



Leading talent in a crisis economy

Amy Mills

ORGANIZATIONS that manage their talent well in a crisis economy have a better chance of flourishing and emerging as industry leaders. Those that don't are likely to fade away.

Taking a thoughtful, reasoned, strategic approach to talent during times of crisis can stabilize your organization. As leaders, we must develop a strategy and communicate the vision. We must ensure that the organization's employees or "talent" support the new way of doing business.

So how can you best lead your talent in this crisis economy? How can you groom and keep the right talent? Your organization can thrive in turbulent times by applying the precepts below.

We will take an honest look in the mirror and then project our vision

Understanding where you have been and learning from those experiences will help you project (1) a realistic vision and (2) a new business approach. In these challenging times, leaders must examine all aspects of the organization and track how key contributors are responding to the crisis. Wise leaders reflect on the past, learn from it and envision a new organization, then project optimism and confidence about the future. Such actions generate and drive hope for the entire team.

1. We will focus on the best fit

Traditionally, organizations have focused on finding the best and brightest talent, only to sometimes have them flounder because they didn't fit in. Leadership experts agree that the reason 50% of new executives fail is poor culture fit, so it is important to find people who are the right fit. Today, that means meshing with an organization's new reality or new way of doing business.

How do you help ensure that employees fit your organization? First, tell them what their new role is. Communicate to prospective employees, new hires, and incumbent employees the benefits of your new way of doing business, as well as the "warts" associated with the roles. Help job seekers quickly move along to the next organization if they can't or won't support your new mission. Assess for fit when filling positions or make a special effort to retain employees whose attributes and abilities match the demands of the role. Research shows that job fit is associated with higher satisfaction, lower turnover, and stronger job performance.

2. We will know and develop our key players

Your "A" players are mission critical. Without them, your organization can't navigate the turmoil and will lose its competitive advantage. Your A players own the key customer relationships, are the sources of innovation and hold irreplaceable intellectual property in their heads. Continue to invest in them and help them develop their skills.

In this economy, organizations cannot afford to develop employees if there is not



Organizations often make the mistake of focusing on the crisis rather than the talent.
Source: www.creativeclass.com

a direct and measurable value. To limit your total costs, focus your development dollars on your A team and customize the training and embed it in the work context through coaching. Only then will you yield a nice return on investment.

Research shows that the effectiveness of management training is enhanced by 50% when even a minimal level of personal executive coaching accompanies it. Coaching guides participants on how to apply newly learned skills to day-to-day challenges, and can improve on-the-job performance by 20%.

3. We will build a strong bench of leaders

Leaders are the people who have a disproportionate influence on the business, influencing (1) the products and services offered, (2) competitive positioning, and (3) the employees who run the business. They also directly contribute to business decisions and influence others.

Surveys of CEOs or senior executives say there is a leadership shortage. Can the survey results still be true with layoffs galore? Yes, it can. While the shortage may not be in raw numbers, it most certainly exists when it comes to finding the right leaders. Organizations take a chance when they don't keep the pipeline of future leaders filled. Your high-potential leaders are your future. If you have a high-potential development programme in place, keep it going even if you have to scale it back.

You can take other actions to keep the leadership pipeline flowing. One of the most basic practices in building pools of leadership talent is to systematically assess leadership talent. Managers looking at

subordinates to assume leadership positions can benefit from objective assessment of their skills.

4. We will take advantage of local partnerships

Successful organizations have partnerships in their local communities with government agencies and educational institutions. They create partnerships with universities and economic development agencies to create a "win-win" for all parties. One recent client used this approach to find qualified employees who fit their needs and their culture. The college improved enrolment and placement rates. And the economic development agency was able to use the model when meeting with organizations that were considering a relocation or start-up in their area.

5. We will make informed decisions about people

If downsizing is needed, remember that downsizing decisions are most effective when leaders are armed with a clear picture of current and future talent needs via a fact-based assessment of talent levels. Organizations must understand exactly how, and to what degree, each unit adds value to the enterprise.

To succeed in evaluating talent, most organizations today are wisely using a scalpel rather than an axe to downsize. But they need to ask, "Is the scalpel guided by clear-eyed, fair and accurate assessment of talent?"

Existing performance appraisals are typically a good starting point, but they can be biased, and therefore, inadequate for making these decisions. Other methods include interviews, competency assessments, evaluations of potential, and workforce planning

scenario analyses. These methods also mitigate the likelihood of costly post-downsizing litigation.

6. We will let the valuable know they are valued

Most people don't want to be where they aren't wanted. With today's organizations often facing large-scale change such as mergers, acquisitions, and divestitures, clients often ask how to keep good employees engaged and prevent them from leaving. While there's no "one size fits all" solution, organizations can take some practical steps to increase the odds of retaining key employees in a crisis economy. Some may be surprised by the degree to which these suggestions hinge on front-line managers.

A crisis economy is the perfect time to engage in straight talk with front-line management. All too often, even well-meaning organizations engage only senior management in deal-related dialogue. Organizations that are successful in retaining employees and keeping them engaged during a transition period are those who invest the most time and energy in equipping and engaging front-line managers in carrying the messages about the change in a meaningful and relevant way.

7. We will think transformation, not transactions

In today's economic climate, organizational transformations will increase as employers seek to cut costs, increase access to capital and streamline products and services. As a result, employees at all levels will be affected greatly based on the large-scale changes in the organizational structure and changes in all individual roles.

Organizations must dedicate the proper resources and experts

to help with changes in leadership, job redesign, staffing level and crisis communication during transformations. The biggest mistake companies can make is poor and short-sighted planning. If there is a need to restructure business units, then planning should take place before broad-based layoffs occur.

Large-scale changes come with a need for management to (1) clearly and regularly communicate changes to employees, (2) identify key risks such as losing outstanding employees and leaders in the organization

Once strategy drives the newly transformed organization, the issue returns to finding the right talent for the newly configured organization.

8. We will focus on the customer

If the client is central to the focus of the transformed organization, how should an organization go about creating a culture that places clients first? Such a culture must identify, train, motivate, and reward front-line employees who interact regularly with customers.

One creative way that leading service firms are enhancing customer satisfaction is by infusing "perspective taking" throughout their core service strategy. Perspective taking is the ability to feel what the customer feels and genuinely express empathy to convey that understanding. What better way to engender customer loyalty? The organizations that will survive this turmoil and thrive as the economy grows are those that strengthen their customer focus.

Given that now is the time when customers are won or lost forever, it makes sense to continue with relatively small investments that build your service culture. In today's economy, customer service jobs turn over slowly due a lack of alternate employment. This slow turnover provides an opportunity to invest in a more stable workforce. Leaders should ensure that they monitor quality, as doing so can enhance customer service ratings by 11% or more. Leaders must enhance the ability of supervisors to coach front-line service representatives.

9. We will apply strategy to talent decisions

Certainly few, if any, organizations are capable of working on all of the precepts at once. But every organization can begin by focusing strategically on what it needs to achieve. A key element in both that strategy and the tactical plan is to allocate resources to develop an organizational transformation game plan. So, start with a look at your resources, how they can be marshalled to take on the commitments one by one or, better, a few at a time. Transforming how you view your talent needs and commitments is the first step to transforming the overall organization.

With the right people and processes in place, the benefits of meeting your new vision with outstanding talent are virtually limitless.

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Developing Vs Retaining Talent

An important part of getting talent management strategies right is knowing when to look outside the organization for talent and when to develop existing talent. Recent research on global talent management shows that organizations can deliver the most value through the right developmental experiences being provided to talent internally, both through deployment and also through learning and development.

However, a number of organizations are growing extremely rapidly (for example, the expansion of Nigerian banks in Ghana) and, quite frankly, internal development with its long time lag will not deliver the sort of talent, capabilities and numbers needed to fill those pivotal roles. There is therefore a need for greater investment by organizations in existing talent in order to rapidly accelerate their development to fill

key roles because, ultimately, it would save a lot in terms of on-boarding and recruitment costs to work with internally developed talent.

Retention

Employer brand as a retention tool is really important. There are three factors which impact on how to attract talent into an organization and these revolve around the image of the industry, i.e. the reputation of the organization as a good place to work; employees' perception of it and finally how far individual values actually link up with organizational values. Organizations need to develop a strong brand which will appeal not only to current employees but potential employees.

People join organizations for very different individual reasons. Generally, decisions are made by answering questions such as "Can I develop my

career? What job will I be doing? Will it be interesting, exciting? Will it empower me to make decisions and put my ideas into practice? Do I get recognized for what I do? Is it a good organization to work for?"

Creating an employer brand that does not just attract people to work for the organization but gets them to recommend friends helps to keep down recruitment costs. At Virgin Mobile UK, significant savings has been made through this innovative approach. Basically, if people are recommended by employees the staff get a financial reward for it. So far, twenty five percent (25%) of its workforce is recruited through this route and much money and effort has been saved. Clearly employees will not recommend people who they think won't be any good, so it has its natural filtering process.

Of interest is the role that intangible factors such as values and key people strategies are playing in attracting, engaging and retaining talent. Strategies like career development, recognition, appropriate reward and employee engagement. Employee interaction with the organization at each of the different touch points: induction, career development and performance management should reflect the brand and values of the organization.

The career development strategy an organization adopts can be a strong retention tool. A good start is organizations asking at entry point what programmes should be set up to chart and plot the progress of employees, thereby encouraging them to have a longer-term view of their relationship with the organization. Such programmes should go beyond the typical graduate training scheme. Rather it should impart the knowledge and skills they need to develop their career in the organization. A lot of organizations often say "You can develop your career in this organization" but don't actually tell how to do it.

Organizations who tried this have reported higher year on year retention level as they gain a better understanding of what makes people want to stay in an organization through an effective career development strategy.

Conclusion

Certainly this is the time to look at adapting some of the creative strategies mentioned above to retain your best talent.

It must be said that taking a short-term approach to talent management would be detrimental, because a long-term approach is really important for sustainability of the organization and it pays not to be short-sighted. Human resource practitioners have a really important role to play in making sure that organizations not only survive market downturns but actually bounce back faster than their competitors.

Really careful consideration needs to be given to cutting margins, whether organizations have to downsize but preserve key talent or if there are opportunities out there for picking up talent which has been discarded by competitors are all things to consider. We must balance the realities of the down turn with the ongoing need to bring in the talent that the organization needs.

Following these options will greatly assist in retaining top talent but the heart of it all is tailoring it to the organization's peculiar circumstances. Business success depends not so much on identifying best practice recruitment or retention and talent management but linking the HR and talent strategy to the strategy that will make all the difference.

CIPD Human Resource Development Conference 2009 APRIL 21-23; EXCEL, LONDON

Do you need to update yourself on the trends and developments in talent management and organizational development? Are you looking for new ways to improve individual and organizational performance? Then the Human Resource Development Conference 2009 is designed with your needs in mind, aimed at equipping organizations and people with the knowledge and skills required to survive turbulent times. This conference provides all the strategic insights and practical advice you need to help your organization and employees develop.

Spread over three days, there are 40 seminars and workshops to choose from, including:

- Building organizational change capability.
- Sustaining performance in a downturn.
- What CEOs want from HR and people development professionals.
- Overcoming the employability skills gap.
- Delivering successful change.
- Developing emotional intelligent leadership.
- Developing Talent and Succession Planning

Throughout the conference, there will be opportunities to interact with fellow delegates to exchange ideas and explore how you can implement what you have learnt back in the workplace.

For further information please go to <http://www.cipdco.uk/cande/hrd>

CIPD Recruitment and Retention Conference, 17-18 June 2009, London

Gain practical ideas from both public and private sector case studies and network with your peers. This event is your opportunity to explore new ways to improve your recruitment process, identify top talent and strengthen your retention strategy.

At the 2008 conference, expert speakers and leading organizations provided practical advice and shared how they successfully tackled their recruitment and retention challenges in a wide range of topics including:

- The latest challenges and trends.
- Enhancing your online presence.
- Employer branding.
- Flexible working.
- Creating cultures of engagement.

For further information please go to <http://www.cipd.co.uk/cande/arrc>

Retention Quotes

"Successful companies today know that the solution to the employee retention issue is not simply throwing more money at the problem. It's in compelling work and leveraging the employment dollar in unique ways that create an employer of choice environment."

"Many traditional employers are finding that in order to keep their top employees, they need to have a total rewards package. Employees are no longer willing to work 16-hour days for just a large pay cheque, there has to be something more for them to take time away from their families now."

"The only long term competitive advantage a company has is its people. Advantages in capital markets or technological advances are short lived and can be duplicated. To be successful, companies must create a culture that engages employees and invest in programs that attract, motivate, and retain talent."

"Flexibility is one of the most powerful drivers of retention and engagement today, it has no fixed cost; it is the work-life initiative most sought after by employees (especially top performers); it is empirically linked to higher levels of productivity, resilience and shareholder value; it is ubiquitous within "employers of choice" who are significantly more profitable than their more rigid peer group."

"Ultimately, retaining employees has more to do with learning and development experiences, workplace flexibility, recognition, organizational culture, and communications more than anything else."

Source: www.worldatwork.org

Staff retention isn't only about money

By Laura Frith

Offering employees more opportunities for personal development may be a better way of reducing staff turnover than raising salaries

Increasing awareness of the high cost of poor employee retention is pushing the issue up the business agenda.

The CIPD estimates the cost of an employee leaving at £4,625, rising to £5,000 for managers and professionals. Research from Reed Consulting suggests that average job tenure stands at only two years, four months; that 40 per cent of new recruits leave within one year; and that 20 per cent stay less than six months. So it's clear that attrition represents a substantial additional cost for big employers.

For HR managers eager to improve their organization's talent management, the first step is to calculate figures for their own staff turnover. Setting these against national data is interesting, but comparisons are more meaningful if benchmarked to take into account the significant differences between industries, regions and company sizes.

RADar, a new online employee retention tool developed by Reed Consulting, shows the size of the potential savings: an improvement of a few percentage points in a below-average retention rate can generate savings worth tens of thousands of pounds.

So why do so many new recruits leave so quickly? The Reed research identified three key differences between employer perceptions of the causes of attrition and the real reasons that employees move on. An understanding of these can help firms to improve retention.

For employees, the most important trigger for departure is a lack of opportunity for personal and career development. This is three times as influential as any other factor, yet most employers fail to appreciate its significance. Those that do, and wish to grasp the nettle, can improve matters by running personal development programmes and development centres to nurture top talent, and by providing employees with regular opportunities to evaluate their strengths and focus on new learning objectives.

Another crucial area is the "working experience", especially with employees in the UK working longer hours than across Europe. Turning this into a positive may require changes to organizational culture as well as investment in the physical working environment. Line managers need to see it as their role to create a good working experience for all employees.

Salary and benefits is the other key issue. These are perceived as the greatest driver of attrition by employers, but come only third on the list for employees. Nonetheless, organizations need a remuneration strategy that balances internal consistency in salary and benefits with the need to remain competitive in the external labour market.

Employee attrition is a complex issue but, given the costs involved, provides an excellent opportunity for HR professionals to add value to their organization and have an impact on the bottom line. Employers first need to understand what drives the issue in their organization and then create a plan to address these factors. The solution will not be straightforward, but taking a holistic approach can yield real business benefits.

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