

Tools for Tough Times

Selectively 'Right-Sizing'



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Unfortunately for many organisations the current economic down-turn means only one thing – cost reduction. Every day more and more companies are making massive lay-offs. But which companies are making the right decisions – and how?

The decision to lay off staff is never taken lightly. The instruction to ‘lose 10% of staff’ is both a difficult one to hear and to execute.

These decisions normally need to be quick and decisive, yet even in large companies, are often executed using basic, even primitive means – the phone list and shiny pin approach.

All too often organisations reduce a layer of middle management – assuming that the ‘lower rungs’ of employees can handle the operational aspects of the organisation, while upper management can handle strategy and the ongoing management. This often has dire results. The upper management are not exposed to the nitty gritty of current projects, and the lower rungs have no power to make decisions. Projects stall, reporting stops and revenue is affected.

Getting it Right!

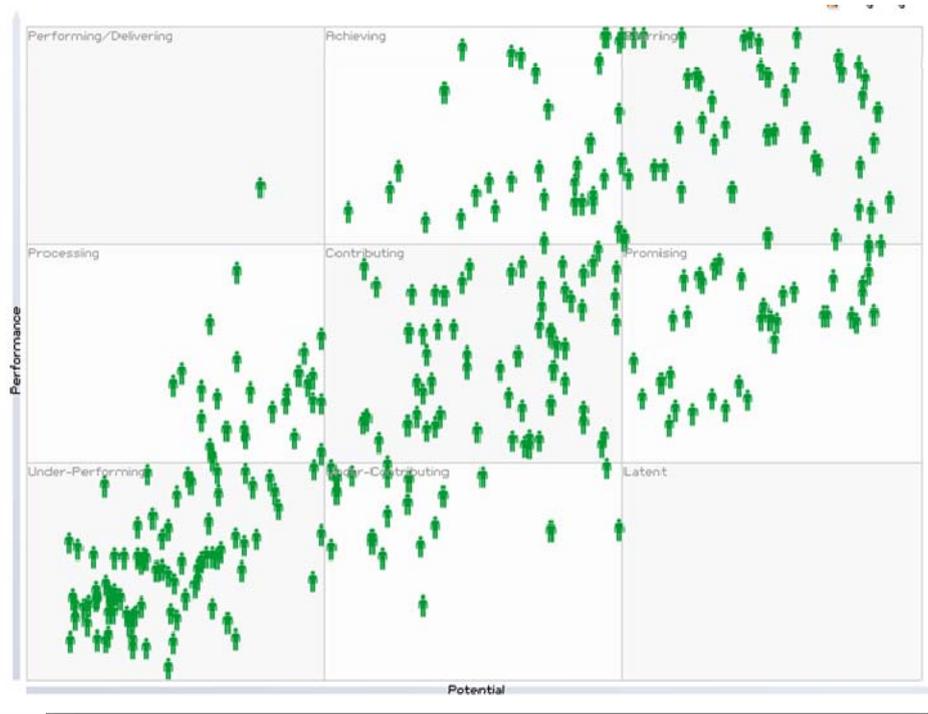
More mature and savvy organisations should be able to rely on a wealth of human capital data to assist with making the right decisions. Talent management information overlaid with performance management data is the most robust and detailed method of selecting the correct candidates for down-sizing.

Measuring both past performance ratings along with current performance and potential factors can allow key decision makers to make more informed judgements about the impact of letting certain sectors of the workforce go.

Consider elements that should assist in the decision to terminate an employee. Can you put your hands on this data?

- Performance Management Review Ratings (historical and current)
- Flight Risk Data / Career Aspirations
- Is the person nominated as a successor to any critical roles?
- What is their *potential* rating within the organisation?
- What is their *performance* rating against organisational competencies?

Good Human Capital management tools should be able to give you this data quickly and easily. Consider the following diagram:



In the above application (Sonar⁶) the entire workforce can be mapped against a 9 box grid of performance vs. potential, or alternatively, can be filtered by division, location, salary bands or any other metric desired. The employees in the lower left box 'Under-Performing' show the least *potential* as well as the lowest *performance*. Those in the lower right and lower middle, although under-performing, are showing latent *potential* which may be due to the fact they are in the incorrect role, or are not currently challenged.

This data is drawn from a variety of sources (manager, self, multi-rater reviews etc.) and can also illustrate movement over time. Data such as this can assist decision makers to identify the low performance/low potential employee population quickly and easily.

Organisational Impacts

Experience shows, when the middle management layer has been slashed en masse this can result in ex-employees returning to 'plug the holes' as contractors in the ensuing months. Not only is this financially obtuse, the returning incumbent will no doubt be embittered, smug and will probably under perform. This then impacts the entire team / business unit and demonstrates to all that management made the wrong call in the first place.

Grow Up

There is no doubt that we are in troubled times. Anecdotal evidence from even 'sophisticated' organisations tell us that they hunger for tools such as these – it is unfortunate that many people wait for the hard times before considering implementing such tools and technologies.

The evolution of performance and management solutions now make it easier and cheaper to implement and reap the benefits of leveraging your human capital investment.

Good Talent Management solutions will serve decision makers in the tough times to make more informed choices, but once the good times are back with us, will provide valuable insight into your organisation, its strengths, weaknesses and where opportunities lie. Then when the tough times return, you will be ready.

HCS - Aligning People and technology

The Human Capital Solutions (HCS) Group bridges the gap between HR and IT, assisting organisations to optimise HR and Learning Strategies through a mixture of professional services, content provision and IT solutions.

We help people and technology to work together smoothly and efficiently, bringing out the best in each other, to achieve the highest possible return on investment in both.

We are flexible, approachable and passionate about what we do, and we pride ourselves on old fashioned customer service. Our customers trust us to provide realistic advice and solutions that work. They know that we are brand agnostic, so they get the right solution every time.

With a proven track record of providing quality services to the Learning and Development community, HCS has an impressive customer base that includes clients such as the Queensland Government, Allianz, NSW Lotteries, Commonwealth Bank of Australia and Suncorp.

HCS is a member of the ComOps group of companies and is quality accredited.

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