

People Management in an Economic Downturn

JULIE HARRISON



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Contents

Executive summary.....	VII
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About the Author	IX
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Part One: People Management Strategies in an Economic Downturn

Chapter 1: The role, scope and standing of HR in a challenging business climate.....	1
Aligning fully and flexibly to the strategy of the business	1
Partnering with the key business leaders.....	2
Demonstrating financial and non-financial value	3
Providing the motivational ‘glue’ to key individuals	3
Coaching and leading the managers to build their skills and resilience	3
Maintaining high visibility in the business	4
Promoting and nurturing engagement.....	4
Delivering creative simplicity	4
Being one of the role models within the firm	5
Developing exemplary influencing and internal consultancy skills.....	5
Ensuring that the route map is clear and all activities are planned and linked.....	6
Being (an active) part of the communication chain	6
HR – not part of the problem, but part of the solution.....	6
Chapter 2: We still need to recruit.....	9
Ensuring that there is a clear business case, both for you and the candidates	9
Establishing effective supplier relationships and seeking other sources.....	10
Understanding the market rate for, and the value of the role	11
Presenting the overall package and the firm	12
Streamlining and managing the processes	12
Easing the transition.....	13
Watching the competition	13
For lateral hires/teams – all of the previous times 10.....	13
Nurturing your own internal sources of candidates	14
Handling and clarifying the paradox for people within your firm	14
The business case is key	14

Chapter 3: Strategic downsizing	17
Consider all the options – in the strategic context	17
Restructure the resource	18
Redundancy.....	18
Office closures	19
Outsourcing	20
Care for those who remain.....	21
Decisions, decisions and more decisions.....	22
Chapter 4: Holding your resource to account	23
Care about the profitability of the work through effective resource management.....	23
Encouraging, managing and monitoring performance at all levels.....	24
Learn from top performers and learn about poor performers.....	25
Challenge (not decimate) the key ratios.....	26
Instil excellent management disciplines	27
Use flexible working arrangements.....	28
Ensure the right people are doing the right things.....	29
The systems are there – just use them.....	29
Chapter 5: Motivation and reward in a downturn	31
Emphasise the overall package.....	31
Praise and recognition only cost time.....	32
Nurture career development and planning.....	33
Use ‘quiet’ time well.....	33
Develop new skills	34
Develop new products and services.....	35
Involve people.....	35
Avoid ignoring individual personal and collective well-being	35
A partnership between the firm and its people.....	36
Chapter 6: People management strategies for leaders in a downturn	37
Constantly present the vision, strategy and plans	37
Develop the range of leadership styles and capabilities (and those of others).....	38
Enable effective role models	39
Make leadership time choices.....	39
Provide clarity of thinking and a culture of decisiveness.....	40
Invest in leaders.....	40
Understand the relationship between authenticity and trust	40
Good leadership is essential for economic survival.....	40
Chapter 7: Focusing on developing talent	43
Effective talent management	43
Understanding and nurturing talent	43
Developing the talent	44

Supporting professional transitions	45
Developing the developers	45
What about everyone else?	45
Developing talent for when the good times return.....	46

Part Two: Case Studies – A Practical Insight into People Management in an Economic Downturn

Case study 1: Can support departments survive in an economic downturn?.....	49
Role refreshment.....	49
Recruitment decisions	50
Investment appreciation.....	51
Market forces	51
Added value.....	51

Case study 2: Burges Salmon – The realities and practicalities of leading in uncertain times	53
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Case study 3: Bridge McFarland – Managing the contribution of human resource in a downturn	57
Culture, partnership and leadership.....	57
Multi-disciplinary firms.....	58
Resources and profitability	58
Maintaining performance and getting fit for the future	59
Support departments.....	59

Case study 4: Addleshaw Goddard – Strategic downsizing of business support functions – what do you need to consider?	61
Objectives and required outputs	61
Project team and project plan	62
Process and timescales.....	63
Communications.....	63
Support.....	64
Summary.....	65

Case study 5: Mace & Jones – Parting company – the pitfalls	67
Plan ahead.....	67
Identify the situation	67
Rumour risk	68
The correct way to consult	68
Follow the statutory procedures (if they apply)	69
Carefully consider who you identify	69
Consider alternative approaches.....	69
Think about payments due.....	69

Mind your language.....	70
Future recruitment.....	70
Consider all employees.....	70
Look after those that remain.....	70
Always remember the risks.....	70
A sample 'HR1' form.....	71
Case study 6: Berwin Leighton Paisner – Legal talent management in a recession.....	73
Career framework.....	73
Comprehensive training.....	74
Supervision.....	75
Coaching and mentoring.....	75
Career options.....	76
Involvement.....	76
Case study 7: Focusing on your talent.....	79
Effective recruitment – attracting talented individuals.....	79
Reassurance and advice.....	80
Coaching and mentoring.....	80
Involvement/inclusion.....	80
Clarifying expectations.....	80
Ensuring the effectiveness of training and development.....	81
Transparency of progressions.....	81
'Grow and go'.....	81
Index.....	83

Executive summary

WHAT A difference a year makes – a year ago, law firms thought they had it tough as they were facing significant challenges – market structures were changing, client expectations and demands were increasing, and staff and partner engagement needs were shifting. Now, just as law firms were beginning to tackle these forest fires, coal is thrown in – the impact of the economic downturn – the scale of which is still uncertain.

The year 2009 is envisaged to be a very difficult, if not impossible, year to predict. Already some firms have lost significant clients, and expenditure budgets are, at best, being scrutinised, if not significantly reduced.

Throughout this tumultuous period, law firms still need to produce and sustain a profitable service, and this can only be done through their people (at all levels and in all areas). As ever, the product of a law firm is based on the ability of its people to take their expertise and knowledge, and deliver valuable services to clients. To continue to do that against the background of an economic downturn will mean that law firms will need to effectively deploy a range of people management strategies and tactics to draw the best value and performance from their people.

Unfortunately in extreme cases, most firms will have already, or are considering making staff redundancies. The process of redundancy needs to be managed sensitively, and this report offers best-practice guidance on carrying out an

effective redundancy programme, as well as lessons learnt by experienced HR professionals who have lived through past recessions and have had to make tough people management decisions, which HR practitioners are currently facing.

This report outlines available people management strategies, and seeks to provide practical examples of their implementation through a series of case studies. It will examine and aim to answer the following questions:

- The role of HR and its scope and standing within the firm – in a downturn, how can HR demonstrate value and move to centre stage as firms address their people management challenges?
- Recruitment – law firms still need to recruit. How can firms ensure cost-effective recruitment and attraction of talent in a downturn?
- Strategic downsizing – how can firms select the most appropriate option to ensure that their resources are aligned to current and future needs?
- People resources – how can firms ensure that the performance of their people is enabled and managed effectively?
- Motivation and reward – how can firms ensure that in a downturn people remain motivated and rewarded?
- Leaders – what are the key people management strategies for leaders in a downturn, in order to maximise performance from others? and

- Focusing on talent – how can firms continue to effectively develop and focus on their talent in a downturn?

If a firm's most expensive asset is its people, then it needs to maximise their efficiency to ensure that the firm is not only responding and managing its business for today, but also building and protecting it for the future.

People management in a downturn presents a series of paradoxes – how can law firms both motivate and reward their people and save costs at the same time? How do law firms monitor and control productivity, while maintaining the engagement of their people?

While a downturn is challenging, it also offers huge opportunities, such as:

- Putting right some fundamental management disciplines within a firm;
- Providing an incentive to change where previously there was little; and
- Enabling the HR function to deliver tangible strategic value to a firm.

As a result of some important decisions made, the business can emerge from the downturn in better shape than when it entered it.

The practical and effective application of a range of people management strategies can help provide the answers to those (and the many other) paradoxes of leading and managing a firm effectively in a downturn. Key to that is the word practical. As firms consider their tactics and responses around people management strategies, it will be important to implement those strategies in a way that really changes behaviour, attitudes and, therefore, results. While it is important to design the right solution to people issues, it is equally important to make it happen.

About the Author

JULIE HARRISON is a consultant who works with a diverse range of professional service firms and other businesses providing a highly personal, pragmatic and effective consultancy in change leadership and successful organisational development. Julie spent 12 years, latterly as change management director with the firm Addleshaw Goddard and worked as a consultant in change management and executive coach with Portland International Consulting Group before establishing her own consultancy business. Julie brings a mixture of practical experience of bringing about effective change and up-to-date thinking on the role of internal professionals within law firms in achieving change.

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