

DOWNTURN DOESN'T HAVE TO MEAN DOWNSIZE

The global economic downturn is striking businesses across the globe, but many business leaders believe it will only provide some "breathing space" from the widespread skills shortage. Whilst HR will be asked to adjust headcount to declining turnover, clients and contracts still have to be won and delivered.

Organisations will need to tightly link the talent to both the changed business context, and to the strategies they will implement to survive the slowdown. Increased competition to win work and sell products in a changed business environment will require adaptable and dedicated staff. With a decreased emphasis upon recruitment, training and talent management programs are key.

The impact of the economic slowdown is already being felt in many industries such as retail, construction, property, banking and finance. As pressure mounts on these industries and others soon to be effected, organisations may be tempted into short-term thinking and cut costs wherever possible. In the recession of the early 90's, training and recruitment budgets were slashed and many programs were stopped altogether. Organisations need to make sure they don't revert to these old habits. In some industries and organisations, core skills and knowledge were lost from the organisation which impacted upon the capacity of some organisations to profitably carry on their core business. Long lead and lag times to replace these skills place organisations at a competitive disadvantage when demand returns. Current economic conditions mean it is now more important than ever for organisations to develop staff and retain star performers -- as it will be talent which sets an organisation apart from its competitors.

To help guide human capital planning decisions at this time, psychometric assessment can help organisations identified and change their "success criteria", in accord with changed market conditions. Defining the key characteristics needed to succeed in a particular role or organisation provides

a benchmark against which candidates and employees can be measured. Restructuring often provides such opportunities internally.

Environment & competencies & assessment – it's a match!

Once defined, key competencies become the guiding principle for any internal or external recruitment program or talent management initiative.

An organisation needs to ensure that when it is cutting resourcing costs, it is not also cutting corners. If the only way an organisation can keep recruitment costs down is by dropping parts of the process, it will end up costing the organisation more in the long run.

A bad hiring decision can be costly. For example, at a graduate level it can cost an organisation 1.5 times a graduate's salary or more than \$85,000. For executive and leadership positions the costs are even greater. The simple question which often elicits a lot of soul searching amongst management is: "Of your current staff, what percentage would you re-hire?" Subtract that figure from 100 and you are left with a rough index of the effectiveness of the recruitment process.

Implementing a changed, but no less rigorous recruitment process ensures employers are able to thoughtfully re-engineer recruitment processes. Recruitment processes in the current environment now need to incorporate a capability to sift talent from larger applicant pools. Invariably this places greater reliance on online screening procedures carefully aligned with a potentially changed competency matrix. The game changes to one where speed of hire and cost of hire metrics are re-emphasised, at the same time as recruitment resources are cut. Reviewing CV's and conducting interviews may be a traditional method for recruitment, but they can be an extremely subjective and expensive process.

Internet-enabled psychometric tools can help organisations identify candidate fit against a competencies matrix re-jigged to align with a changed business landscape - less expensively. These tools also allow organisations and

employers to gain a comprehensive and accurate picture of the candidate prior to initial interview - a crucial consideration as budgets are squeezed.

Some of the key competencies organisations should look for when hiring during a slower economy include those who are not afraid of change. Those who aren't negatively affected by change are more likely to take on the pressures a slower economy brings, such as increased pressure on budgets and slowing market demand.

Bringing on new recruits that add real value to the organisation will not only benefit the business financially, it will also complement an organisation's current star performers and help carry the business through this economic cycle.

Are you staying?

As retrenchments cut deep within an organisation, some people tend to "jump before they are pushed", and by definition since these are the ones that can find other positions, this often leads to a degrading of the remaining talent pool. Offering voluntary redundancies needs to be carefully considered in this light, as key intellectual property can often walk across the street to a competitor. Interestingly, some talent management products have a role in such a context. When restructuring is accompanied by attention to changed career planning, identification of management opportunities and changed responsibilities, tools such as online career development products, team functioning questionnaires, brief targeted training, and coaching skills workshops can be used to build the skills of remaining employees. All these convey a "we value you and your potential contribution" message much more articulately than management reassurances, no matter how sincerely meant. Certainly there are costs, but such costs are in the hundreds of dollars, whereas replacing a crucial manager with long-standing industry and company knowledge will cost thousands. Such initiatives provide clearer career paths in succession plans, making employees feel a valued part of the organisation, rather than a cost that can be cut in lean times.

Thus whilst slowing market demand often forces recruitment to slow or be "frozen", it is important that training and development doesn't stop because

budgets are tightened. Continuing these programmes ensures organisations nurture their talent and link employee performance to ongoing business success.

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