

Winning in a Changing World

Talent management: Prepare for the recovery

SWITCH FROM A DEFENSIVE TO AN OFFENSIVE STRATEGY

At Deloitte, talent is a core business. With the economy on the brink of recovery, companies must switch from defensive to offensive talent management. Consulting Partner Rolf Driesen, Talent Partner Tom Declercq and Human Resources (HR) Director Lieven De Groot explain the how and why.

What does talent mean to Deloitte?

De Groot: Our capital consists of our talented employees working to solve problems and questions for our customers. Managing and investing in that talent pool is vital in developing and keeping our qualified employees. As a 'people' firm we aim to provide accurate innovative solutions during both a crisis and a recovery.

Driesen: In addition to the focus on our own employees, Deloitte is of course an important player in the HR consulting market. That means we keep a close eye on the situation of talent and HR issues inside companies. The Talent Pulse Survey, a quarterly talent barometer, was developed during the most recent crisis to gain insight on talent priorities and points of interest. Over the past six quarters we used this tool to observe the business sentiment, as well as the activities companies organise to manage their talent. This included 335 respondents, with 44 percent C-level executives at large companies, answering questions on talent issues.

Declercq: Our most recent pulse survey (January 2010) indicates that three to one respondents feel the worst is behind us and that we are seeing the first signs of recovery and growth. This means that companies should shift HR policy from a defensive to a more offensive one.

What characterises a defensive HR policy?

Driesen: A defensive policy is useful for surviving through difficult times, when companies are forced to focus on saving in costs and limiting the impact of a declining business. Often, the result is layoffs and restructuring, as well as setting new priorities. In most scenarios the talent agenda is under pressure and tough choices have to be made. This typically translates to less career opportunities, reduced training offer, and less fun and team activities.

Declercq: Another noticeable trend is that in uncertain times people expect both more direct and more frequent feedback. They seek to understand their position in the

organisation and they want to know how they compare to their colleagues, where the organisation is heading and what growth potential they have inside the organisation. This trend is most clearly defined in the younger generation, often impatient when it comes to their career. Expectations regarding processes and means likewise become an important motivational point of interest.

Has Deloitte been forced to cut back on human resources?

De Groot: We too have had our share of pressure on the budgets. We thought it through: what is crucial to our employees? Why do people choose to work for a firm like Deloitte? Training and development occupy first place. We don't want to touch the development and growth of our employees – that would have meant a violation of our



“We have achieved new dynamics by innovating in HR.”

Tom Declercq, Partner Deloitte

identity. We did do away with the trimmings: rather than organising trainings in a hotel, we hold them at the office. But the content remained unchanged. Focus on what you stand for: the relationship you built with employees in more trying times is the basis for their commitment afterwards.

Declercq: Another element from this thought exercise was that we wanted to uphold the principle of “pay for performance”: people with strong performances received a bonus in 2009 as well. The total amount available was considerably lower than in previous years but here too, it is key to keep the programme operational even when the going gets tough.



Rolf Driesen and Lieven De Groot: 'Cutbacks in the development and growth of our employees is strictly off limits.'

How best to communicate such modifications to HR policy?

Driesen: Let me be clear on that; companies must avoid at all costs making fundamental changes to the HR policy due to a little pressure on talent. After all, a HR policy is defined with a 3-5 year perspective. The HR policy must of course be fine-tuned according to the circumstances and that in turn ought to be the basis for all communication. Make sure employees understand the management logic. Over the past year Rik Vanpeteghem, our CEO, has provided a strategy update to all employees – that is about 2,500 people – in groups of 20 to 25. He offered complete openness on the situation, which challenges we faced and how

we could make the difference for our customers. This strategy update also included all decisions in HR, which was highly appreciated. In difficult times, leaders must be able to tell it like it is in a serene but direct way.

With recovery on the horizon, companies are switching to a more offensive HR policy?

Driesen: As indeed they ought to. A period of recovery mostly focuses all attention on the market, customers, new business, take-overs. Company management is in need of a partner to help them succeed, to make that difference by mobilising the right people. HR priorities change drastically over some three to four months. Suddenly it is all about deploying the best forces where they will have the maximum effect. Creating new functions to give upcoming talents new opportunities for development becomes the order of the day again. HR must be armed to take part in the debate on growth and putting the right employee in the right place, while taking into account the ambitions of the talent pool. The lure of the competition will play a role as well, meaning a coherent policy must be in place on many front lines to maximise the commitment and loyalty of teams. At the same time important projects are being reviewed, such as the content and efficiency of leadership and management development programmes. Why? Difficult times demonstrate the efficiency of such programmes. Lessons are integrated into the strategy to better arm our talents.

De Groot: An offensive form of human resources is built on the commitment and development of employees. Even at Deloitte we have seen a shift from performance guidance to guiding and development of the potential represented by our employees. Talented employees are deployed in initiatives outside their working area. Flexibility in organising and delivering work is an important requirement among our people. In that context we provided them with the necessary tools. Now they can use such tools as Office Communicator to communicate anytime and anywhere through e-mail, messaging and conference or video call.

Declercq: In addition to flexibility in their work, our people also expect flexibility in building their careers. Different people have different personal and professional needs

during their career. Wherever possible we work out a solution – a 'custom made' career if you will – with the employee.

De Groot: Our considerable investment in a new process for system and performance management and competence development has created clear expectations, an open communication and transparency for our employees. It has allowed us to translate a firm strategy to individual goals and focus. At the same time it shifts attention to competence development and makes the career ambitions of our employees crystal clear. All our employees have an individual coach helping them to align their achievements with the firm strategy, and that is yielding rewards. It is the foundation for further construction of our coaching culture.

Declercq: Other than that, we actively promote creativity among our employees. We included the entire organisation into a process of innovation aiming for practical solutions for our clients as well as our own firm. We launched an innovation portal where all employees can submit their ideas to suggestions and fine tuning by colleagues. The best ideas are developed and funded to make the difference for our clients. Of course, in addition to jumpstarting creativity this at the same time increases the commitment of every employee.

Are successful internal initiatives translated to clients?

Driesen: Indeed. Whenever we can, we present our clients with innovative solutions applied inside our own firm. We often invite clients for an informal session to demonstrate the things that work well. For HR we often show two of the innovations mentioned earlier. First of all the newly developed processes for performance management, competence development and coaching, and second the virtual way of cooperation using Office Communicator. This successfully brings the experience of internal Deloitte cases to our clients, so they may reap the rewards of our experiences.

Talent is sure to set the winners apart from the losers in the decade from 2010 to 2020. Our list of nine top conclusions:

1. Highly educated, experienced and skilled employees will increasingly make the difference. Let the recession be a signal for an increased focus on education, training and development. Everyone working with talent must aim for both recruitment and development.
2. The supply of talented employees remains an obstacle in such sectors as the government, ICT, engineering, education and healthcare.
3. The right employee at the right moment in the right role will be crucial for the speed at which a company recovers from the crisis.
4. In the aftermath of the crisis we see organisations shifting talent around and actively attracting talent laid off elsewhere. Reward structures are reworked to encourage employees to perform.
5. Those organisations which weathered the crisis better than the competition, have developed a set of valuable competences: strategic thought and planning, crisis management, assessment and decision making, tolerance for ambiguity and agility enabling rapid change. These companies focus on flexibility by aligning their trainings and systems for performance management with their company strategy.
6. Smart leaders turn to the past to see what worked and why. Because when the recovery dawns, people will remember what their leaders said and did during the crisis and how it made them feel. This is crucial in retaining and recruiting talent.
7. Another crucial factor in professional success in the current environment: deploying the best people and giving them the best structure. In other words: the organisation is in need of some strategic restructuring to identify systems, individuals and markets likely to yield success once the economic crisis will be behind us.
8. Human resources must be a key motivator for efficient organisation management. Making sure talent truly makes a difference in the organisation requires changing gears to a measured approach. Companies must understand the key elements in terms of selection, promotion and rewards. Moreover, they must provide their managers with adequate processes and tools so they may use this information in their daily decisions.
9. When asked what type of leadership helped their company through the crisis, leaders most often mentioned 'inspiring others' and 'defining expectations and rewards'. The question as to which leadership will provide success in the future yielded the same answer.

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