

Retaining Scarce and Critical Skills in a Recession

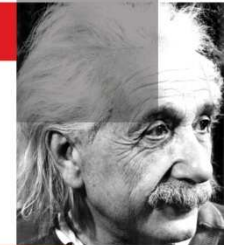
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AGENDA

Will look at two perspectives:

- Employee
- Employer



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The Current Recession

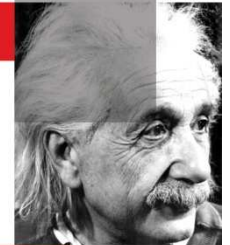
- The current recession is different from those of the past
- Will be a longer and more far-reaching
- But every recession of the past has been followed by a recovery
- The current recession began in December 2007 (US National Bureau of Economic Research)
- Estimated that 2.6 million jobs were lost in the first 12 months in the US
- No corner of the planet and few industries seem to have been spared



Employee Challenges

- Threats

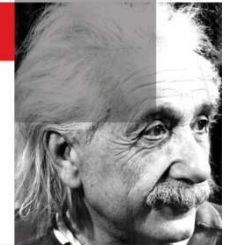
- Recessions make staff nervous
- The effect of change and resistance to change – path of least resistance
- Comfort zones disrupted
- Downsizing
- Remorse syndrome – feeling guilty for having survived downsizing
- Sustainability of employers
- Remuneration trends – decline in rate of increases
- Scarce and critical skills change over time
- Fear and stress - Low morale
- “Disconnect” between employers and employees
- Increase in workload
- Requirement to increase productivity
- BBBEE – different groups react differently



Employee Challenges

- Opportunities

- Skills acquired improves mobility
- BBBEE – black skilled employees have improved mobility
- Technology – Employers are more inclined to introduce technology to improve bottom line
- Opportunities in “recession proof” countries



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Employer Challenges



- Downsizing VS Rightsizing

- Companies can no longer cut a 10% or 20% across the board
- Need to look at strategic positions such as Engineering, Sales and Marketing and cut in the right places
- Identify core and critical positions and cut among those that are not core/critical
- Often require employees to be in expanded roles with additional accountability
- Good employees will always be able to find opportunities elsewhere
- Companies must be able to keep the best people as well as the right people



Employer Challenges



- Performance Management
 - Raising the bar
 - Now expect more from people
 - Stress can be good
- Remuneration Trends
 - Pressure on bonus pools
 - Need stronger differentiation in compensation schemes
 - Stronger emphasis on Performance Management – setting higher standards – impacting on how increases are awarded
 - Risks associated with paying too little and paying too much



Employer Challenges



- Skills Development

- More pressure now on available funds
- Promised opportunities may be affected
- Require more innovative approaches to training and development
- Opportunities for key talent needs to be created and flexibility on how it is presented is key
- Alignment of career development plans, succession planning and business requirements

- Communication with staff

- In recessionary times communication needs to be more open and honest
- Be authentic

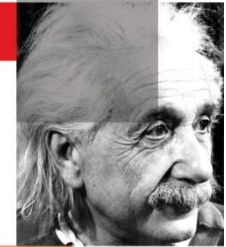


Employer Challenges



- **BBBEE**
 - BBBEE compliance have become “a ticket to play”
 - Pressure on scarce and critical skills pool in designated groups
 - Attraction of Black skills requires innovation
 - Retention of Black skills a challenge simply because they are so sought after
- **Employee Wellness**
 - Total wellness of employees
 - EAP's
 - Increase in absenteeism





Employer Challenges – a study by The Human Capital Institute and Taleo Research

DOWNSIZING

Five Key DO's

- Identify the work that is core to retaining a profitable business
- Identify the competencies you need to execute your business goals
- Protect your bottom line and your brand
- Communicate with employees constantly
- Pay attention to the survivors



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DOWNSIZING

Five Key DON'Ts

- Don't cut with a hatchet – use a scalpel
- Avoid “death by a thousand cuts” – do it all at once
- Don't do retrenchments on a Friday or before a holiday period
- Don't shoot from the hip – have your justifications ready
- Don't keep employees guessing – be as honest as possible



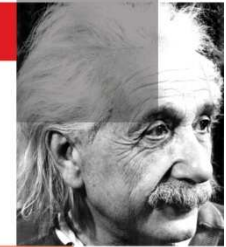


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OPPORTUNITIES:

- Take advantage of talent that becomes available
- Use downtime for training, development and implementation of technology to become productive
- Listen to employees
- Emulate the best companies
- Leverage your leaders



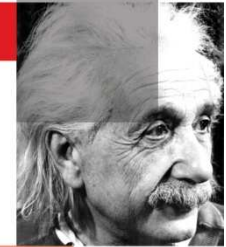


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WORKFORCE TRENDS IN A RECESSION

- Flexible hours extended to more workers
- Virtual work arrangements for more workers
- Greater use of contingent and contract workers
- Baby boomers not retiring
- More job churn

Thank you



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