



The Upside of Being Down

by Suzanne Miklos, Ph.D.

My Dad (and probably your Dad) always said, “whatever doesn’t kill you, makes you stronger.” Last year made me skeptical.

Never in our lifetimes have we had a year like 2008. Layoffs and hiring freezes have been one of the primary impacts on the HR function. The trend is likely to continue at least into the first half of 2009. Employees are focusing on will they have a job not how to move the business forward. Many training budgets are shrinking. In the early 90’s, we talked about “Rightsizing” instead of downsizing with the idea being that pruning an organization’s structure to align it to strategy was an opportunity to increase effectiveness, not just cut cost. That idea is worthy of revisiting as all businesses are being challenged to be more creative, more effective and re-think their connection to the consumer.

Your organization can prepare to withstand the impact of economic forces that will be in play for the next few years. While belt tightening is critical, the strong organizations will become stronger by increasing their focus. The focus on right people, doing the right things for the right customers has to be tighter than ever before.

At the same time, there is still the macro-trend that technical and professional skill requirements are rising and schools are struggling to produce “ready to work” employees. This lull in employment against the bigger picture of scarce skills gives organizations an opportunity to seek critical talent. The first and most important step is to analyze the workforce for differentiating competencies. Differentiating competencies are the ones that create competitive advantage because you can perform differently than your peers. For example, in accounting jobs numerical acumen is rated high on job analysis forms, but the strategic thinker differentiates top from middle of the road performers in most instances. Differentiating competencies move the needle on customer loyalty and profitability.

Many of our savviest clients are analyzing their jobs to define those differentiating competencies. Hiring is readily done against these competencies with the job pool better than normal.

If a layoff is needed, by having done a valid analysis, you don't have to retain based on seniority, or inaccurate performance reviews, you can look at who possesses the skills most needed to move the organization forward. It is critical to follow legal guidelines and use objective measures. For example, we have re-defined jobs based on critical skills and then selected employees into the positions based on work samples.

Ensure employees are trained and coached to develop skills in alignment to the differentiating competencies. Every employee must understand what drives the organization, and therefore themselves, to be successful. Bank tellers who can count and balance a drawer are required. Those who know your name and that your child needs a college saving program are gold. Communicate, communicate, communicate that you have laid out the path to sustainable success. Fostering talent with differentiating competencies will do more than help you weather the storm—it will leave you stronger!