



Handle with care

*Raymond Yuen
Wai Pong* explains
how to give advice
and criticism

Giving advice or criticism is rarely viewed as pleasant, but it doesn't have to be negative. It can and should be helpful.

Most employees realize they aren't perfect and that part of the excitement of working is to learn and grow.

But nobody likes being criticized and criticism is often as difficult to give as it is to receive.

Many managers would rather fix a problem themselves or ignore it, rather than being critical towards an employee. However, criticism, if properly dealt with, will bring mutual benefits. Below are some tips to help make criticisms of an employee easier and ensure a constructive outcome.

The basics

1. At the beginning of the meeting, list the employee's strengths and skills.

2. When giving advice or criticism, target the issue or behaviour instead of the person and cite examples. This will help minimize damage to the employee's ego.

3. Explain the consequences of the employee's behaviour or sub-standard work.

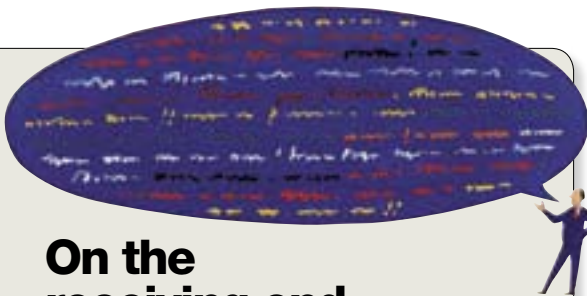
4. Be encouraging by explaining that bad behaviour can be rectified and give constructive advice for improvement.

5. Do not threaten. A threat will make the employee think you lack confidence in them and they will immediately go on the defensive.

6. Criticizing an employee should be done in private to reduce office gossip and maintain the dignity of the employee in front of colleagues.

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7. When giving advice, be sincere and mention if you have been in a similar situation in the past. Also, if you share any responsibility for what happened, say so.
8. Advice should be clear and to the point, and the conversation should not be longer than 15 minutes. Afterwards, allow time for the employee to explain their actions or ask questions.
9. Be patient, sensitive and respectful. When an employee commits a mistake, he or she may already be upset.
10. Set goals for the employee to make sure they are on the right track. The goals should be specific, concise, measurable and observable. They should be related to areas needing development and flexible enough to be adjusted.



On the receiving end

Tips on how to handle criticism:

- Keep an open mind and resist the temptation to make excuses or argue.
- Ask for specific examples and then evaluate the criticism. If it is valid, do accept it with a positive attitude.
- Acknowledge the critic's opinion.
- Criticism is part of work life and provides opportunities for professional and personal growth.
- Don't take it personally.

Financial forecasting

Carson Cheng explains how to perform financial forecasting in Excel



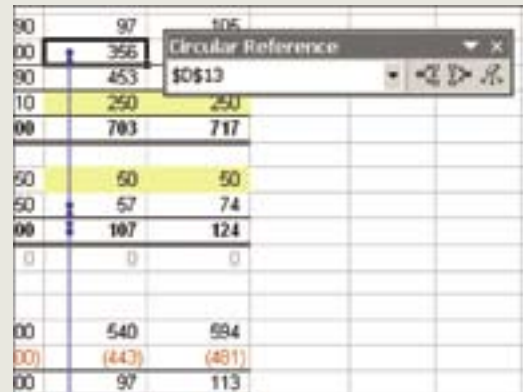
The table below shows a set of simplified financial statements. The 2006 column shows actual figures, while the 2007 and 2008 columns show the forecast figures.

Figures for 2007 and 2008 are estimated using the financial parameters at the bottom, except the short-term (ST) bank loan. For example, accounts receivable (A/R) is calculated based on sales and A/R turnover.

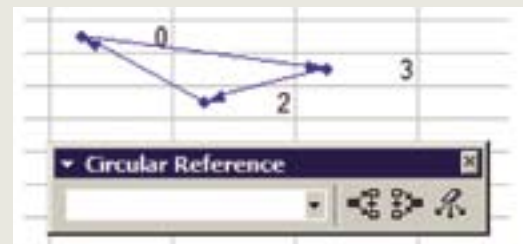
The ST bank loan is a balancing figure since companies usually have a revolving ST credit line and can easily change the amount drawn: = total assets – equity – accounts payable – long-term (LT) bank loans.

	2006A	2007F	2008F
Balance Sheet			
Cash	150	162	178
Accounts Receivable	150	148	163
Current Assets	300	310	341
Fixed Assets	500	500	500
Total Assets	800	810	841
Accounts Payable	90	97	105
ST Bank Loan (Bal. figure)	400		
Current Liabilities	490	97	105
LT Bank Loan	210	250	250
Total Liabilities	700	347	355
Capital	50	50	50
Retained Earning	50	87	100
Equity	100	137	150
Zero Check	0	365	330
Profit and Loss Statement			
Sales	500	540	594
Cost of Goods Sold	(450)	(443)	(481)
Gross Profit	100	97	113
General Admin. Exp.	(50)	(54)	(59)
Interest Expenses	(20)	(28)	(15)
Net Profit	30	17	38
Zero Check	N.A.	0	0
Parameters			
Cash / Sales	30%	30%	30%
A/R Turnover (Days)	110	100	100
Next Fixed Asset growth	N.A.	0	0
A/P Turnover (Days)	82	80	80
Sales Growth	N.A.	8%	10%
Gross Margin	20%	18%	19%
General Admin. Exp. %	10%	10%	10%
Interest Rate (Average)	3%	6%	6%

When you enter the formula in the ST bank loan, you will be prompted for a "circular reference" error.



This error usually happens when you accidentally write formulas that refer to each other. An example:



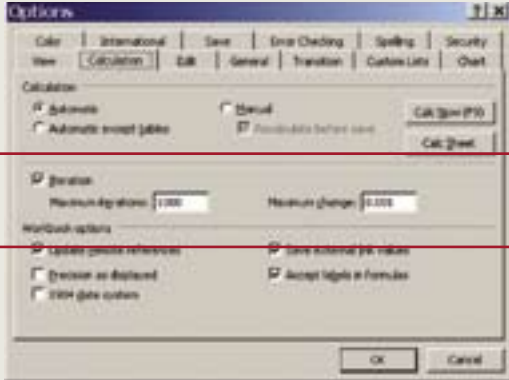
In our case, when fixed assets increase, say by HK\$100, the ST loan should also be increased by HK\$100 to maintain the balance. Nevertheless, due to a higher level of debts, more interest is charged. That in turn means a lower net profit and a lower equity. To maintain the balance, the ST loan increases and this triggers an infinite iteration.

When performing a forecast, this "error" is desired. The change in ST bank loan and interest expense will get smaller and smaller after iterations until equilibrium is reached.

IT feature

The trick is checking “Tools | Options | Iteration” and entering proper parameters in “maximum iterations” and “maximum change.”

Excel will continue the circular calculation until the number of iterations has reached its maximum or the change of values from one iteration to another is less than the maximum change.



Note: After the forecast exercise, do remember to uncheck “Tools | Options | Iteration” or your spreadsheets will return unpredictable results.

Carson Cheng is a member of the Institute and was voted one of Microsoft’s Most Valuable Professionals. If you have any questions relating to Excel, you can email him at aplus@excelhelp.net.

With iteration turned on, the ST bank loan can be calculated successfully.

	2006A	2007P	2008P
Balance Sheet			
Cash	150	162	178
Accounts Receivable	150	148	163
Current Assets	300	310	341
Fixed Assets	500	500	500
Total Assets	800	810	841
Accounts Payable	90	97	105
ST Bank Loan (Bal. figure)	400	356	362
Current Liabilities	490	453	467
LT Bank Loan	210	250	250
Total Liabilities	700	703	717

An increase of HK\$100 in fixed assets will increase the ST bank loan to HK\$459 by HK\$103 instead of HK\$100, when the equilibrium is reached.

	2006A	2007P	2008P
Balance Sheet			
Cash	150	162	178
Accounts Receivable	150	148	163
Current Assets	300	310	341
Fixed Assets	500	600	500
Total Assets	800	910	841
Accounts Payable	90	97	105
ST Bank Loan (Bal. figure)	400	459	368
Current Liabilities	490	556	474
LT Bank Loan	210	250	250
Total Liabilities	700	806	724