

Point of View

HR's Ten Point Plan in Response to the Economic Crisis

While much has been written about the global economic crisis, very little has been said about what the leaders of large global organizations should be doing now to prepare their organizations to emerge in a position of strength as the economy recovers. The global workforce is understandably tense, fragile, and worried. No one under the age of 75 has faced this degree of uncertainty in their lifetime. In far too many organizations, this pervasive mood has gone unaddressed resulting in a distracted and disengaged workforce. With leaders focusing on executing cost reductions and planning recovery strategies, the workforce is getting less direction at a time when it needs much more.

To come out of the recovery strong, companies need to couple their cost management plans with their own version of a stimulus package. We believe Human Resource leaders will play a key role in facilitating the necessary mind-set change and the decisive actions that will guide not only the HR function, but the entire organization during these challenging times. With input from Hewitt's Human Capital Leadership Council—a group of Chief Human Resources Officers from some of the world's largest companies—Hewitt has developed the following 10-Point Plan for HR Leaders in Response to the Economic Crisis.

Strategy and Priority-Setting

1. Be Ruthlessly Focused

Redefine priorities based on today's realities. Hone in on the organization's strengths and core capabilities. Define the "Efficient Frontier"—what investments will yield the largest savings and future returns. Agree to stop activities that no longer make sense in the current environment.

2. Don't Lose Sight of Opportunities

History has shown that great wealth can be created in times of turbulence. Most executives intimately understand their current reality—and build comprehensive plans to manage the risks. Visionary leaders also seize the unexpected opportunities—whether acquiring undervalued assets or recruiting previously untouchable talent.

Leadership and Communication

3. Maintain Transparency, Openness, Authenticity, and Consistency

These practices are especially important during tough times. Employees need to see their leaders out in the trenches; sharing plans, setting priorities and speaking the truth. HR can lead the charge by coaching the CEO and other leaders on the issues on their employees' minds. They can also confront actions and behaviors that are inconsistent with the message.

4. Focus on a Few Key Themes

Leaders sometimes overwhelm their audience—too much information, too many themes. It is important to focus employees on the “critical few” things that matter right now and continually reinforce these messages often.

5. Align Actions and Share Sacrifices

In times of crisis, leadership teams need to be more aligned than ever in both actions and messages. But often the added tensions create more fragmentation: splitting business units further apart, pitting higher performing units against others. In addition, and tied to alignment, if employees are being asked to sacrifice, then executives need to do the same.

6. Engage Employees in Solutions

Resist the temptation to move to a “Command and Control” mentality. Provide opportunities for input and for employees to own the solutions. Explain what is in it for everyone if the company can successfully navigate from the downturn back to growth and profitability.

7. Tighten Timeframes for Accountability

Business cycles and market cycles are shorter and faster. Leaders need to pick up the pace to keep up. This means reviewing alternatives and take decisive action quickly. Leaders also need a strong “early warning” system and solid measures to ensure actions are taking hold.

Talent

8. Pay Attention to and Upgrade Your Talent

It is all too common for organizations to fail to pay attention to their best people. The high-performers are the ones that will help weather the storm and drive the recovery. Now is the time to make sure that top talent knows they are important and valued. At the same time, there is no better opportunity to assess your bench strength and selectively hire to upgrade talent.

9. Understand What Employees Value

Total employee cost is one of the biggest line items and needs to be aligned to revenues. Employee costs are too often managed with quick, but shorter-term, instruments such as layoffs and pay cuts. Consider other approaches that will reduce costs and position the company for recovery such as implementing alternative work and part-time arrangements or reallocating total rewards.

Culture

10. Strengthen The Culture and The Brand

How the organization responds to adversity defines who it is and what it stands for to employees, customers, and to the community at large. The decisions a company makes and the way it implements them provide both an opportunity and a significant risk. As you're making critical decisions in response to the economic crisis, carefully consider the impact those actions will have on your culture and brand.

About Hewitt Associates

For more than 65 years, Hewitt Associates (NYSE: HEW) has provided clients with best-in-class human resources consulting and outsourcing services. Hewitt consults with more than 3,000 large and midsize companies around the globe to develop and implement HR business strategies covering retirement, financial, and health management; compensation and total rewards; and performance, talent, and change management. As a market leader in benefits administration, Hewitt delivers health care and retirement programs to millions of participants and retirees on behalf of more than 300 organizations worldwide. In addition, more than 30 clients rely on Hewitt to provide a broader range of human resources business process outsourcing services to nearly a million client employees. Located in 33 countries, Hewitt employs approximately 23,000 associates. For more information, please visit www.hewitt.com.