

HR Priorities in the Aftermath of the Great Recession



David Aplin Group
Recruiting. Solutions.

A White Paper by David Aplin Group

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INTRODUCTION

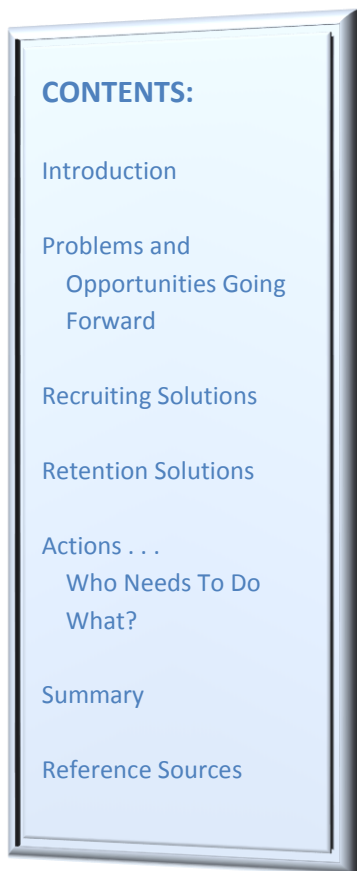
Now that the worst recession in 70 years is behind us, what will lie ahead for the people side of the economy? Our search consultants at David Aplin Group are regularly asked by clients for their take on workplace trends, so we scanned the business world to find the answers.

- ❖ We conducted one-on-one discussions with clients across Canada and across industry sectors.
- ❖ We obtained the current thinking of CEO's from the PWC Annual Global Survey.
- ❖ We investigated what many "thought leaders" were saying and thinking about the future.

With unemployment rates stuck at 9% in the U.S., 21% in Spain and equally high rates around the world, surprisingly the #1 challenge on everyone's mind is talent, how to get it and how to keep it!

This white paper will address the following:

- What are the problems and opportunities facing organizations as we finish 2011 and look toward 2012?
- What solutions do we recommend?
- What actions should be taken by each stakeholder group?
 - CEOs
 - HR Professionals
 - Line Managers
 - Search Firms
 - Government



PROBLEMS AND OPPORTUNITIES GOING FORWARD

David Aplin Group Manager Survey

David Aplin Group conducted a survey of a cross-section of Canadian businesses with 25 to 20,000 employees in Q1 and Q2 of 2011.

Telephone discussions took place with managers at 17 organizations from British Columbia to Newfoundland about HR priorities in the aftermath of the recent recession.

Many sectors were covered including manufacturing, transportation, construction, financial services, wholesalers, service industry providers and natural resources.

Survey Respondent Conclusions:

- Over 90% of these firms felt they would hire in the next 12 months.
- 65% were concerned with retaining present staff.
- 75% felt that senior management did not have a realistic view of today's job market.

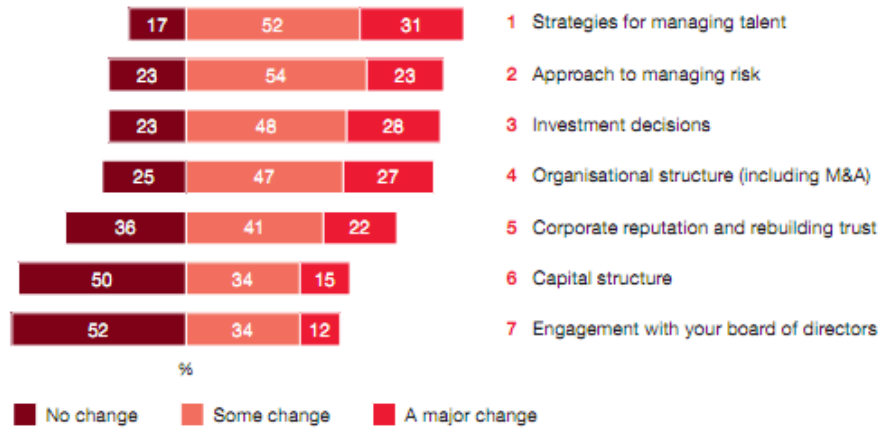
PWC Global CEO Survey

PWC reports *"It's true that the depths of the crisis are behind us and stability has returned to most of the world. But most major economies are still grappling with the aftermath of the recession and sustainable economic growth is far from certain."*¹

As shown in tables from their report (next page), 83% of CEO's expect to change *"strategies for managing talent"*² and 65% of CEO's plan on using *"more non-financial rewards to motivate staff"*.³

Talent is now on top of the CEO agenda

Q: In response to changes in the global business environment, to what extent do you anticipate changes to any of the following areas of your company's organisation or operating model over the next 12 months?



Base: All respondents (1,201)

Note: Anticipated changes in the companies' organisation or operating model over the next 12 months

Source: PwC 14th Annual Global CEO Survey ²

Retention and deployment figure highly in CEOs' talent strategies

Q: To what extent do you plan to change your people strategy in the following ways over the next 12 months?



Base: All respondents (1,201)

Note: Plan to change people strategy in the following 12 months

Source: PwC 14th Annual Global CEO Survey ³

Thought Leaders on Workplace Trends

Tavia Grant reports in The Globe and Mail *“In Canada, plenty of insights are available on who’s unemployed, but we don’t have a great track record of figuring out where future jobs will be.”*⁴

She lists five key trends likely to shape the world of work in coming years:

Greying Work Force

An aging population, more people opting to stay on the job and the elimination of mandatory retirement ages mean workplaces should prepare for the age of ‘unretirement.’

Going Global

Overseas experience, familiarity with other cultures and the ability to speak multiple languages will take on ever-greater importance in this globalized economy.

Collaboration

Technology, including social media and a need for innovation, will spark more collaboration – employees will work on teams within organizations and together with suppliers, customers and even rivals.

Contract Work

The long-term shift toward temporary or contract work is expected to accelerate as employers favour a more nimble work force. That may bring more flexibility for free-agent workers – but also more insecurity.

Remote Work

Forget showing up for the 9-to-5 grind. The changing face of work will mean using more mobile technology to work at the coffee shop, at home in pyjamas or while in transit.⁵

Tamara J. Erickson, award-winning author and expert on organizations, the changing workforce and generations at work, cites slower growth of the working-age population as the reason for the gap between demand for talent and the available labour pool.

- *“In Germany, Japan, Italy and Russia, the working-age population will actually decline in size between now and 2050.”⁶*

That is to say, there will be fewer people available to work.

- *“In the U.S., the growth rate will be nearly one-third lower than we have experienced over the past 40 years.”⁷*

That is to say, workforce growth will drastically slow down.

Frank Graves, president of Ekos Research Associates, states, *“In 1967, the year of Canada’s centennial, the median age was 26. It’s now 42.”⁸*

People Trends Influencing the Workplace

Did you know?

→ **10,000 people turn 65 each day in the U.S.**

→ **Over 1,000 people turn 65 each day in Canada.**

Most will retire, but many will work past retirement age.

What is driving this uneven flow of workers?

Time Period	Growth Rate
1930 – 1945 Depression and World War II	Low Birth Rate
1946 – 1960 Baby Boom	High Birth Rate
1960 – Present “The Pill” and Societal Changes - Married, no children, is okay - 1 or 2 children is okay	Low Birth Rate

Clearly, we’re heading for worker shortages, skill shortages and an uneven flow of workers into the work force. **The solutions lie in two areas: Recruiting and Retention.**

RECRUITING SOLUTIONS

Rebuild Your Approach to Recruiting

Michaels, Hanfield-Jones and Axelrod, who wrote the definitive book on the talent issue, suggest that managers and HR professionals ask themselves the following questions:

1. Is talent [acquisition and management] one of your top three priorities?
2. Are you spending 30 percent or more of your time strengthening your talent pool? Have you made talent [acquisition and management] your job?
3. Are you and all your key people explicitly held accountable for strengthening their talent pool?
4. Do you have a winning EVP (Employee Value Proposition) that attracts talented people to your organization?
5. Do you know the attrition rate of your young high-performing managers and why they [leave]? Do you have initiatives in place to reduce these regretted losses?
6. Are you aggressively recruiting for new faces in new places at all levels, including senior levels, of your organization?
7. Does your unit have a robust written recruiting strategy, similar in rigour to your marketing strategies?
8. Do you give your top performers accelerated development opportunities, significantly differentiated compensation, and real mentoring?
9. Does your organization have a culture of candid feedback and helpful coaching?
10. Does your organization have a talent review process that [equals] the importance and intensity of the budget process and that cascades throughout your organization?
11. Is [your employee] review session filled with candor and does it result in real consequences for those [issues] discussed?
12. Is your annual forced attrition rate in the 5 to 10 percent range, and are you continuously dealing with underperformers?⁹

Michaels, Hanfield-Jones and Axelrod also recommend that companies rebuild their recruiting strategies in order to keep up with the competition:

- *Pump in talent at all levels*
- *Hunt for talent all the time*
- *Tap many diverse pools of talent*
- *Find ways to reach passive candidates*
- *Break the compensation rules to get the candidates you want*
- *[Sell as well as screen in your recruiting process]*
- *Develop a recruiting strategy for each type of talent*¹⁰

Listen to Surveyed Managers

“Senior Management needs to challenge HR to run their recruiting groups like supply chain groups manage their inflow of parts and services, and their outflow into the manufacturing plant”, says Mike Corbett, Executive VP for David Aplin Group.

What would happen to the Supply Chain Manager if she said, “I can’t find the widget we need for a critical machine so we’ll have to shut down the assembly line”? Corbett says *“HR needs to adopt the ‘Just in Time’ mindset so that lack of talent doesn’t grind the operation to a halt.”*

What are some of the approaches that the surveyed organizations have used to help solve the talent shortage issue?

- ❖ **Employee Referral Programs:** Some are using Employee Referral programs while others are gearing up Campus Recruiting initiatives.

A regional construction supply firm in expansion mode has beefed up its Career Development Program to attract the talent they need. They pay well and offer profit sharing but feel they need a differentiator to stand out when interviewing new recruits. Focusing on career development telegraphs to new people that there is long-term career potential with the organization.

- ❖ **Recruitment Firms:** A growing national construction equipment dealership has reached out to recruiting firms for new employees instead of hiring on their own. They now recruit Heavy Duty Mechanics through an agency. Other firms stated they will gladly pay a fee for specialized trades positions.

Confronted with a classic demographic issue, a global construction services company facing the retirement of several key people is engaging a search firm one year in advance to backfill those positions.

A mid-sized food manufacturer has developed a close relationship with recruiting consultants and encourages the search firm to always be on the hunt for specific skill sets.

A medium-sized service firm with slow sales recently hired 2 additional technical people they knew they would need within 3 months.

- ❖ **Networking:** A health care organization with over 20,000 staff encourages its Line Managers to network in their specialty areas to bring in new talent.

- ❖ **Social Media:** A multinational event planning firm knows it needs to build its employment brand to meet growth targets, and is focusing on social media such as Facebook and LinkedIn to increase awareness.

- ❖ **Immigration:** An Ontario-based civil engineering construction firm feels that the government should be more targeted in who may immigrate to Canada so that immigration programs tie into skill shortages in the workplace.

A large oil & gas manufacturing group that more than doubled in size in the last 12 months will now look beyond provincial borders for almost all staff and willingly pay relocation expenses because there are few skilled workers available in their province.

- ❖ **Work/Life Balance:** A forest products firm in a remote prairie location focuses on candidates who like the hunting and fishing lifestyle they can offer in their small community.

RETENTION SOLUTIONS

Continually Improve Your Employee Value Proposition

Given the existing shortages of skilled workers and the expected outflow of baby boomers in the next 10 years, it makes sense to do everything possible to retain current employees.

Our David Aplin Group survey found many retention strategies being used:

- ❖ **Recognition Programs** were mentioned by 70% of the firms surveyed as a cornerstone to their retention issue
 - Performance-based incentives such as trips, pizza lunches, summer parties, spot bonuses of gift cards, and lots of thank you's
 - Tenure gifts, plaques, and presentations in front of peers
- ❖ **Promote** from within
- ❖ Develop a **Culture** of consistency, fairness, responsibility and accountability
- ❖ Focus on **Lifelong Learning** with involvement and support from senior management
- ❖ Pay **Retention Bonuses** at 3 and 5 years
- ❖ Offer **Profit Sharing** related to tenure and/or performance
- ❖ Developed enhanced **Onboarding Programs**
- ❖ Organize a **Social Committee** to plan staff events
- ❖ Deliver on **Work/Life Balance**
- ❖ Encourage staff to register for **Training and Development** opportunities

*“Some quit
and leave . . .
others quit
and stay.”¹¹*

Understand Generational Differences

At no other time in history has there been 4 generations in the workforce at the same time.

Sean Lyons, Associate Professor of Business at the University of Guelph, and co-author of a study on workplace priorities, says, “A snapshot of the priorities of Canadian workers shatters a few stereotypes and highlights factors employers need to keep in mind to motivate their diverse teams”.¹²

Lyons differentiates the values of the four generations:

The millennial generation, workers in their 20s, are most likely to want a job that offers quick advancement, congenial co-workers and fun.

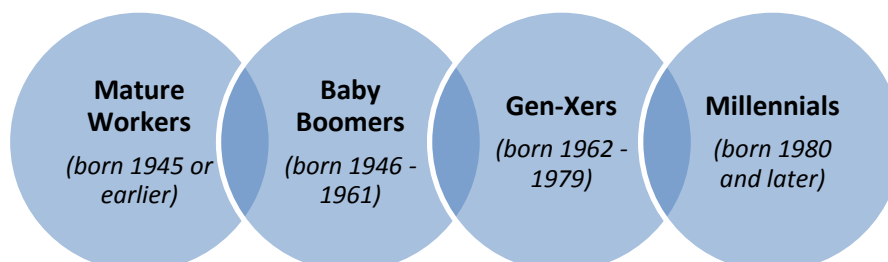
Generation X workers, in their 30s and early 40s, put the most value on balance between hours at work and their personal lives.

Baby boomers, between [ages] 45 and 60, are most likely to say they want to continue to grow and use their skills on the job and get clear information from management on what’s expected of them.

Mature workers, over 60, are actually more concerned with advancement than boomers or Generation X.¹³

Organizations need to develop strategies and train supervisors and management so they become more knowledgeable in managing across the 4 generations now in the workforce.

Organizations need to build flex into their “Employee Value Proposition” to appeal to each of the 4 generations. Doing this in a fair way will take considerable skill.



Understand Employee Engagement

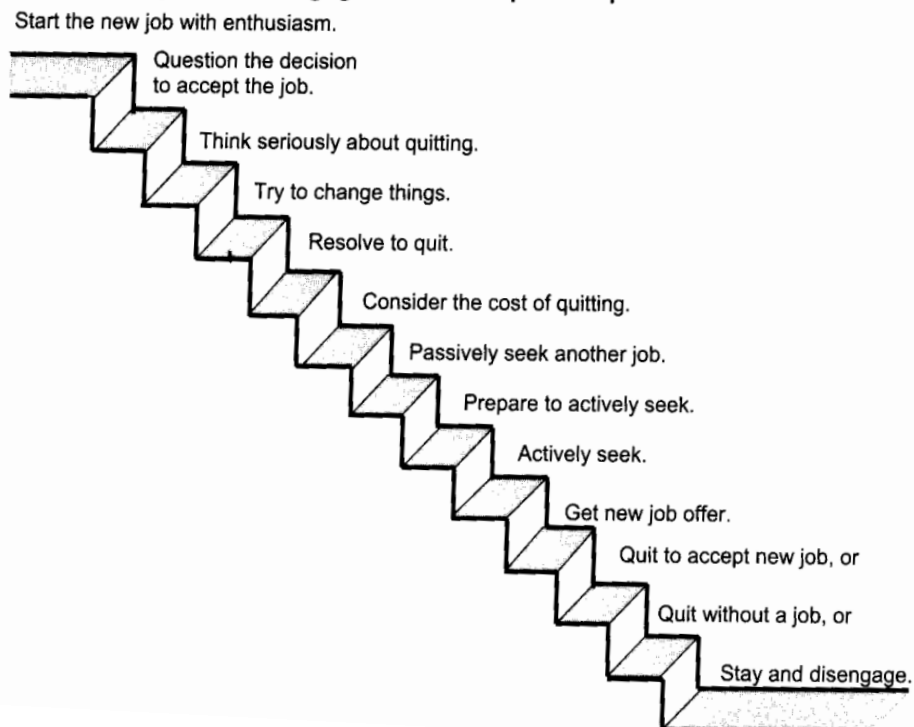
Leigh Branham, author and widely recognized authority on employee engagement, provides insights into the real reasons employees leave their jobs in his book, *'The 7 Hidden Reasons Employees Leave'*.

- REASON #1:** THE JOB OR WORKPLACE WAS NOT AS EXPECTED
- REASON #2:** A MISMATCH BETWEEN JOB AND PERSON
- REASON #3:** TOO LITTLE COACHING AND FEEDBACK
- REASON #4:** TOO FEW GROWTH AND ADVANCEMENT OPPORTUNITIES
- REASON #5:** FEELING DEVALUED AND UNRECOGNIZED
- REASON #6:** STRESS FROM OVERWORK AND WORK-LIFE IMBALANCE
- REASON #7:** LOSS OF TRUST AND CONFIDENCE IN SENIOR LEADERS¹⁴

An anonymous quote says it all: "Some quit and leave . . . others quit and stay"¹⁵.

Be vigilant to spot the 13 steps from engagement to departure

Thirteen steps in the engagement-to-departure process.¹⁶



ACTIONS . . .

WHO NEEDS TO DO WHAT?

CEO To Do List

- Plan for succession
 - ensure leadership continuity

- Promote career development
 - ensure skills are available when needed

- Build recruiting partnerships
 - ensure talent gaps can be filled with external people by building close relationships with mid and senior level search firms that have global “talent supply chain capability”

- Build a strong HR team
 - keep this team up to the task and within your management circle for the wild ride that’s ahead

- Hire new graduates
 - add to your bench strength by hiring and challenging the best new graduates you can attract

- Read exit interviews
 - listen and learn from departing employees



HR To Do List

- Facilitate the talent flow into your organization
 - Help speed up the process
 - Remember the talent shortage is real
- Build your talent supply chain
 - By building your employment brand
 - By designing a hiring process with few bottlenecks
 - By building a relationship with a strong recruiting firm
- Stay connected to senior management
 - deliver HR services at an amazing level
- Conduct timely, high quality exit interviews

Line Management To Do List

- Retain top talent
 - manage engagement level of your most valued employees
- Look for signs of disengagement
 - Understand Branham's '*7 Hidden Reasons Why People Leave*'
- Network for new talent
 - Develop your networking skills so you have a "rolodex" of potential recruits
- Develop a recognition program
 - Remember a pat on the back is priceless
- Be aware of generations
 - Understand the fundamental differences in the 4 generations working for you

Search Firm To Do List

- Develop global capabilities
- Develop a national presence
- Educate your clients on the realities of the war for talent
- Ensure that your phone rings because of the excellent work you do rather than because of demographics causing hyper demand

Government To Do List

- Identify the likely skill shortages by category
- Build “user friendly” immigration processes
 - shorten the “apply to land” cycle for skill short categories
- Build marketing programs
 - promote Canada as a great destination for desirable immigrants
- Radically streamline overall immigration processes

SUMMARY

Today’s job market is a high stakes competition to attract and retain the very best of all four generations and, yet, 75% of survey respondents felt that the senior management of their firm doesn’t have a realistic view of today’s job market. What is it that these management teams are not seeing?

Get ready for a white knuckle ride!

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