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LEAN THOUGHTS

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Keeping employees engaged

- actions speak louder than words -

If we're heading for an economic downturn, as the IMF predicts, what impact will this have on employee attitudes and staff retention?

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A recent survey by pensions and employee benefits consultancy Hymans Robertson suggests, that the mood among workers in the current economic climate is pretty negative. Yet, while almost half fear losing their jobs in 2008, a similar proportion of HR directors predict an increase in headcount.

Why is it that employee expectations are so at odds with the HR view? Scott Northcut, executive vice-president, HR, at DHL Global Express, believes job security inevitably comes uppermost in employees' minds during uncertain times. The answer, he says, is to move transparency, regular feedback and good communications higher up the company HR agenda. In tough economic conditions, he believes staff should be given recognition for their efforts through constructive feedback. "They respond more positively when they believe their line manager is heeding their concerns and communicating openly about prospective changes."

Keeping employees engaged

But is employee engagement more critical during a downturn than in periods of stability? At times like this, surely companies have their pick of candidates? Mike Haffenden, a founding partner of executive recruitment consultancy Strategic Dimensions, says that's not the point. "Your talented employees are your greatest asset, so it's worth keeping them engaged. Research consistently shows that the financial performance of companies with truly engaged employees outstrips those without."

For Haffenden the answer lies in taking positive steps to *keep* talented employees engaged. "When recession threatens, companies should cosset those they wish to retain and keep asking them what their needs are. It's not just a case of scarce skills, they're tomorrow's talent. Every organization has people it wouldn't wish to lose - some also have staff they'd be pleased to see go."

Nor does he believe the comp/bens strategists are best suited to judge engagement: "The trouble is, in HR the left hand is not always in sync with the right. While the management development team is busy identifying talented employees it wants to keep, the compensation and benefits team may be merrily handing out stock options to employees simply because they've reached a prescribed level - regardless of whether the company expects to retain them. It means often those you'd like to receive incentives don't get them, while others you'd rather lose do."

Proactive approach

Haffenden says much depends on whether you view retention as an active or passive activity. "By active I mean organizations should single out individuals they're most at risk of losing and find out more about them with a view to retention":

- Are their salaries at upper quartile?
- Do they realize they are valued by the organization?
- Do they have long-term incentive plans to keep them in?
- Do they have a career plan, a development plan?

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Where “Lean Thoughts” Become Reality



- Do they have access to regular counseling sessions with the CEO or a board member?
- Do they have a mentor or coach to ensure the other dimensions are dealt with?

“You need to make sure you can tick every box. You may not have the resources to do it for everyone, but you must for those you really value.”

Cash versus benefits

As to whether employees will trade cash for benefits in an economic down-turn, Haffenden believes salaries find their own level. “If you’ve attained a salary, it’s tough to have to make a salary sacrifice in exchange for benefits. When asked to take a pay cut in the Eighties, I did so gladly to show loyalty to my then employer. When it happened again in the Nineties, times had changed and I didn’t even contemplate it.”

With seven in 10 organizations currently experiencing retention difficulties and eight in 10 having problems with recruitment, Rebecca Clake, organization and resourcing adviser at the Chartered Institute of Personnel and Development (CIPD), claims it takes more than money to engage employees. Paul Farley, director of compensation and benefits at Lloyds TSB, agrees. He says the secret behind a successful flexible benefits scheme is to regularly ask staff what is relevant to them and to act on it. “We believe our reward offering gives staff what they want. Every year we assess what is currently being offered, and what can be improved on.

“Our focus groups show just how highly flexible benefits are rated,” he says. “We want a mature relationship with our staff, and we want them to be able to make informed choices. We believe we’re targeting the things they actually want.”

Predicting tenure

While few experts envisage a full-blown recession, Mike Morgan, managing director of employee benefits consultancy Peoplevalue, feels a period of near zero growth is inevitable.

“I think we’re some way from a ‘slump’ or recession, but I do predict a slowdown in growth, which will give a whole new meaning to staff motivation and retention.”

Downturn or not, with nearly a quarter of private sector staff leaving their jobs annually according to the CIPD, companies must get to the bottom of employees’ expectations if they are to keep the best. Roy Davis, product marketing specialist at SHL, says employees today vote with their feet, so making sure they have realistic expectations of their job will help prevent losing valued individuals.

Custom tenure prediction questionnaires are ideal for assessing employees on the likelihood of them staying in a job. They validate predictors to show the direct link between candidate scores on the tenure predictor and actual turnover. Only in this way can companies hope to develop long term strategies for retaining their talent based on objective assessments.”

Haffenden agrees: “Monitoring employees’ expectations is vital. And then it’s equally important to actively manage those expectations. At the end of the day, actions speak louder than words.”

Rallying call

The views of senior industry figures on the role of HR in a recession were recently published in *Personnel Today* magazine. Dave Gartenberg, HR director at Microsoft UK, said: “In turbulent times more than any other, there is not only the opportunity, but the need for HR to provide leadership to the business. The ability to attract and retain workers when times are tough really requires leaders to be at their best.” Patricia Peter, head of corporate governance and employment at the Institute of Directors, added: “HR is vital to an organization in a recession. If you want to survive, then you have to keep your best people.”

Tips for keeping staff engaged

- Leadership, career advancement opportunities and customer focus are essential in a downturn, as are innovative products and services and corporate social responsibility (CSR) policies
 - Honesty, plus an open-door policy works best when times are tough and helps reduce the spread of damaging rumors
- Continue to give employees access to opportunities for developing their skills through external training and management development.

Contact me if you need coaching or facilitation help in the areas such as but not limited to; 5S, Value Stream Mapping, Set-up Reduction, Problem Solving or Policy Deployment and Consortium Development



Thoughts to Ponder

- Life is sexually transmitted.
- Good health is merely the slowest possible rate at which one can die.
- Marriage is a relationship in which one person is always right, and the other is usually the husband.

2008 Consortium Event Schedule



Tour Workshop Conference

January	February	March	April	May	June
<p>T</p> <p>Wednesday 16 <u>Eaton Electrical</u>, contact Joe Fisher, JoeRFisher@eaton.com</p>	<p>T</p> <p>Wednesday 13, <u>ACE Bakery</u>, contact Cindy Grolleman, cgrolleman@acebakery.com</p>	<p>T</p> <p>Wednesday 19, <u>Nestle Waters</u>, contact Mariela Castano mcastano@perriergroup.com</p>	<p>C</p> <p>Consortium Shareshowcase</p> <p>Saturday 05 <u>Eaton Milton</u>. Contact Cindy Grolleman cgrolleman@acebakery.com or Joe Fisher JoeRFisher@eaton.com</p>	<p>T</p> <p>Wednesday 14, <u>Alumicor</u>, contact Barry Wood barry@Alumicor.com</p>	<p>T</p> <p>Wednesday 18, <u>Morrison LaMothe</u>, contact Tony Vita tvita@morrisonlamthe.com</p>
July	August	September	October	November	December
		<p>T</p> <p>Wednesday 24, <u>Kraft Foods</u>, contact Hanif Jivraj hjivraj@Kraft.com</p>	<p>T</p> <p>Wednesday 16, <u>CTS Corp.</u>, contact Navneet Mann, navneet.mann@ac.ctscorp.com</p>	<p>T</p> <p>Wednesday 12, <u>Messier-Dowty</u>, contact Mike Smith Mike.Smith@Messier-dowty.on.ca</p>	<p>T</p> <p>Wednesday 10, <u>Orenda</u>, contact Brenda McIntosh brendamcintosh@orenda.com</p>