

## TALENT DEVELOPMENT DURING THE GLOBAL RECESSION

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– Featured in the July 2009 issue of *WorldLink*, the magazine of the World Federation of People Management Associations –

*It may seem odd to focus on strategic talent management at a time when so many businesses around the world are struggling just to hold on, but that's the smart play. Indeed, skillful leadership will continue to be relevant, and a business that focuses only on the short term does so at its peril.*

Still, planning for life on the “other side” of the recession is no easy feat. We can't be sure if we are well into the middle or nearing the end of the economic crisis. What we do know is that the recovery will be uneven across global regions and industries, and that planning for a return to “normal” is a surefire path to ruin. What's called for is a fresh, bold look at talent management in light of the new realities the recession has brought on.

First and foremost, HR leaders have a responsibility and a unique platform to help their business colleagues wrestle with a complex question: How can we both manage the demands of the moment and prepare for the opportunities that are around the corner? This perennial challenge has been made more acute by the financial crisis, and addressing it successfully is essential.

Second, the smart HR executive will steer the dialogue away from conventional or linear thinking. The current times are discontinuous from the past, and old solutions will likely come up short. Although we still believe in the business cycle, the resolutions of the downturn will not reflect the pattern seen in recent decades. For some time ahead, resources will be more scarce, decision-makers more conservative and the future much more difficult to predict.

On the other hand, building for the long term should not bring to mind the large, slow-to-adapt organizations of the last century. Interestingly, while GM USA was thrown into bankruptcy, GM Brazil was having a record year and has an aggressive growth plan. Because this worldwide “meltdown” reflects considerable variance, the best talent planning must be flexible and highly customized.

In addressing this crucial challenge, we find three tensions, each of which has the power to contribute or to disrupt. Tension, by its nature, fuels conflict and ambiguity. Avoid the temptation to ignore, deny or sugarcoat the real dilemmas inherent in each.

### Leadership in Tension

Leaders, as they work to survive the immediate effects of the downturn, also should position themselves to grow at an opportune moment. Survival will require a cadre of leaders who are well-suited to the challenge, and no one in the organization is more responsible for this than the HR executive.

Pay particular attention to the competencies that have emerged as highly relevant in the crisis: poise, peripheral vision, courage, stamina and tolerance for uncertainty, and, of course, an ethical value system.

These leadership attributes will have enduring value and should be singled out for attention and development.

#### *Implications for HR:*

- Learn from the crisis. Identify leadership skills that will be required for your organization in the future.
- One plan is no plan. Develop a range of plausible leadership development scenarios based on potential business opportunities.
- Stay close to business unit leaders to understand the talent they may need for the future, and develop contingency plans so they can act on short notice.
- HR officers need to assert the strategic importance of recruiting, retaining and developing top people.

Indeed, if the business survives only to learn that its key people have left, it is only a momentary victory.

### **Budgets in Tension**

Part of survival is judicious cutting back. However, blunt, across-the-board cuts ignore the full impact. If business leaders drop initiatives to retain and build talent, they may be cutting the very muscle they will need to grow. HR needs to assert the importance of recruiting, retaining and developing top people. A business under duress is focused on maintaining solvency; it is the HR executive's task to make sure strategic human resources are given due consideration.

Hold your colleagues accountable for actively supporting the people investments that are being made—simple cooperation is no longer sufficient.

#### *Implications for HR:*

- Prepare to provide targeted development. Development budgets will almost certainly not support broad development initiatives.
- Rely on best practices. Experimentation is a bad fit with tight budgets.

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### **Values in Tension**

Mission statements and the spoken words of leaders connect the business to the people who have served it over the years. The hard choices imposed by today's business realities may require reshaping the strategic talent needed to build a viable future and may not include all those to whom loyalty is owed. This is a painful reality but one that the HR executive is in a position to address.

#### *Implications for HR:*

- Plan ahead to ensure that all are treated fairly while securing the talent needed for the future. This requires careful reflection.
- If layoffs are part of the picture, communicate in ways that are respectful of the information needs of those affected and those who will remain. Even the right business decisions can do harm if they are communicated poorly.
- Be present to the workforce during stressful times. This keeps a human face on what may otherwise seem harsh reality.

## Positioned for the Future

*To manage these three tensions, here are some time-tested suggestions:*

- Engage in clear, direct and frequent communication about the business.
- Be more accessible, show more interest and acknowledge the “gray” matters that shade the tough decisions your company is facing.
- Behind the scenes, use your influence to challenge reactionary or premature people decisions. Remember, your leaders cast long shadows.

The acute phase of the economic crisis will pass, but the recovery will likely be slow and marked by continuing pressure on talent management initiatives. The HR executive who can use this tension to frame thoughtful, future-oriented discussions around strategic talent development will address present needs and the long-term interests of the business. In this way, HR leaders are in a unique position to ensure that the right questions are being asked and the trade-offs fairly considered.