

Good learning and development decisions for a bad downturn

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Summary

As a company who does career strategy and outplacement support and talent management, specifically employer engagement and employer branding, Energise find it hugely ironic and paradoxical that thousands of people are losing their jobs in this downturn when actually there is a worldwide skills and talent shortage. Before the downturn, which is bound to be furrowing the brow of many a CEO, the worldwide shortage of talent was the no 1 challenge preoccupying them.

The downturn has led to budget cuts and put pressure on what projects can go ahead and which groups of employees should benefit. However, as we live in a knowledge economy, by doing no learning and development, companies are creating a stagnant pool of knowledge that is not refreshed and limiting their future competitive advantage as well as risking disengaging, demotivating and losing employees.

It can be tempting in a downturn with the spotlight on budgets to completely slash learning and development budgets, with no development at all for employees. This is understandable in some ways; after all it is a more discretionary budget than the wages bill or the office rent and rates and the latest Chartered Institute of Personnel Development's (CIPD) annual learning and development survey shows that as a result of the downturn, companies are doing more training in-house and spending less on average per employee.

Key priorities – 4 key opportunities

- Unlock more of what you have in place by creating engagement and increasing motivation from existing employees and release discretionary effort



- Focus on the priority audiences applying the 80 20 rule; the Board, line managers and talent you need or want to retain
- SMEs who create talent management programs can steal a march on competitors, as this is relatively new in the SME sector
- Corporates who create the smaller friendly SME type culture via sub units giving employees greater variety and autonomy will keep talent they would otherwise lose, as many employees are seeking different things from their employer than they are getting. A paradigm shift is needed.

Key priorities for the downturn

There are a number of priorities to focus learning and development budgets:

Improve leadership quality

We have a shortage of quality leaders in the UK and developing leaders with a clear vision, low ego, high humility and good communicative ability is critical.

Globally, confidence in leaders' ability to ensure the success of their organisations has dropped from 47% in 1999 to 35% in 2008. The report also suggests insufficient succession planning. Source = CIPD and DDI Global leadership forecast

Research by Chimento showed that lack of communication from the top is the no 1 cause of unhappiness at work. (Source: Chimento Happiness at Work Research 2007.)

Inspirational management and corporate reputation are the most important factors when choosing a new employer. (Source: Universum survey 2000 professionals Career Times Feb 08.)

- High energy levels, desire to be in charge and the ability to cut through complexity are 3 of the key attributes that distinguish those destined to be CEOs from other executives.
- CEOs demonstrated a higher ability to understand complex, ambiguous information by analysing and detecting systematic themes.
- Certain traits can also lead CEOs to derail in their careers. These include; getting too focused on micromanaging detail and not being able to express



discontent and disagreement openly and directly. These factors are likely to be magnified in a downturn when the pressure is on, leading to conflict.

Source = Personnel Decision International 2008; 9226 senior executives to first level leaders and 148 CEOs

Developing line manager capability

Investing in line manager capability has a huge impact on the organisation. *'People join companies and leave managers'*. The CIPD have found that one of the most important factors in how people feel about their jobs is their relationship with their line manager. 43% of employees are dissatisfied with their relationship with their manager. (Source: CIPD survey of 2000 workers in 2007.)

Research by Twenty4Seven in 2008 found that:

- 4.1% of employees found their managers inspirational, while 17.7% found them demotivating.
- 7.2% of employees felt their managers were consistent, while 20.3% saw them as inconsistent.
- 21.2% of managers were seen as reactive.

In research by Hay:

- Less than 10% of respondents felt their bosses to be open with 21.4% considering them to be secretive.
- Only 6.8% saw their managers as empowering and 18.3% felt them to be controlling.
- A survey of 2,863 employees across 52 firms found a further 16% of managers only managed to generate a neutral environment, meaning **59% of managers were failing to create a positive working climate.**
- 23% succeeded in creating a high-performance environment and an additional 18% were able to generate an energising atmosphere. Of those who created a high-performance climate, 70% used a combination of affiliate participative and coaching leadership style. **Hay Group claims that 30% of business performance is dependent on a motivational working climate.** (Source: Hay Group Consultancy & People Management, Mar 08.)



Engaging existing talent potential

Engaging talent and unlocking their discretionary effort and potential is crucial.

Research by Universum shows that with junior professionals:

1. 38% aspire to take on more challenging tasks
2. 31% want to work internationally
3. 30% want to reach managerial level
4. 35% value rapid career progression

There are a number of causes of dissatisfaction at work:

- An unsatisfactory balance between work and play and the absence of a salary increase were the reasons cited by many for wanting to change their job field (Source: You Gov 2007.)
- Lack of communication from the top was one of the biggest causes of unhappiness. (Source: Chimento Happiness at Work Research in 2007.)
- 75% of people who have been in the same role for 8 years or more are the least happy at work. (Source: Chimento Happiness at Work Research in 2007.)
- 40.9% feel that they are not fairly treated in their organisation and only 31.8% felt that they were. 41.4% felt that there was a blame culture; 59% felt they were not compensated; only 61.8% felt that their line managers acknowledged their good performance (Source: Twenty4-seven Survey, 2008.)

A survey reveals 60% of employees feel they possess untapped potential their employers should be using.

If all their untapped skills were used at work, employees said they would feel more motivated (45%); more empowered at work (32%); and would stay at their present company for a longer period of time (26%).

Tapping into hidden skills is going to waste as 59% of employers have never even discussed hidden skills with their employees. Figures rise to 67% in large organisations (250+ employees) and 74% among semi-skilled and unskilled manual workers.

Employers simply don't ask about relevant skills that could benefit their business. Liberating under-utilised skills makes good business sense but it also motivates and empowers employees.

Source = Learn direct Business '*Hidden Skills*' survey

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Create a coaching and learning culture

Research by Portsmouth Business School with 600 coaching and HR specialist and their line managers (published May 2009) shows that coaching by line managers is associated with levels of manager self-confidence and good manager/team relationships. Therefore they tend to be done by more senior managers who have more confidence as a result of having more experience and more time as they are not caught up in the operational challenges that dominate daily working life for line managers.

Key inhibitors to line managers using a coaching style of management are:

- Lack of time
- Lack of confidence
- Organisational culture
- Lack of confidence to deal with difficult people

Factors increasing the likelihood of line managers using a coaching style of management:

- Clarity in coaching roles and expectations
- Senior management see it as a priority – it has their buy-in
- Top management role-modelling of coaching characteristics

are all important ingredients of a coaching culture

CIPD 2009 learning and development annual survey key points

- 61% of companies have introduced new programmes to help develop the role of line managers
- 50% of companies are focusing on developing a learning and development culture across organisations
- 50% believe being coached by line managers is one of the most effective L&D practices
- 65% believe that learning and development activity will become more closely integrated with business strategy
- 60% of respondents feel that new employees are lacking interpersonal and communication skills



- 81% see the development of management and leadership skills as most important in meeting business objectives in the next two years
- 59% of larger companies (5000 employees +) make use of talent management, compared with just 19% of smaller companies employing 250+ people
- 86% of companies use coaching
- Only 25% of companies agree that coaching is the predominant management style within their organisation
- 62% feel that coaching is seen primarily as a positive development opportunity rather than a remedial intervention
- The average spend per employee is £220 compared with £300 in the previous year's survey

Source = CIPD 2009 Learning and development survey

Dangers of slashing all learning and development budgets

- Your company loses its competitive edge because of failure to invest in its human capital
- You have difficulty attracting the younger talent you want, Generation Y who expect to be developed – they are the future lifeblood of your company – tomorrow's senior managers and Board.
- Your employees feel neglected and disengage, working less hard and withdrawing their discretionary effort that could make all the difference to your company or firm surviving the downturn
- Employees get fed up of working hard and having little reward or recognition and when more jobs become available move to your competitors.
- You will need a large recruitment budget to replace those who will leave, will find it hard to get the quality of talent you seek and will have to work extra hard with the disengaged employees affected by those whose work they are picking up

Tips to make good Learning and Development decisions for a bad downturn



- Invest in the employees where the biggest difference will be realised, either directly or indirectly e.g. Leaders, Rainmakers and Line Managers who affect employee engagement
- Pilot projects to prove their worth and value and justify further expenditure before roll-out
- Do basic projects in-house e.g. presentation skills, IT etc
- Audit the skills of your employees and do skill sharing sessions
- Introduce a mentoring scheme to share wisdom
- Introduce Internet based e-learning
- Do shorter programs e.g. mini coaching programs of 6 hours rather than 12
- Create a business case using quantifiable measures of the impact of the training. *Energise 2009 Human Capital data and Insights Report* is useful for this (please ask for details)
- Introduce internal coaches, remembering that for some learning and development needs, external coaching is best
- Take advantage of any government grants e.g. the Train to gain Leadership and management grant which gives small companies with between 50 and 250 employees a £500 grant to develop the most senior leader and a follow up grant of £500 if the company matches the £500 investment for the management team
- Conduct exit interviews to source insights to help improve the future learning and development strategy and look at what competitors offer
- Invest in training to develop a coaching style of management as this will enable employees to become more resourceful, freeing up line management
- Do action-learning sets - group coaching initially run by a trained external facilitator but becoming self-facilitating. This forum enables teams to share challenges and be coached to think through and resolve them. as well as developing and improving soft skills such as listening and giving feedback.
- Do individual mini mentoring sessions to share marketing, networking and smart working tips to build the capability and confidence of your employees
- Do well being and stress management sessions to help reduce absenteeism
- Ring fence 10% of the working week to support employees to spend time on learning new skills and knowledge important to them and the organisation
- Invite previous employees back - Alumni - to share their knowledge and thoughts for the benefit of the younger employees
- Teach employees to self coach



- Do mini better value employee ‘pulse checks’ rather than a more expensive bigger scale employee engagement survey

The downturn has made employers question what they have been doing, think twice and focus on priorities and quantify more the results of investment in learning and development. This is positive and makes good business sense. It also makes sense to focus budgets and effort where the biggest difference can be realised; the leader, line managers, talent you want to keep and talent you need to keep e.g. people skilled at new business. Investing in learning and development keeps a company’s competitive advantage through the improved knowledge and skills of its people and has a positive impact on engagement and motivation, vital to keep discretionary effort high.

The cost of doing no learning and development is higher than the cost of investing in it. For many companies, however short term thinking rules. The financial performance of the *Times best companies to work for list* consistently proves the financial gain to the bottom line of investing in employees and treating them well. Employees are like any human beings – they need time, to feel thought about and recognised and time spent developing them; then they thrive, achieve more and the results speak for themselves, for the benefit of all.

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What can we help you with? Our popular services at the moment (June 2009) include:

- Purchase of our *Energise 2009 Human Capital data and insights* report (80 pages A-Z human capital data from credible sources to help you make sound learning and development investment decisions, making your budgets go further)
- Talent executive coaching
- Employee engagement pulse checks
- Employee engagement consultancy
- Action learning sets
- Mentoring in marketing and smart working



- Bespoke programs in:
 - Line managers coaching style of management
 - High performance working
 - Line managers - how to have difficult conversations

If you would like more details, just ask. Thanks!