

HaRe Group newsletter: 10 December 2008

Subject: Talent navigation through a financial crisis

Consumer spending and business confidence are down, credit is tight, capital investment is low and profits are being hammered. So how do Australian employers navigate these economic shallows, dodge the fiscal reefs and keep their best people on board and engaged?

Current economic indicators suggest that Australia will dip into a recession. The optimists say that GDP will slip backwards in this quarter and the next before recovering with some positive growth in the June quarter. The pessimists are predicting unemployment exceeding 9% after a long and deep recession for the whole of 2009. Whichever the case, some employers will need to reduce their costs by cutting employee numbers.

Avoiding indiscriminate terminations will be critical to longer term business success – just cutting staff numbers by a uniform percentage across all functions could be the worst action to take. Many remaining employees would feel burdened by the same volume of work with less co-workers. I've actually heard managers tell concerned staff that they are "lucky to have a job, so get on with your work" – this approach is demoralising and will certainly corrode productivity.

In my experience (in part, as a beneficiary of the 1990's recession), the companies that achieve and keep market leadership tend to adopt talent strategies that include:

- Adherence to long term business goals
- Defining the talent needed for the future and any subsequent organisation redesign
- Using performance management techniques to identify the employees required for a transformation
- Restructuring the workplace to provide continuing employees with more valuable jobs
- [Ensuring that any additional responsibilities are fairly and equitably compensated](#)
- Supporting employees in any new or redesigned jobs with tailored training & development programs
- Getting executives to lead key parts of the training programs
- Designing incentives to keep employees focused on their new objectives
- Providing outplacement support to people who are not kept for the organisation's future

This approach generally has a positive influence on continuing employees; for example:

- job redesign and more responsibility will provide more challenging and meaningful work
- development of technical skills & personal capabilities will vest in better career prospects
- input from business leaders will add relevance and confidence to any organisational change
- recognition that the continuing employees are important to the future success of the business

A strategic effort to engage employees during a business transformation will stimulate a more productive work environment and help ensure the future success of the organisation. The alternative indiscriminate and uncaring approach will damage employee morale and limit an organisation's ability to recover its profitability.

Simon Hare

www.haregroup.com.au