

When the Recession Ends, Will You Have the Talent to Succeed?

Introduction

The current economic downturn has thrown the entire globe into turmoil. When we go into a crisis, we have to pay attention to the here and now, focusing on what will help us make it out of the situation. As a result, leaders around the world have shifted their focus to what their organizations need most during the crisis at hand. Unfortunately, this has caused many organizations to overlook the critical importance of talent management.

A recent Pulse on Leaders survey by Personnel Decisions International (PDI) showed a dramatic shift in leaders' top business challenges. Study respondents around the world ranked *financial pressures to cut costs and rapid market decline* as their toughest business challenges, with *talent management* falling to last on the list.

The latest findings are in stark contrast to a 2006–2008 study conducted by PDI, in which company leaders said top-line growth and talent management were their key issues. Yet, in the study conducted from December 2008 to January 2009, only 5 percent of respondents said *loss of leaders in key areas or insufficient talent to quickly adapt to change* was a current business challenge.

Smart organizations focus on both short- and long-term goals, recognizing the need for key talent to help them get through current tough times, while also ensuring the right talent is available once the recession ends.

Description of Research Study

PDI asked a cross section of leaders across the globe about the major business challenges their organizations faced in the current economy. More than 500 leaders responded—67 percent were HR leaders and 51 percent were director level or above; 79 percent of respondents were from for-profit businesses and more than 50 percent were from companies with more than 5,000 employees. The survey included 63 percent of respondents from North America, 26 percent from Europe, 9 percent from Asia-Pacific, and 2 percent from other regions.

Respondents were given a list of eight business challenges and could select as many as they felt were appropriate. Table 1 shows the number of responses for each challenge.

The results show that only 5 percent of companies identified *losing leaders and key employees* as being a critical business challenge. This is in contrast to almost 83 percent who identified *financial pressures to cut costs* as a current challenge. While this response is not surprising in the current economic situation, the research suggests that the pendulum has swung too far away from talent management, which begs the question, “When this recession is over, how many organizations will be positioned to take advantage of the growing market?”

Business Challenges	Number of Responses	Percent
Financial pressures to cut costs	438	82.95%
Rapid market decline	287	54.36%
Competitive threats	121	22.92%
Access to capital	121	22.92%
Realizing the full potential of a recent merger or acquisition	84	15.91%
Taking advantage of pockets of rapid market growth	82	15.53%
Leveraging global expansion investments	66	12.50%
Loss of leaders in key areas or insufficient talent to quickly adapt to change	28	5.30%

It is essential that leaders balance talent management needs with short-term challenges and long-term strategies. The companies that recognize the need for key talent in these times will be more likely to emerge stronger when the economy recovers.

Practical Implications

As organizations deal with cost cutting, it is important to understand what areas are taking a back seat and what impact that will have on their future.

During these tough times, business strategies will be reevaluated, organizations will restructure, new products/services will be created, and organizations need to think about the talent required to put these new processes and structures in place.

Some important questions to ask to ensure that leadership and key talent are there to power the organization's growth during and after the recession are:

1. What are the critical tasks that need to be performed in the current business environment? Do we have the best talent to ensure that these essential tasks are performed well?
2. What are the talent implications of our future business strategy? Are there key talent pools that need to be maintained or expanded to ensure we have the right employees to execute the strategy?
3. Are we providing the best service to ensure that we will retain customers for the future? If new products/services are being proposed, can our talent pool market and service the new offerings?

While current economic times require changes, it is also critical to recognize the need to retain key talent. Otherwise, organizations run the risk of not having the right staff to get them through the recession, as well as the risk of emerging from the recession without the employees they need to succeed. Developing and retaining top-performing employees is essential in any business strategy, even—and especially—at a time of economic crisis.

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