

Managing People

WHEN IT'S TIME TO "RIGHT SIZE," WILL YOU KNOW THE RIGHT PEOPLE TO KEEP?

By: Douglas Garner

2009 promises to be a year that will separate the strong from the weak. Those businesses that have put "a little away for a rainy day" or have streamlined their workforce should be able to weather the storm and, perhaps, pick up market share from their not so well prepared competition.

In my studies of periodicals such as Financial Times, The Wall Street Journal and Barron's as well as my amateur reading of the tea leaf, I have come to the opinion that we are due for a comprehensive down-scaling in all our activities, business and personal. Credit will continue to be hard to come by and businesses, like households, will likely have to pay as they go from earned income. Cash will return as "King."

In this scenario, companies will have to become lean in their staffing. Though it is never easy to let people go, keeping people who do not deliver on the strategy or provide value to the customer in the most efficient way may lead to having to let everyone go. Carrying excessive costs, including labor, at any time is not good, but was but was less obvious and damaging when money was cheap. Continuing to carry these costs over the next year may be tantamount to corporate suicide.

In our business, we use an old rule of thumb that suggests 80% of your results/ outputs/profits are generated by 20% of your people. This would suggest, for example, that when you review the work of five employees, one of them produces the same as the other four combined. Quantifying peoples' capacity gives you a "human capital spreadsheet", a measure of your future or potential capacity.

Take a critical look at your own business. Do you have a few "go-to" managers? You know the ones you find yourself turning to when something has to be done and it has to be done right? My observations of the executive teams in companies in which I have worked over 30 plus years would support this assessment.

At Smart Work|Network, our strategic people consulting processes: Executive search, assessment, development and career management, allow us to consider the "fit" or match between an individual and their present job assignment, present boss, and the company's culture. If any one of these three factors is not aligned with a given individual, a business owner will have a performance discrepancy or a retention issue. Performance means the person is not producing as much as they could. Retention means they probably won't stay long-term and could leave at the first sign of a strengthening job market.

Business owners who will survive the current economic slowdown will, no doubt, initiate "de-selections" or downsizing. When you critically look at your people you will want to consider these factors of performance and retention. Your plan for reduction in employee headcount should include the evaluation of each employee's alignment to their boss (personality and work style), their present and potential job assignment (capabilities and flexibility) and your organization's culture (corporate values and mission).

Executives who are aligned with all three dimensions are the professionals on your team who you'll find will be more than capable and willing to help your business make it through the tough times ahead. Conversely, executives who are not aligned in any or all of these dimensions will likely underperform to your needs or possibly even resign, perhaps, at an inopportune time.

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