



Survive or Perish: HR's

Contribution!

How do we in HR help sustain our businesses without shedding our organization's most valuable resources? How do we sell the value of HR to "bottom-line focused" stakeholders when times are tough?

Whilst the perils of the economic downturn need to be managed and minimized, there are dangers in sacrificing long-term sustainability and capability for short-term cost reductions and profit margins. How can organizations respond positively to the current crisis without sacrificing the efforts they have previously made with regard to talent acquisition, development and engagement? The answer lies not with short-term band-aid solutions but in strategies focused on building performance, capability and positioning. Within this context staff reductions per se appear counter-intuitive, particularly if the staff let go are those whose capability you have spent the past few years growing.

Where downsizing decisions are inevitable there appears to be an even greater need for identifying high potential staff and basing tenure decisions on an employee's future value to the business. Consideration should be given to the skill-sets needed to grow the business and deliver business outcomes as the economy rejuvenates.

Research has consistently confirmed what we know to be true – there is a huge difference between high and low performers. McKinsey's pivotal War for Talent survey in 2000, found that across 410 corporate offices and 35 large companies, high performers contributed significantly more to the business bottom line than average performers. Specifically they found that high performers on average generated 40% more in productivity in operational roles than average performers; 49% more in productivity in GM roles and 67% more in productivity in sales roles. It is when times are toughest that companies will need the best so be careful before sending your high potentials to your competitors. Be discerning in your decisions and ensure your personnel decisions are based on valid assessment and consideration of the company's long-term needs.

There are also many examples where organisations have benefited from continuing their talent development programs during difficult economic times.

Matt Rogan reported "a study conducted by Bain & Company, analysing more than 700 firms during the recession of 1990-1991, which showed that twice as many companies made market place gains during that year than during calmer periods." He noted that companies that focused on nurturing and retaining their talent during the downturns gained a competitive edge in the long-term. As testimony to this he identified 3 organisations that improved performance as a result of their investments in people during the downturn: Southwest Airlines who focused on people development during the lull post 9/11; Dell who maintained emphasis on leadership development despite budget/job cuts, and Viscom who continued a focus on training during the recession and falling client numbers.

So how do we respond with smaller budgets?

Efficiencies can often be found with many talent acquisition and development programs. For instance:

- Ensure you **identify the right staff to retain** by using appropriate assessment techniques.
- **Minimise out-sourcing** to reduce external costs associated with recruitment and development.
- If you need to outsource - **use local providers** and establish preferred supplier agreements with them to achieve cost savings.
- **Trim the fat** off programs by minimizing money spent on travel, accommodation and associated downtime and consider using technology to support meetings, communication and other activities.

It is during difficult economic times that performance needs to be at its highest level to maintain profit margins and competitive edge. Strive to enhance engagement and maximize performance by:

- **Tailoring training programs** to ensure they are designed to support people in tough market conditions so they support both the immediate and long-term imperatives of the organisation. Programs should also be tailored at an individual level to ensure they directly address an individual's specific needs linked to the business.
- **Ensure staff are well-supported** so they can perform at maximum levels. Provide clear support channels for your affected staff in coping with stress. This should help to maintain their focus on work and therefore their productivity.
- **Ensure strong leadership** is in place to enable people to respond to the challenge. Focus on developing strong leaders who can lead and engage teams through tough times, establish resilient high-performers and instill confidence.
- Consider **alternative employment options** to maintain the breadth and depth of your workforce as well as the loyalty of as many staff as possible (e.g., job-shares, part-time options, work from home options to reduce parking/office based costs)).
- **Adopt a "responsible" approach to restructuring:** support exiting employees with opportunities for debriefing, career guidance, job search help and self-marketing assistance to promote successful transition. Adopting an ethical and responsible approach not only maintains good morale with the survivors but also supports positive relations with those moving on.

What will our task be as HR professionals?

Our task will be to challenge short-term thinkers who adopt a reactionary "all hands on deck" mentality. To do this we need to share the success stories which highlight the ROI associated with adopting a long-term perspective and in doing so we can sell the value of HR to stakeholders and decision makers. We need to highlight the link between talent acquisition and development initiatives, overall strategy and specific business performance objectives.

If you would like to discuss any of the information or issues raised in this article, please feel free to call Carolyn on 8448 2024 or via email: Carolyn@valuedge.com.au.