

Managing Talent for Business Success in Challenging Times

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Introduction

The current economic situation has created pressure on businesses to cut costs and reduce staff levels. In a challenging time as such, the need to attract, retain and motivate talent continues. For the purpose of this article, challenging times is defined as the turbulent environment of which the business is operating within – an economic downturn/ downswing or when the market condition is tough and uncertain. The recognition of talent as a source of sustainable competitive advantage has become increasingly common. Businesses continue to compete for these people in every region of the world for product and service innovations. Organizations recognize the need to have the right talent in order to succeed in an increasingly competitive and complex global economy.

The word “talent” is often in the press and over the past decade, books, articles, magazines and websites have been using it frequently. Talent within an organization may be described as the right combination of innate abilities ranging from intelligence and interpersonal skills plus the knowledge, skills, attitude, experience and competencies needed to deliver performance at workplace. Apart from undertaking efforts to hire, develop, and retain talented people, organizations need to recognize the additional need to manage talent as a critical resource to achieve bottom-line results.

Managing Talent

The idea of managing talent is not new. In the past, it was viewed as the responsibility of the personnel department. Today, talent management at winning organizations has been elevated to a company wide responsibility. It has been recognized as a source of competitive advantage due to the inherent difficulty competitors will face trying to replicate a high quality and engaged workforce (Wellins, 2008).

There is no shortage of definitions offered for talent management, two sample definitions are provided below followed by a definition which I have coined for the purpose of this article.

Talent management is the process through which employers anticipate and meet their needs for human capital, and involves getting the right people with the right skills into the right jobs (Cappelli, 2008).

Talent management is a critical process that ensures organizations have the quantity and quality of people in place to meet their current and future business priorities (Wellins, 2008).

Integrating the ideas from the above definitions, talent management may be defined for the purpose of this article as the implementation of integrated systems, designed to improve processes for selection, development and retention of people with the required skills and attitude to meet current and future organizational needs.

Actions to Manage Talent in Challenging Times

Managing a business is more demanding when market conditions are tough or uncertain. Business planning can be difficult when faced with rising prices, falling sales, shrinking margins and tight cash flow. During a downturn, the pressing priorities of an organization include managing its cost (minimizing cost and maximizing efficiency), keeping cash flow healthy, limiting the risks the business faces and probably developing a survival strategy through a realistic review of the market situation, and ensuring employees are sufficiently engaged and motivated to stay on. This can be a challenge especially when morale may sink and feelings of anxiety spread due to news of redundancies and potential restructuring actions.

The risk of poor talent management is the cost of mismatch between employees and skills. This is a situation where the organization either does not have enough talent to meet its business needs or too much, leading to layoffs. A second risk related cost is the loss of investments in talent due to a failure to retain them (Cappelli, 2008). Effectively managing the risks and costs of talent management involves internal pipeline management. This process requires leaders to understand and manage how to:

- Advance employees through developmental jobs and experiences
- Accelerate advancement
- Improve manpower forecasting during times of uncertainty to avoid mismatch between demand and supply.
- Utilize HR policies and practices to attract, retain, and engage employees
- Evaluate its talent turnover, taking note of where replacements can or cannot be found, its impact on labor costs and business strategy, and possible labor/skills shortages.

Challenging times such as business downturns may also provide the opportunity for organizations to improve their “bench strength” of existing talent (Fernando 2009). Actions that may be taken include:

Plan for challenging times – downturns should be expected as every business and market is dynamic with constant challenges of new competition, product cycles and changing buyer patterns. How will these external changes impact the business? How will they impact the talent required to ride through a downturn and thrive when the economy rebounds? By undertaking a balanced mix of internal talent development and outside hiring, the organization can minimize the risk of layoffs during downtime and having to re-hire when good times come again.

Develop a talent acquisition strategy for downturn – the need for talent does not stop during a downturn. In a downturn, the job market will soften and many

good engineers, sales and marketing professionals, managers and executives will be looking for better opportunities. Rather than “freezing all hiring”, careful consideration should be given to filling skill gaps in the existing talent pool. Business consideration relating to potential new markets to go after, development of new products to anchor the organization when the economy turns up again should be focused upon to ensure that the people strategy aligns with the business strategy. A good strategy, combined with careful hiring, can position the organization to thrive when the economy rebounds.

Increase the skill set of existing talent pool – one way to reduce financial risk is to maintain a healthy human capital portfolio investment. Avoid developing employees to fit narrow, specialized jobs, but instead, develop a group of employees with broad and generic competencies that can fit in a range of jobs. Once the employees are developed, allocate them to actual vacancies. The fit between candidate and specific job may be less than perfect in the beginning, but the gap should close with just-in-time work application. The end result would be an organization with a flexible workforce, covering a larger general base. When business is slow it may be the ideal period to train talent in preparation for better times.

Develop a culture of learning – Learning and development programs including leadership development is critical to organizational success. Increased knowledge and skills imply increased ability to do more. In order to keep cost down, new ways of development have to be deployed. For examples managers can take up additional roles to train employees in specific functional skills instead of hiring external trainers. Employees who are competent in their jobs can be motivated to take up trainers’ role. Cross-functional training opportunities can be provided to expand the breadth of employee skills. While cutting of training budgets is common, it does not mean that training should also cease.

Honest Communication – Crisis situations tend to pull people together. People need to talk about concerns and look for strong leadership. They want to know what is happening. Organizations need to communicate clearly and realistically and this involves defining focus areas for the business, creating detailed plans for survival and growth, reinforcing culture and core values. The ability of leaders to communicate effectively to build confidence and secure the engagement of employees to the plan is crucial for success.

Carry out meaningful layoffs – Redundancy has an impact on both those being laid off and the morale of those who remain. If there is a need to re-structure, focus on employees, projects and functions that require change for improved efficiency and effectiveness instead of doing a simple “across-the-board” approach for example requiring a 5% headcount reduction for all locations. Consider laying-off employees / functions that the organization wouldn’t re-look at when business upswings occur, or those that have little impact on overall business strategy.

Recognize high performers – reward high performers. During a downturn, there would be employees who “rise to the occasion” and perform at greater levels during challenging times. These employees maybe the leaders of tomorrow: operation managers cut cost and improve productivity; sales teams find new approaches to solving customer problems and growing sales revenue in spite of downturns. This will build an enduring culture, one which may help an organization to survive a downturn and thrive in good times.

Conclusion

The article has provided an overview of talent management and various possible talent management strategies that may be adopted by organizations in search of differentiation for competitive advantage. Living through challenging times is never fun but it can promise opportunities. Managing talent in challenging times requires strong executive support, along with systems and processes all directed

towards having the right talent doing the right work at the right time. That's when talent truly drives higher business performance.

Reference

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