

2009: Transforming workplaces

THE R-WORD was the elephant in the room that no British organisation wanted to face in 2009, but many had no choice but to confront. As the economic downturn put a tight squeeze on businesses expenditure, a large number of firms had to streamline their workforce to reduce costs. During the past 12 months unemployment has spiralled past the two million mark, and UK organisations have cumulatively cut over 100,000 jobs, which has thrust the issue of how they handle redundancies firmly into the public spotlight.

As a result, the way organisations manage transformation and restructuring projects and ensure their staff understand the need for change has been one of the key issues in 2009 – in August of this year we asked readers of *The GrapevineOnline* if they thought change management skills were vital in the current climate, and the overwhelming majority agreed.

“What’s quite interesting is that when firms are having to re-size, they are making sure that those retained in the organisation understand the reasons behind those decisions”, according to Andy Lowe, Practice Leader – Talent Management, Right Management. Recently conducted research from the career management provider shows that employees are ten times more likely to be engaged when change situations are managed well in an organisation, which underlines the importance of effective change management. From dealing with his clients, Lowe has noticed that it’s almost as if “firms have recognised the importance of keeping the levels of engagement high with the survivors, which is a positive aspect of what we’ve seen this year”.

Xerox – originally the Haloid Photographic Company – has been in the paper making business since 1906 and has traded through a number of recessions. In the process, they have developed into a multinational organisation that provides consulting services, solutions and a wide range of products for the document management industry. Being an American corporation, Xerox were affected earlier on in the recession than many European companies, and conducted a large restructuring programme in 2008 when the economy was in freefall.

During the past few years, Xerox’s European arm has been subject to a large change programme, and their Human Resources department was key to achieving success with that initiative. Louise Fisher, European HR Director, Xerox Global Services, believes the ability to manage change well and convey to staff why change is needed has been a vitally important skill during the past year’s recession. Speaking to *The Grapevine*, Fisher comments: “I think the last 12 months has been a period not many people have experienced before. So HR as a function, and a profession, has had to support the business through that change, whatever they’ve had to do to cope with, or to do things in a different way to contain their costs.

“I think if the HR function is strong, it should be working with the business to look at how we can do things differently, and to change the organisation to cope with the recession, and the other issues that the recession has thrown at businesses.”

Research commissioned by DBM, the global career transitions consultancy, suggests that the proliferation of change situations has resulted in the emergence of a new type of manager. This individual has the skillset required to manage the people aspects of change alongside performing their everyday tasks as Sara Barrie, Sales and Marketing

Director, DBM, explains: "40% of companies we surveyed recently said there is evidence that there's a new type of line manager, a manager who ultimately is used to managing change and not just turning to HR to manage that change - they've got a very different mindset and they're equipped with the necessary skills.

"That's one of the positive responses we've seen to the recession - if you train your people to manage change, and teach them about the impacts on people during change situations then you're giving them skills to be better managers in the future."

A number of organisations have taken the road less travelled, and decided against a widespread round of redundancies. One example is the Flexible Futures scheme introduced by KPMG in February. The professional services firm needed to trim their wage bill to reduce costs, but at the same time they had a highly skilled workforce that they didn't want to lose. Instead of turning to redundancies, KPMG took an innovative approach - they were transparent with their employees and explained that they needed to reduce costs. They presented a number of alternatives and asked staff if they would consider the possibility of working a four day week where the fifth day was unpaid, or taking a sabbatical leave of between two weeks and three months at 30% of pay, or doing both. They balloted their workforce and the overwhelming majority of staff (85%) agreed to take part in this scheme, if called upon to do so.

KPMG were not the only organisation to adopt such a scheme in 2009, and Owen Morgan, Commercial Director, at Penna, the HR Consulting and Search Business, feels that this has been one of the positive responses to the recession. He believes that the organisations that will come out of the downturn the strongest will have ensured that their staff are

looked after, and feel that they're working for an employer that genuinely has their best interests at heart. He explains: "Clearly we have seen organisations that haven't actually gone down the redundancy path - they've offered people sabbaticals, they've offered flexible working etc. I think the flexibility with which some organisations have treated the issue has been very well received because it's clearly saved jobs. Equally, being clear with people around career progression is becoming increasingly important."

Whilst the economic downturn created a vast array of problems for HR and talent management professionals in 2009, the potential recovery will create a different set of challenges in 2010 and the forthcoming years. One issue that could come to the fore next year is that of presenteeism - research conducted by talent consultancy Chiumento suggested that the current economic crisis has resulted in many employees staying at organisations they would rather leave, turning them into "corporate prisoners".

As Head of Coaching at CEDAR Talent Management (and Chief Operating Officer for Savile Group), Jo Bond knows the importance of keeping a workforce motivated and engaged. For organisations that haven't managed redundancy processes or change situations well, they could see their corporate prisoners turning to pastures new, as Bond explains: "People that have seen their former colleagues leave and feel that the company has been somewhat brutal, inconsistent, or has kept them in the dark, will be thinking 'I'm here for the moment but as soon as the job market improves, I'm off'. So there are lots of companies where the people are not engaged, they are just into presenteeism - they are there in body, but not in mind, soul and heart, and they will be off like a shot. So organisations ignore at their peril how people are let go and how you manage those tough decisions."

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Sara Barrie, Sales and Marketing Director, DBM