighty) will require a significant increase in salary. Additionally, overtime is more expensive than the employee's normal hourly salary (sometimes up to 180% higher) depending on which time of the day it is performed, or whether the employee works in the weekends. In a start-up company where budget is tight, employees doing overtime may prevent the entrepreneur from hiring additional personnel, with the end result of reducing productivity in comparison to projected values.

Of course, a wily entrepreneur with a sizeable budget might still attempt to “strongly encourage” overtime by subtly threatening to punish or fire employees who do not do so – effectively trying to unofficially “raise



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the bar” indicating the minimum amount of acceptable working hours. He or she might believe that doing so is feasible because the company’s budget would allow to pay for that overtime. But this is a dangerous road: employees might feel bullied, and more importantly spread the word around that the company uses this kind of practices. The company’s reputation could be permanently stained by these accusations and these rumors – and for a fledgling company, this could mean the difference between success and failure.

Finally, the entrepreneur must also take into account that employees have their own minds. Dealing with them on the assumption that they are lazy and need to be pushed is a mistake which may lead to their leaving the company when they are most needed. Employees may decide themselves to stay for longer hours, if they wish (maybe because they need additional money, maybe simply because they enjoy working) and this is always the best possible circumstance. An employee choosing to go beyond the call of duty all by him- or herself is a productive employee. It would be well to always keep this in mind.

All this can be summarized by saying that if an entrepreneur wants people to work more than they are required to, he or she must be prepared to let them make their own decisions in this regard, to pay for overtime, and most critically – he or she must learn not to expect it or demand it.

When an entrepreneur finds that his company’s workload would require additional commitment on the part of the employees, the wisest course of action is to honestly reflect on a number of questions before deciding whether to ask employees to give more for the company’s sake. Questions the entrepreneur might consider, depending on the kind of company he or she runs and on the specific situation, could be:

- Is this a short-term or long-term increase in the workload of my employees (in other words, is this increase going to disappear in a few weeks, or am I looking at a long-term commitment)?
- How much of a commitment am I looking at? Is it something my existing employees could deal with, or is it too much work to add to their already existing workload?
- How much budget can I allocate in order to meet this increase? Is it enough to cover the overtime my employees would need? Is it enough to hire a new employee?
- Will my employees be able to take on this additional workload? Will they be able to sustain it for the time it is necessary to do so?
- Are my employees willing to take on the additional workload? What is their general attitude towards the situation? Will they be willing to spend more time working than they would normally be required?
- What skills are needed to manage this increased workload? Do I need a specialist or is a generalist going to be enough? Is there field-specific know-how required, which new hires would lack (e.g. a scientific background)?

If the entrepreneur is looking at a long-term increase in workload, he or she should keep in mind that overburdened employees become more stressed, prone to both mistakes and burnout, which in the end could dramatically reduce the efficiency of the company. Additionally, depending on the atmosphere in the company and on the consideration employees have of management, asking them to perform overtime might lead to unhappiness or even resignations; this would lead to even more work for the remaining employees. Hiring a new employee, on the other hand, can also present disadvantages (the need to pay for his or her social benefits, the office or lab space he or she will need, and so on). A third option could be the hiring of



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interns or temporary workers (usually, though not always through a temporary employment company), This would provide the entrepreneur with good flexibility and clearly defined expenses, but bring with it several disadvantages as well (poor employee motivation, lack of specific training, poor skills, high costs due to the need to pay social security, health insurance and other benefits). Depending on the answers to the above questions as well as others, the realistic entrepreneur is better able to determine how to meet the increased workload.

At this point, it should be noted that often, a good alternative to hiring an employee (whether permanently or temporarily) or overburdening existing employees is to hire specialized contract agents such as consultants, who are only paid on a per-project basis and can therefore be called upon when there is need, but otherwise require neither the commitment needed for hiring new employees, nor the stress considerations needed for overtime.

This is, of course, just an example of the differences in which an entrepreneur incurs as he or she moves from academia to the private sector. Additional considerations to keep in mind arise from similar assumptions – most importantly, knowing that employees are not the same as academic researchers, and will promptly leave the company if they feel mistreated, belittled, overworked, or coerced by the management. Much worse, disgruntled employees can damage the company's reputation, and even ruin it financially. These are three excellent reasons to understand that one of the management's most critical tasks is to keep a finger on the pulse of the personnel, so to speak – to ensure that the atmosphere is conducive to productivity and success, and that employees are happy with their working conditions. If needed, the entrepreneur must be ready to hire consultants or even permanent employees, rather than increase the pressure on the existing employees. Failure to do so through inexperience or simple unwillingness will inevitably lead to the company's fall.