



HR Director Survey Q2 2009

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How can HR Directors add value during a recession?

In February 2009 we carried out a survey amongst our network of HR Directors with just one question posed: “How can HR Directors add value in a recession?” The results are fascinating, insightful and provide a great deal of food for thought.

This article condenses the main findings from the survey. While main themes emerged there were also

“Most companies will survive the recession. Those that continue to invest in resources, in the development of their people and think about succession planning will be best placed to take advantage when things pick up again”

some quite diverse opinions on what HR should be delivering. What is clear, however, is that the HRDs we surveyed play a key role in their businesses; coming up with ideas to improve profitability, increase morale and retain star players, as well as acting as a coach and confidential ear for the CEO. There was general agreement that although the recession will give rise to short term survival plans it is equally important to continue to develop long term strategies, to focus on future performance and to keep an eye on the vision and values of the business.

The six main themes which emerged were as follows: Communicate and Engage; Innovate: Performance Management; Recruit and Retain the Best, Support the CEO and the Power of Positivity.

Communicate and Engage

Nearly every HRD surveyed felt that ensuring effective communication is one of the most important tasks for an HRD in the current climate. Engaging with employees and maintaining momentum and motivation in employees’ careers is seen as critical to business success.

Having effective communication channels is seen as vital so that any difficult messages can be delivered quickly and in the best possible way. Prompt and timely information is seen as a means of improving morale, making people feel valued and allowing news, especially bad news, to be communicated quickly and accurately.

“Drive frequent communication to all staff. Create certainty wherever you can”

Keeping close to the pulse of the business and looking out for tell-tale signs of disengagement was cited by several HRDs. Communication, morale and performance are all seen to be closely connected; if communications fail the other two are in danger of falling over. As one HRD describes - *“Watch out for the signs: closed doors and water cooler meetings!”*

More than ever HRDs feel the need to be visible, to be seen and to listen.

Innovate

Now is the time to challenge traditional thinking and come up with new ideas. This is seen as a period without precedent, requiring actions and ideas which previously would not have been considered feasible.

“Be innovative - what can HR do differently to support the business, add value, service etc? We are selling our HR services to small and medium sized business, bringing in revenue!”

The HRDs surveyed had numerous ideas for weathering the recession such as avoiding losing people through flexible working and cutting hours rather than believing that redundancy is the only option; creating innovative training and development solutions at lower cost, for example, by using in-house trainers and e-learning; one entrepreneurial HRD has started selling HR services as a revenue stream.

HRDs also felt that it was vital to challenge line managers to come up with new ideas to improve performance and deliver more from less. One HRD felt that now is the time for radical thinking around organization design, structure and roles, for thinking and actioning the previously unthinkable.

Performance Management

Improving people and company performance is seen as always being key to the role of an HRD, but in a recession, most HRDs felt there should be an even stronger focus on how HR activities can demonstrate clear bottom line savings and better employee performance.

“Don’t tolerate poor performers!” was how one HRD describes it. Almost every HRD responding to the survey felt a need to focus on where value gets created, to look after the value creators and to make tough decisions to move underperformers out of the business.

“Focus on high performance. Expect it, encourage it, nurture it, recognise it and reward it”

Whilst some HRDs focused on nurturing talent and making people feel valued, others took a harsher line and felt that now is the time to measure performance, not values. As one HRD explains - “Get on a diet - lean and mean is the way to fight recession. Help the business leaders look at their structures and resources with an objective eye, ask ‘if it were your money, what would you do?’ In HR - what is necessary investment now? What will really make a difference?”

Having a strong leadership team in place and in particular having a strong working relationship between the HRD and the Finance Director is seen as critical in addressing underperformance. Some see this recession as a great opportunity to instil a performance-led culture; people will be more open to change if it means they get to keep their job!

Recruit and Retain the Best Talent

The survey confirms that having the best people in place is vital, recession or no recession, and this is seen as a top priority for most HRDs. This includes not being afraid to take on new people, getting rid of dead wood and getting the best leaders into the weakest areas of the business where they can have most impact.

“Having a focus on top talent and doing all you can to keep your best people in the uncertain times” was how one HRD put it. There was a general feeling that whilst there are many candidates in the market at the moment the good ones will always be sought after, and you should therefore take care to ensure strategies are in place to retain top performers. Where money is tight for salary increases and bonuses innovative means should be found to reward high performers through non-monetary rewards, for example through training and development opportunities, more holidays and share options.

However, opinions differed here. One HRD felt that the recession itself was the prime retention factor, allowing bold decisions regarding remuneration and benefit packages to be taken as employees were keen to hold onto their jobs.

Support the CEO

Acting as a sounding board, coach and guide for their CEOs was seen as one of the most important roles for HRDs in a recession, along with playing an active part in the executive leadership team and being prepared to make hard commercial decisions along with colleagues. This is seen by many HRDs as the time to focus on the “new commercial imperatives”, keeping close to the MD and the senior team and to clearly align the KPIs of the HR function to business needs.

“A CEO is in a lonely place. Where do they go to say ‘I don’t know what to do’?”

The Power of Positivity

Having a “business as usual approach” was seen as being important to success, whilst being very mindful of the highly difficult situation in which businesses find themselves today. Negativity and too much focus on bad news is seen as being highly dangerous, and HRDs felt that leaders should be seeking to exploit the opportunities that a downturn brings rather than dwelling on possible failure. HRDs feel it important not to lose sight of the other side of the recession and to keep a strong and positive employer brand, even if making redundancies.

Summary

More than ever it seems that HRDs are playing a highly commercial role in the organisations. As they are

“Encourage a climate of 'how might we win through this downturn'; ensure that leaders are not just focusing on the negatives”

the 'custodians' of most companies' highest costs - that is their employees - this should come as no surprise. HRDs are seemingly adapting to the current harsh climate by taking a double-edged sword approach and balancing the short term imperatives with the longer term vision.

We are very grateful to all of the HRDs who took the time to respond to the survey and we would like to extend our thanks to you all.

We hope you've found this summary of our survey useful, and we'd love to hear your thoughts. If you would like to discuss the findings in more detail, or if you would like to suggest other topics for our survey, please don't hesitate to contact us.

Best wishes

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