

Key Staff Development and Talent Management Best Practice

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“The L&D budget has been cut.”

During times of economic downturn, when organisational focus may be centred on cost cutting, HR strategies such as training and development of staff can sometimes take a back seat, and often are the areas where cost cutting first takes place. Staff lay-offs are a “quick-fix” solution as a means of survival, and so are a common approach taken by organisations in times of economic uncertainty.

“We’ve had to let people go”

Whilst laying off staff may minimise costs in the short term, this approach comes at a cost – the morale of remaining staff sharply decreases, and key people start to feel like they are in a sinking boat and focus their efforts on other career options navigating the organisation through economic difficulties. Furthermore, typically the first to leave are the most capable and important key staff - simply because they have somewhere to go, leaving you with your least capable staff, and a reduced competitive advantage.

“How do we manage now?”

In tough economic times, the value of key people is often overlooked. Key employees are crucial for achieving organisational objectives and desired outcomes. Key talent is and will continue to be a scarce resource.ⁱ It is the key staff within organisations that inevitably determine whether or not an organisation survives an economic downturn, and ideally thrives when the economy eventually recovers.ⁱⁱ

“Did you hear that Simon’s left?”

If an organisation’s commitment to a talented manager or employee’s development begins to wane, they may be the first to move on.ⁱⁱⁱ Therefore, in

times of economic uncertainty, it falls to HR to ensure that key people are identified, and looked after as they ultimately determine your organisation's short *and* long term fate. Less capable staff may be ascribed a lower priority regarding development opportunities, as they are likely to remain in an organisation regardless, due to their skills and available job prospects.

“Gee how do we keep good people?”

It is crucial to acknowledge key staff as they have the knowledge and skill set that your organisation requires to survive tough economic times and prosper when the economy rebounds. Curiously, in the current environment, finance professionals are in demand again, as indications are that an economic rebound may occur faster than previously imagined. In certain quarters, there is acute embarrassment as companies look to re-hire skills-sets only recently 'cut loose'. Compounding the situation is that key talent has a greater likelihood of being recruited by other organisations in times of economic uncertainty than those lacking comparable skills and knowledge. The decision to stay with a company therefore comes down to the development opportunities offered to individuals which motivate employees, enhancing their commitment to the organisation in the long run.

“We need to justify the reinstatement of the L&D budget”.

Here's how:

- 1 Research undertaken by McKinsey & Company suggests that by investing in staff development and thereby showing a commitment to key employees' future growth and development; organisations will be rewarded with key employees who are more engaged and committed to their future with the organisation as a result. This is especially important during times of economic downturn, as companies that do not have the right key talent in place will not survive when the economy eventually rebounds.^{iv}

- 2 A 2008 study examined the effects on learning and development during an economic downturn. One hundred and twenty respondents undertook the survey, all of whom were directors or managerial level within their organisation's Human Resources or Learning & Development departments. 53% of respondents stated that the short term benefits of training reprioritization and cuts will have long term negative consequences. 52% of respondents expressed concern about retaining staff during an economic downturn. 44% of respondents expected a cut of 20% or more to their Learning and Development budget, with just 2% expecting an increase.^v
- 3 A study conducted in 2008 found that the best-class organisations employ three strategies in order to maximise resource enhancement: increase employee engagement, align employee developmental needs with organisational objectives, and focus on employee development on existing key people.^{vi}

Economic downturns are the ideal time to focus on the development of key staff, although ideally, consistent focus upon development is preferred regardless of the economic climate. Increased focus on developing key staff now will mean that when the economy stabilizes or experiences an upturn, organisations will have highly skilled, motivated and committed workers and thus a competitive advantage over other organisations that failed to invest in their key human capital.

What will we do when the budget is reinstated?

A strategic human resource focus encompassing: performance management, succession planning, leadership development and coaching, teamwork/team development, performance reviews and internal promotions are all a means of developing key employees and thus increasing employee morale, job satisfaction and most importantly commitment to your organisation. Looking after key employees now will ensure they remain with your organisation for years to come, regardless of the economic climate.

Using research findings from INSEAD, we can provide a synopsis of the best practices in areas of recruitment and staffing, training and development, and retention of talent:

SYNOPSIS OF TALENT MANAGEMENT BEST PRACTICES

Recruitment and Staffing

- Talent pool strategy rather than hiring for specific positions
- Close relationships with leading business schools and universities
- Highly selective hiring
- Compelling "employee value proposition" and strong emphasis on global branding
- Focus on values and cultural fit, not just job-related skills and experience
- Continuous assessment of both performance and potential, using multiple inputs
- Grading against competency profile of successful leaders
- Use of talent inventories for selection and succession purposes
- Different talent pools (executive, specialist, etc.) with different career paths

Training and Development

- Leadership development is a top priority and deeply ingrained in culture
- Promotion-from-within policy
- Continuous assessment of training needs and feedback (360-degree reviews)

- Individual development plans linked to succession planning process
- Job rotations ending an international transfers as career development tools
- Line manager involvement (coaching, mentoring, job shadowing, etc)
- Use of open job posting system in internal talent marketplaces

Retention Management

- Continuous monitoring of attrition rates by performance level
- Highly competitive compensation, particularly long-term wealth accumulation
- Personalised career plans and broadening assignments
- Senior management attention
- Flexible working arrangements and other work life balance practices
- Diversity programs designed to develop, retain, and promote diverse talent

These are the “best practices” which can be approached by HR departments keen to provide leadership within the organisation, and support external competitive advantage. Many in fact do not require an increased budget. Those in blue are the areas where Psych Press can provide advice, support or relevant tools, if required.

ⁱ Sinha, Gunjan. Siliconindia, Jan2009, *Retaining the best employees*, Vol. 12 Issue 1, p44-45, 2p; (AN 36571296)

ⁱⁱ Berke, Kossler & Wakefield (2009). “Building Talent: Developing Effective Leaders Is as Crucial as Ever, LIA, 29 (1), p3-7

ⁱⁱⁱ Manager: British Journal of Administrative Management, *Managing through tough economic times*, Autumn2008 Issue 64, p06-07, 2p; (AN 36562394)

^{iv} Berke, Kossler & Wakefield (2009)

^v Common Purpose (2008) “Taming the Wolf at the Door”, Retrieved from <<http://www.commonpurpose.org.uk/System/asp/GetFile.aspx?id=6323>> on May 04, 2009

^{vi} Bacilek, M. (2009). *Employee development in an Economic Crisis*. Human Resources IQ. Retrieved from <<http://www.humanresourcesiq.com/article.cfm?externalID=686>> on May 04, 2009

8 Stahl et al Global Talent Management: How Leading Multinationals Build and Sustain Their Talent Pipeline. INSEAD. 2007