

Preparing for the Recovery

A Roadmap for HR



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August 2012



Overview



- 1 New Landscape and Challenges
 - 2 A Staff Perspective
 - 3 Improving Staff Engagement
 - 4 A Roadmap for HR
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01

New Landscape and Challenges

New Landscape

The Irish Context

- Global downturn impacting Ireland's economy
- Record deficit, rising unemployment
- Banking Crisis – loss of confidence; erosion of shareholder value; recapitalisation & consolidation
- Need to restore international competitiveness

STRATEGIC CHALLENGES

Typical Companies

- Declining revenues
- Margin pressures, falling demand
- Sagging stock prices
- Increasing scrutiny - regulators, shareholders, the public
- Staff engagement declining – pay freezes/cuts, layoffs

The Challenges



- Business
 - How can we re-build shareholder value and deliver a sustained performance over time?
 - Staff
 - How can we align our staff costs base with our current and projected revenues?
 - How can we retain and engage a talented workforce while making the necessary changes?
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A Staff Perspective

A Staff Perspective



- How are they feeling?

- Anxiety and Worry
 - Will I retain my job?
 - Will my salary be reduced or frozen?
 - Will I have to do more work for less pay?
 - When will I get a salary increase or bonus?
 - Will my pension benefits be cut?
 - Can I meet my personal financial commitments?
 - Uncertainty
 - What does the future hold for our company?
 - What changes will the company introduce?
 - When will we get “back to normal”?
 - How will these changes affect me?
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A Staff Perspective



- What do they need today?

- **Decisive Leadership**
 - Clear & compelling direction
 - Confidence in strategies to re-build our business
 - **Direct, Open & Honest Communications**
 - How exactly our business is performing
 - What actions we are taking
 - How this will affect my role, pay & benefits
 - **Involvement in the Solution**
 - Encouragement to take initiative
 - Appreciation and support for suggestions
 - **Continued Focus on Career Development**
 - Learning new & valuable skills
 - **Recognition & Reward**
 - Recognition for performance and contribution
 - Salary/bonus differentiation for top performers
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A Staff Perspective

- Common Manager Mistakes



- Assuming their staff are lucky to still have a job
 - It may be true, but it doesn't help engagement!
 - Assuming their staff can't handle the truth
 - They can – and the last thing they want is misleading information or mixed messages!
 - Not recognising good performance
 - In the absence of salary increases/bonus awards, recognition incentives are even more important
 - Failure to manage poor performance
 - All the more important when poor performers represent a drain on tight resources
 - Forgetting to focus on the front-line staff
 - Customer service staff need extra guidance and support to deal effectively with dissatisfied customers
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03

Improving Staff Engagement

Improving Staff Engagement

- Summary of Key Drivers



- The key drivers of staff engagement have not changed...
 - Relationship with Your Manager
 - Challenge and Interesting Work
 - Career Growth Opportunity
 - Recognition of Accomplishments
 - Reward for Performance
 - Support for Development
 - Collegiality and Teamwork
 - Pride in our Company
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Improving Staff Engagement

- Critical HR Levers



Primary Lever	Effective Actions
Reward System	<ul style="list-style-type: none">■ Sharply differentiate strong performers from average performers■ Tie rewards closely to performance■ Set rewards at competitive levels, relative to competitors■ Optimise the mix of individual, team and company-based rewards■ Maximise the use of recognition incentives
Culture	<ul style="list-style-type: none">■ Value collaboration and teamwork■ Encourage sharing of best practice■ Foster mutual reliance and friendships among staff
Role Design	<ul style="list-style-type: none">■ Design roles to be meaningful and distinct■ Establish clear links between role contribution and business objectives■ Foster a sense of contribution to the organisation
Performance Management	<ul style="list-style-type: none">■ Maximise the transparency of all people processes■ Emphasise and demonstrate fairness and consistency■ Grant rewards and assignments in a fair and transparent way

Improving Staff Engagement

- Using Recognition Incentives



Remember that recognition incentives can have a greater impact than financial rewards on staff engagement levels!

- The Top Financial Rewards are:
 - Performance-based cash bonuses
 - Increases in base salaries
 - Stock awards or options

 - The Top Recognition Incentives are:
 - Praise from immediate manager
 - Attention from leaders
 - Opportunities to lead or participate in projects
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#1. UNDERSTAND RISKS & CONSEQUENCES

- **Mixed Messages**
 - Confusion
 - Speculation
 - Reduced confidence
- **Lack of Bonus or Salary Awards**
 - Productivity falls
 - Annoyance at lack of differentiation
 - Top performers may look elsewhere
- **Poor Performers**
 - Drain on tight budgets
- **Engagement Suffers**
- **Decline in Results**
 - Profits drop further

#2. ESTABLISH CLEAR NEW GOALS

- **Top 3/5 Priorities**
 - Revenues
 - Costs
 - Customers
 - Staff Leadership
 - Risk Mgmt
 - Etc.
- **Align Managers & Staff**
 - Align objectives with priorities
 - Sense of urgency
 - 90 day plans/targets
- **Manage Performance**
 - Accountability for execution
 - Non-performers

#3. ALIGN STAFF COSTS WITH REVENUES

- **Current State Analysis**
 - Fixed & variable
 - Cost drivers
 - Projected revenues
- **Define Objectives**
 - Staff Costs as % of revenues, etc.
- **Decide Strategy**
 - Pain-sharing or Targeted?
 - Use of Variable Compensation?
- **Build & Test Options**
 - Low & high cost
- **Business Case**
 - Cost/benefit analysis

#4. INVEST IN CORE CAPABILITIES

- **Overall Strategy**
 - Offensive or Defensive
 - Risk vs. Growth
- **Key Individuals & Roles**
 - Optimise role match
- **Top Performers**
 - Deploy to growth opportunities
- **Capability Uplift**
 - Identify Gaps
 - Deployment Plan
 - Focused investment

#5. BUILD CONFIDENCE & TRUST

- **Communications**
 - What, why & how
 - Face to face
 - Timely updates
- **Strategy Implications**
 - Structure, roles, goals, etc.
 - Remuneration changes
 - WIIFM
- **Focus on Top Performers**
 - Key influencers
- **Build Focus & Dedication**
 - Mgrs engage with teams



CHANGE MANAGEMENT, ENGAGEMENT & COMMUNICATIONS





05

Appendix: How Can We Add Value?

Appendix A

- How Can We Add Value?



- Client Services Overview
 - Service Components
 - What Makes Us Different?
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Client Services Overview



Service Components



HR Strategy & Planning

- Strategic Planning
 - Align business, HR & employee goals
- HR Policies & Processes
 - Business Needs
 - People Policies
- Cost Management
 - Maximise efficiencies
 - Manage people costs
- HR Function
 - Structures/Roles
 - Service Delivery Models
- Change Management
 - Frameworks
 - Communications
 - Engagement strategies



Organisation Design

- Organisation Structure
 - Group
 - SBUs/Functions
- Role Families
 - Role Definitions
 - Role Profiles
- KS&C Framework
 - Knowledge
 - Skills
 - Competencies
- Employee/Role Mapping
 - Role Fit/Gaps
- Demand/Supply Forecasting
 - Resourcing
 - Budgeting



Performance Management

- Design
 - Policies
 - Processes
 - Objective Setting
 - Performance Review
- Training
 - Objective Setting
 - Performance Review
 - Performance conversations
- Personal Development Planning
 - Policies & Processes
 - Capability Enhancement
- Reward Linkages
 - Salaries
 - Bonuses/Incentives



Reward Management

- Total Rewards
 - Policy & Philosophy
 - Strategies
 - Components Mix
- Executive Comp
 - Fixed & Variable
 - Stock Plans
- Base Salary Design
 - Grading Structures
 - Performance based
- Variable Comp Design
 - Modelling Options
 - Cost/Benefit Analysis
- Benefits Design
 - Policy & Components
 - Maximising Value

What Makes Us Different

- What Our Clients Say



- “You don’t claim to be all things to all men”
 - We only offer services where we have demonstrated expertise
 - “You deliver measurable value”
 - Our services are tailored to meet each client’s unique needs
 - “You help us to manage people as a business issue”
 - We apply analytical rigour, linked to defined financial outcomes
 - “You work in partnership with us”
 - We value shared ownership and knowledge transfer
 - “You use proven methodologies”
 - We use project management & service specific tools
 - “You see it through”
 - We stick with you until we finish the job to your satisfaction
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