

A New Challenge For HR

Often when business is booming, there is much less scrutiny on cost. Headcount can grow, expenditure can build, and really without meaning to businesses can accumulate a level of “acceptable inefficiency” that was disguised as profits are continuing to be made.

Experience has shown that in a buoyant market, when recruiting senior executive talent, particularly in the booming sectors of construction, banking and professional services there was an enthusiasm to get good people on board with enhanced salary structures, performance bonus models and promises of accelerated promotions.

The world has changed and the speed of the slow down in the economy has taken many people by surprise. In many areas of the local economy companies have taken the necessary steps to reduce costs and strip out what is considered to be unnecessary expenditure in the short term. Business plans have been rewritten, advertising budgets and marketing support have been curtailed, training budgets have had to be revised and corporate social responsibility activities put on the back burner. Employees have become conscious of the scrutiny of costs from everything from travel budgets to expense claims.

With reduced top line performance and the Banks reducing their exposure on loan facilities and overdrafts as well as an increase in debtor days, there is real pressure on cash flow. It continues to be a difficult time for many organisations in Northern Ireland’s private sector. They have undergone restructuring

and right sizing which has resulted in highly publicised redundancies at all levels. Others have introduced blanket pay cuts across the Board, and some employees, commendably, have willingly accepted the option of pay cuts rather than see any of their colleagues suffering the pain of job loss.

There are the shoots of recovery in some areas and latest indications are that economic growth will kick start before the end of the year. In the meantime the challenges are many, not least, maintaining the morale, motivation and focus of key people within your business to ensure that you are in a strong position to exploit the opportunities that will emerge as the economy begins to pick up again.

The focus for many of these organisations will continue to be the reduction of operating costs throughout the current financial year. In doing so employers must be mindful of the need to continue to reward and recognise employee performance, to keep talented individuals motivated and engaged in the business to deliver future success. HR must be innovative and creative in the solutions they propose to recognise individual performance in a way that works to achieve employee engagement, increase in morale, retention of key staff and improvement in productivity without the reliance on the carrot of



significant financial bonuses. As so often is the case, there is the need to return to the basics. Getting back to the core values of what your business is about and focusing on why people joined your company in the first place. When people are asked to give more commitment, to work harder and longer, it is vital that you ensure you maintain a positive work culture.

Many of the businesses we work with have seen a development of a culture where people decide ‘we are all in this together’ and a great level of camaraderie and support has evolved. In these difficult times, it is more often the simple things that matter and make employees feel valued, such as telling people that you appreciate their support and acknowledging their daily efforts. Open communication in times of challenge is so important. This approach can go a long way to keeping people motivated and making them feel valued and respected, particularly if they are making personal sacrifices to support the greater good of the business.

It is vital that the business still maintains a focus on the long term.

It might be well and good cutting back on short term marketing but this will invariably have an impact on longer term sale. Stopping spend on training will only result in a longer term reduction in capability levels and limiting your team’s involvement in corporate social responsibility activities may affect their motivation and commitment to the ethos of your business.

Like everything in life, the challenge is retaining the balance. Being prudent and progressive, being commercial and compassionate and realising the long term impacts of short term decisions. What is certain is that having the best people in place has never been more important for organisations.

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Claire McKee is a Senior Consultant with Clarendon Executive, Northern Ireland’s leading Executive Search, Selection and Interim Management consultancy.

**www.clarendonexecutive.com
Tel: 028 90725750**