

WHAT CAN HR OFFER A BUSINESS IN ECONOMIC DOWNTURNS?

2009 is shaping up to be one of the toughest years in business in living memory. Conventional wisdom indicates there will be no signs of recovery until at least the last quarter of 2009.

In such an environment, that is so alien to many in the workforce who have been the beneficiaries of an unprecedented run of buoyant times, what is it that HR can do to add value to the business ?

The first area may involve the need for a change of traditional mindset. While HR typically is involved at a strategic level, in downturns HR needs to play a more pragmatic role and be able to help drive operational efficiencies within the business.

In practical terms this can involve activities such as strengthening leadership skills, providing processes and assistance for moving decisively on under performers, identifying people related costs and advising how to reduce these costs (with minimal impact on revenue).

Another area where HR can add value is through constructively challenging the ways things are done. A good example of this relates to staff cuts. Across the board, cuts are usually counter productive and lead to a reduction in morale on the people who are left. It is in these times that viable alternatives should be canvassed, such as limiting or freezing pay increases, reducing working hours, cutting bonuses (depending on contractual obligations) and encouraging the taking of accrued annual or long service leave (subject to legislation and any covering award/s) or other types of leave (eg unpaid, study), all of which can help in reducing what is commonly the largest expense in a business.



A third area where HR can bring value to the table is talent management. The key here is to focus on the short to middle term future rather than the current economic cycle. Determine what learning and development needs can be implemented for the business' key people, in order that the organisation will reap the maximum benefit when a recovery occurs in the economy.

Lastly, HR can ensure, especially in environments where redundancy programs are occurring, that proper attention is given to the personnel remaining. This can extend to organising regular communication forums for staff in key areas of interest, such as the company's strategies for dealing with the economic challenges, as well as the advantages of the company's employee benefit program.

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**CONTACT WILLIS
WORKPLACE RISK
03 8681 9800**

