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2010 – green shoots of economic upturn

As we move into 2010 we reflect on a year that has, for many organisations, been one of change in one way or another. Whether it has involved business re-modeling and expenditure review; investing in smarter, more efficient ways of working; or restructuring to put in place a workforce that is 'fit for purpose' to deliver on your business goals, transformation has been the name of the game. According to the Harvard Business Review 'constant transformation is the new normal'. In essence this means that organisational review and improvement isn't about a point in time 'burning platform' exercise – in this case economic recession – but needs to be part of the organisational DNA, 'the way we do things round here'. Savvy businesses regularly scan the external environment and adapt accordingly. However, whilst recent economic indicators point to the early shoots of economic recovery business leaders need to think about what this means for their workforce.

.... but upturn brings staff churn

For many employers the recession has resulted in less staff churn. However recent surveys suggest that employers should brace themselves for higher than normal staff turnover as the economy continues to recover. The poor state of the job market, along with concerns over job security, has been acting like a dam holding back the normal flow of talent. Once job opportunities increase, however, dissatisfied employees will vote with their feet and leave, making it important for employers not to take the loyalty of their people for granted. A Hudson survey reveals that 47% of employees are seeking a new role and 56% of people saying they would consider roles they would not have previously looked at. These figures are in stark contrast with employers perceptions of the current state of workplace morale – whilst 44% of employees stated that workplace morale had plummeted, only 26% of employers surveyed acknowledged that workplace morale had dropped.

Business leaders and recruiters alike will testify to the trend of a spike in staff turnover in the first quarter of a new year. People often return from Christmas holidays highly motivated to look for a new job; we can expect this to intensify after a tough year. It's more likely to be key talent, unhappy with the way their organisation has handled changes, who walk first.

So what can employers do?:

Firstly identify your critical roles and key talent. These include **a)** key individuals/critical players with a specific skill set or knowledge base and client relationships that are key to the business, and **b)** high performers who demonstrate consistently high performance. Secondly, assess their flight risk and review, or put in place, succession plans if they should leave. Losing a key staff member can damage productivity, morale and revenue. Cost of turnover is higher than most organisations think; a conservative benchmark is 1.5 times salary.

A focus on employee engagement is critical if employers are to retain key talent for the long-term. Open, honest and frequent communication about how the organisation is doing; providing a clear future focus around organisational goals and what is needed to reach them; praise and recognition for good work; and showing interest in them as human beings will all help to build trust, loyalty and commitment. Whilst financial rewards may be off the agenda employers can boost morale and loyalty by offering alternative benefits

(for example flexible working) as a financial compensator, providing clarity around career paths, identifying internal development opportunities and setting meaningful work. Ongoing feedback is a given, but is one area that line managers are generally poor at.

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Feast or Famine?

Not so long ago the cry was of 'skills shortage' and the 'war for talent'. Although we are seeing the first shoots of economic recovery there are some employers who continue to face the prospect of laying off key talent in the face of economic downturn. Talent they can ill afford to lose if they are to maintain a competitive advantage for the long term. For many business owners the changing economic environment requires a new map of working. It is those businesses that are able to adapt to the changed market, to recognize and capitalise on emergent opportunities, that will move into a stronger market well-positioned for the future. A key factor is how businesses leverage their people capability and maintain a competitive edge, now and for the future, through managing and engaging their talent. This means a focus on workforce planning, performance and development.

Shift in Focus

Research has revealed a shift in focus from recruitment to engaging, motivating, retaining and fully using the skills of their workforce.

This has resulted in employers adopting innovative and positive people management practices in a bid to hold onto key talent. The research suggests that savvy employers recognise that the quality of their staff is the one thing that can differentiate their organisation, and ensure that they not only survive in the short term but thrive in the long term. Letting staff go is a short-term solution—it takes a minimum six months to bring a new employee up to speed.

Key findings of the research were:

- 48 percent of employers surveyed revealed that talent management remained a priority with a greater focus on retention of good performers.
- Recruitment freezes have resulted in a stronger internal focus on developing existing people capability, offering opportunities to people who may not be a 'perfect match' but who have transferable skills and demonstrate the right behaviours to be successful in a new role.
- 55 percent of respondents are developing more staff in-house, with a distinction between essential and 'nice to have' skills development. Many saw continued investment in valued staff as a long-term growth strategy and key to achieving future sustainability.

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"YOU DON'T HAVE GREAT ORGANISATIONS YOU HAVE GREAT WORKPLACES" Marcus Buckingham

How Shine People Consulting can help you. Services offered:

- Business improvement using the international Investors in People framework
- In house or outsourced Human Resources support
- Change management support – change planning & communications; upskilling your people leaders to lead and manage change; *Working with Change* workshops to help transition your staff from A to B
- Employer of Choice strategies – attracting, engaging & retaining high performers
- Employee engagement strategies – how to get the best out of your people resulting in improved productivity and business results
- Recruitment and selection support
- Diversity specialist – strategies to create a diverse, inclusive and high performing workplace
- Project management – from project inception and design to execution and review
- Strategic and operational planning
- Management skills training (*change management, managing diversity, recruitment & selection, appraisal, managing performance & more*)
- Staff development – from training needs analysis to personal development plans and development frameworks
- Coaching and mentoring (*inc. leadership, performance management, delegation, communication, time management, career and interview skills*)
- Employment policy, procedures, process and systems development and implementation – including staff handbook, job descriptions, performance management frameworks and practical guidance on how to apply them in the workplace.
- Internal communication strategies and planning



Feast or Famine? continued

Research findings:

- Changes to reward strategies include restricted pay increases and bonus reductions or freezes. Mindful of the impact on retention on work performance there is more focus on rewarding top performers only, along with a move to performance related pay. A spin-off is the strong signal to staff about performance priorities.
- Businesses that don't proactively manage their talent run the risk of good staff walking and being picked up by savvy employers with an eye to the future. They are then left with mediocre and poor performing staff.

The Options

So what are the options open to a business? Firstly, this is no time for carrying mediocre performance. You need to manage poor performers—either turning them around or exiting them out—and hang onto good performers through a focus on engaging and motivating them.

Positive leadership and management behaviours and knowing what engages your staff are also crucial. Providing a clear and inspiring vision—along with a picture of the road to be travelled—is central to winning hearts and minds for the journey ahead. A greater emphasis on communication and open discussion is crucial. Be honest and transparent and frequently communicate what you are doing and why. This will build understanding amongst staff of the state of the business and the role they can play. What's more, involving your staff in problems and solutions may open the floor to innovative ideas that would otherwise have been lost—and it helps build high levels of engagement with the flow-on benefit of increased productivity and staff retention.

Now is the time to present a positive, decisive and upbeat mood amongst your staff and instill a sense of confidence and certainty. Try and leave business anxiety behind your office door—uncertainty is the greatest enemy. Gallup research revealed that in times of uncertainty employees look to their leaders for stability, hope, trust and compassion.

Look, too, at new ways of working, such as reduced hours, less overtime, more part-time roles, compressed hours (working contracted hours over fewer days to save on overheads). Given the option, staff are generally prepared to consider new ways of working if it means keeping their jobs. Note, however, that you should always seek legal advice and support before embarking on any changes to employee agreements or organisational restructuring.

It is important to try and look positively on the current economic climate and the opportunities it presents for doing things differently. One thing's for sure, it is the 'burning platform' that will spawn new and innovative people management practices that will shape the future workplace.

Adapted from an article written by Denise Hartley-Wilkins for Employment Today

**“Management is doing things right,
Leadership is doing the right things.”**

- Peter Drucker

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