

# Managing and developing people



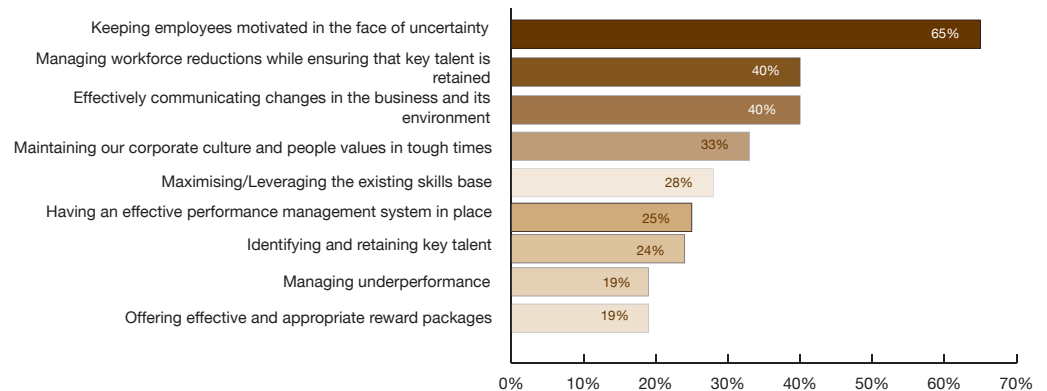
by Ciara Fallon  
Senior Manager, Strategy Advisory Services

In this year's edition of the survey, we asked CEOs for more insights into the people challenges facing their businesses. The sections below outline the highlights of these responses. What is clear is that there appears to be a heightened awareness of the impact of people on business performance and a recognition that more effort is needed to leverage this asset to deliver results in a radically altered business landscape.

The responses outlined in Figure 6.0 clearly reflect the 'people' fall-out from the economic turmoil we are facing at present. Quite rightly, there is significant CEO focus on maintaining and supporting employee engagement and motivation against a backdrop of uncertainty, fear and unprecedented market conditions.

There is a small handful of golden rules that can assist in this process. They are not complex, yet can be challenging to implement. The first is to keep communicating with the whole organisation in as honest and transparent a manner as is practicable.

**Figure 6.0 Top people management challenges in the downturn (% of responses)**

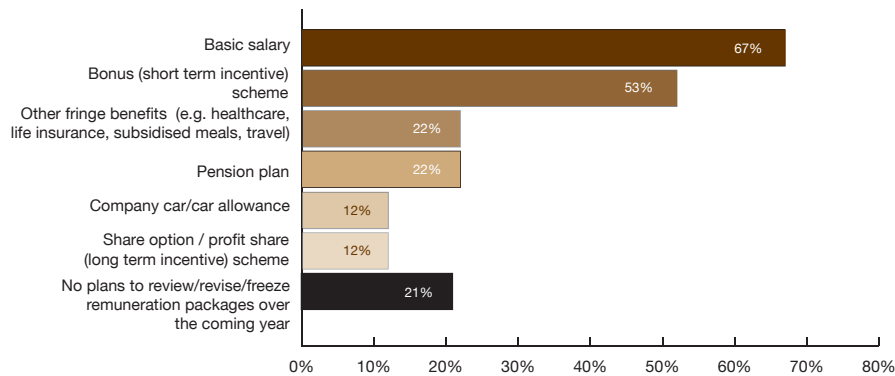


It is important that where there is uncertainty, this should be declared. This is not inconsistent with having a strong leadership voice. In any communications approach, ideally a mix of channels should be used, being sensitive at all times to the nature of the message and the likely impact.

The second mantra is to meaningfully engage your people in the process of identifying solutions. The implementation of difficult, yet necessary, changes can be done more efficiently, effectively and - critically - with less resistance if approached in this way. This is aside from the fact that the answers often reside with those at the front line.



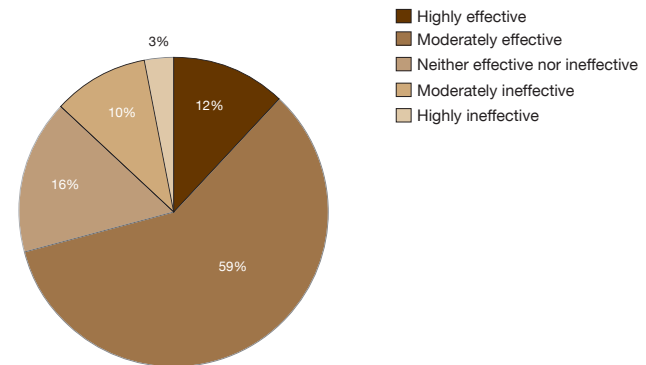
**Figure 6.1 Plans to review remuneration packages over the coming year (% of responses)**



It is little surprise that base pay and short term (bonus) incentives are the elements of reward packages, which will receive significant attention in the coming year. The reality is that the boundaries of what is both palatable and acceptable have been shifting rapidly. By contrast, long term incentive plans (LTIPs) seem to be less of a concern but perhaps the perceived complexity around unravelling and restructuring such arrangements may have influenced the above response rate. Undoubtedly all forms of compensation and benefits will need consideration so as to ensure that reward programmes provide value

for money to position businesses strongly for the future. Interestingly, a sizeable minority of CEOs do not see this as an option, with 21% of respondents citing no plans for reviewing or revising remuneration packages over the coming year.

**Figure 6.2 Effectiveness of talent management approach (% of respondents)**

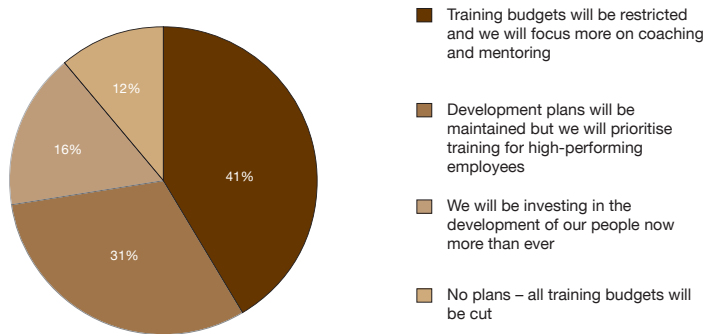


On the issue of talent management, there appears to be a reasonable sense of confidence within the CEO community that this aspect of people management is operating effectively, with only a small proportion (13%) giving negative responses on this issue.



This is very encouraging, as the importance of having robust and comprehensive talent management processes cannot be understated, especially in times of a downturn. The impact of the performance of Human Capital on overall business performance needs to be fully understood, measured, benchmarked and managed to maximise its return on investment and contribution to profit.

**Figure 6.3 Planned approaches to learning and development for employees over the next year (% of respondents)**



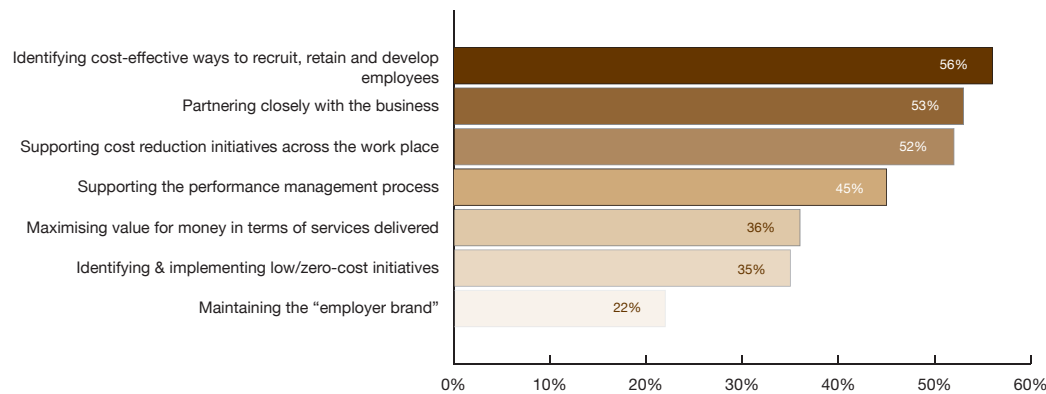
Another key principle for managing people in a downturn is to avoid knee-jerk reactions or short-sighted decisions and actions. Learning and Development (L&D) can often be the first casualty of cost-cutting initiatives, especially when some HR professionals have difficulty

demonstrating the measurable value of the L&D spend to the business. Through metrics, it can be demonstrated that there is a positive correlation between investing in human capability/performance and business results. Our CEO Pulse responses are encouraging in that only a very small proportion of CEOs (12%) are going down the route of wholesale cuts in Learning and Development. This is not to say that L&D is, or should be, escaping the microscope of review. It is vitally important to create ways to deliver training and talent development more cost-effectively and in a more targeted manner; to focus on the fostering of skills and attributes needed to thrive in a recession (this is a new world order for a very large proportion of our young workforce); and to place an emphasis on readying people to excel, and maximise opportunities, when the pendulum swings back towards an upturn.

The top three responses regarding the priorities of the HR function, as outlined in Figure 6.4 overleaf, demonstrate how the role of HR can shift in a recession. These conditions require significantly more communication between HR and the business, fostering a genuine partnership and core involvement of HR in critical business activities. The landscape ahead may offer HR an opportunity to bed-down the notoriously difficult 'business partner' role, which requires a different mindset and contribution from HR than the traditional administrative/delivery-oriented role that can characterise some (but by no means all) HR functions.



**Figure 6.4 Top priorities for the HR function over the next 12 months**  
(% of responses)



The top scoring priority, at 56% of responses, highlights how CEOs are looking to the HR function to identify and deliver more cost-effective ways to recruit, retain and develop employees, reflecting a desire to inculcate a creative and resourceful mentality in tough times when necessity becomes the mother of invention.

### Conclusion

The bottom line for CEOs is that, yes, the downturn brings with it many daunting challenges but it also presents opportunities. From the people perspective, these can include a timely review of the value-for-money and business performance impact of human resources and connected resource management and engagement activities. Understanding this dynamic can help an organisation to better harness the value of its people, foster and fast-track genuine talent that can thrive in ambiguity and create an environment where effective people management can help the business to emerge from the downturn fitter and fundamentally stronger than it was when it went in.

# Coaching and mentoring



by Ellen Roche  
Leader, Executive Coaching and Mentoring Services

Many of our business leaders who are now faced with the demands of managing this down turn were not in leadership roles ten to fifteen years ago and this is their first experience of recession. Many management teams need support and advice to lead their business at this time of great uncertainty in which they feel out of their depth. The issues around capital, strategy and reluctant customers are immediate and there is little appetite for solutions that are anything other than instant.

Having grown up in a “can-do” era of prosperity with bullish markets and full employment, they are unfamiliar with today’s challenges that demand an immediate focus on survival while preparing for the up-turn. Cutting costs and work-force reduction have replaced growth and the war for talent. Many business leaders have grown up in a radically different economic environment and so are understandably struggling with the new ways in which we must now do business.

Let’s acknowledge that the expectations of people who have grown up in nothing but good times will be one of the drivers to lift us out of this crisis, but their experience is of a totally different economic reality. The

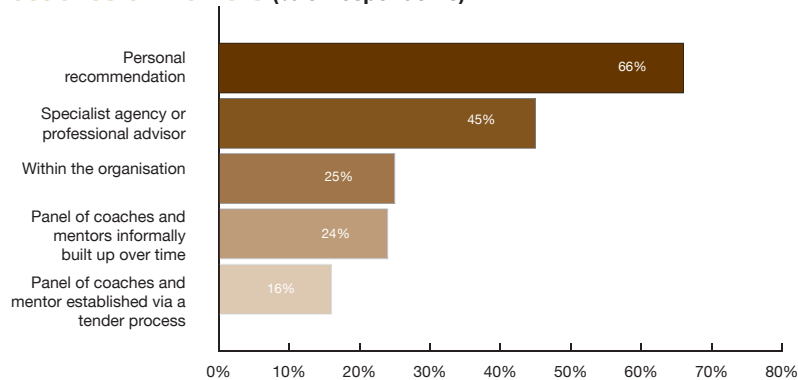
demands of the paradigm shift required to restructure their business and prepare for the up-turn are very significant. For example, the speed with which they must look at cost reduction and their services to customers has put a lot of people on the back-foot.

So, for instant solutions, a very natural and indeed wise reaction in these circumstances is to turn for advice to those who have previously managed in a downturn. People who understand the leadership challenge in a recession because they have been through it themselves. People who understand an industry or sector and who have many years experience together with the ability to share their experience in a supportive and developmental manner.

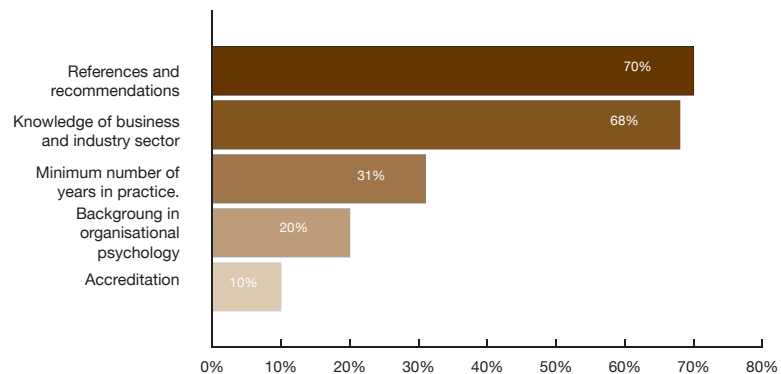
It’s no surprise then to learn that significant numbers of CEOs have turned to coaching and mentoring to help them work through their challenges. They are consulting with senior executives who know their business well and who have themselves managed in a downturn or two.



**Figure 6.5 Top means for sourcing executive coaches or mentors (% of respondents)**



**Figure 6.6 Most important factors when selecting an executive coach or mentor (% of respondents)**



Aware of this growing trend we asked CEOs for the first time about coaching and mentoring. We asked them about using executive coaching and mentoring as an approach to executive development when the pressure is on, resources are stretched and timely but informed decisions can make the difference between survival and failure.

Our survey shows that only 11% of CEOs intend to cut all learning and development (L+D) budgets this year. Interestingly, over 40% (See Figure 6.7) of CEOs have told us that, in the coming year, they will rely more on coaching and mentoring to meet development needs rather than more formalised, group based L+D initiatives. Coaching is bespoke, flexible and solutions focused.

CEOs see personal recommendation (66%) and a specialist agency/professional advisor (45%) as the top two means of identifying executive coaches and mentors (See Figure 6.5).

Those polled cited references/ recommendation (70%) and industry/sectoral knowledge (68%) as the two most influential factors when selecting a coach or mentor (See Figure 6.6).



Only 10% of CEOs said that they would attach a high value to the accreditation of an executive coach when making their selection. This reflects the emphasis on business and professional experience over formal accreditation – leaders under pressure want business experience. Fewer than one in three CEOs attaches value to a minimum number of years experience as a coach, while only, one in five values a coach who has a background in organisational psychology

In summary, the evidence is that coaching and mentoring are growing in popularity at this time of huge pressure on business leaders. Put simply turning to our “elders” is back in vogue. It’s little wonder that this flexible, bespoke and solutions focused approach to executive development, is one of the oldest, tried and trusted ways of working our way out of adversity.

Selecting the right coach or mentor who understands your business issues and can advise, but not want to be in the driving seat themselves, is an important part of getting it right and will ensure that today’s problems are tackled. Good coaching and mentoring relationships will mean that business leaders will get the development they need in a way that is effective and lasting.

**Figure 6.7 Planned approaches to learning and development for employees over the next year (% of respondents)**

