



WOULD YOU BURN A MILLION?

MAKING THE MOST OF YOUR EMPLOYEE SALARY BUDGET

By Neil Fogarty

IT DOESN'T MATTER what your organisation does - whether it is in the public or private sector (including foundations, NGOs, etc.) - if your people aren't functioning, then you will struggle to achieve your corporate ambition. The current economic climate will almost definitely lead to three things being reduced: training budgets, recruitment budgets, and employee headcount. The most crucial aspect of your enterprise is about to take a hit and whilst this may please the bank manager and shareholders in the short term, we all know that successful organisations take the long-view.

REDUCE YOUR TRAINING BUDGET

This is a soft target - less-informed bosses see training as an expenditure and also a loss of resource whilst people are in workshops and not 'doing their job'. Yet, in a way, they are right. Too often, I am contacted by HR Directors in the GCC who 'want training' - and the main reason, when you drill down, is that they have a

KPI of their own: employees have to attend so many workshops or receive a certain number of hours of training - and, if they do, an HR KPI is achieved. Rather than reduce your training budget, look for the training ROI - and if you can't show this in the business case then you are right to block the training. Whether this is for regulatory compliance, legal requirement, competitive advantage or strategic objective, you have to ensure that your training can demonstrate ROI.

STOP RECRUITING REDUCE THE HEADCOUNT

It's easy to see why this is attractive - you may well be paying 15-30% fees when most agencies simply follow an established process and use a mix of media to attract candidates. This alone warrants you employing an in-house recruiter for cost-saving as well as building your own social media strategy. But it's not just big employers looking to make savings in a downturn - and work still needs to be done even with headcount shrinking - and this is where you could consider 'out-tasking'. Out-tasking involves the hiring of a service provider to deliver a particular task with a relatively short deadline. Out-tasking is based on negotiated Service Level Agreements (SLAs) which means if the SLAs aren't hit, you can change the supplier - a greater flexibility than the employer-employee relationship. For example, you could out-task your non-core administration

functions. As you are paying the supplier for work carried out / delivered, you can turn on and turn off the resource, have lower commitments in terms of payroll and benefits, and (crucially) you have a greater flexibility on whether or not you want to retain non-performers.

OR...OPTIMIZE YOUR CURRENT ASSETS

The obvious argument against parts of the above is that you have already spent (invested) in recruitment and training of your employees and so you should be thinking about leveraging ROI from the assets you have. Well-balanced and high performing teams are the ideal goal of the leader but it needs constant attention - you can finish the working week and everything looks fine... yet when you return for the next week, something seems wrong: the balance is shaken; there's an 'atmosphere'. When I sit down with leaders to talk about this they almost always say the same thing - "something just isn't right - but what is it?" Workplace conflict, when managed well, can be a powerful and effective tool. It encourages honest discussion, removes office bullying, creates new solutions to problems, increases the involvement of everyone in the day-to-day life of the team, and positively contributes to the wider corporate culture. This is a time when we see 'acute stress' - quick-hit bursts of activity and adrenaline that means deadlines are hit, productivity is on point



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and there is a 'buzz' in the workplace. The issue is that, if the acute stress is present for too long (e.g. in times of redundancy, budget reduction, overly-aggressive sales targets), we see 'chronic stress' - and this is corrosive.

INWARD-FACING APPROACH

Chronic stress grinds away at your people and changes the psychology of your teams. You will start to see team members resistant to change, uncommunicative,

only seeing problems rather than opportunities and even sitting back as if they are asking "what's the point?" Productivity drops, parts of the organisation stop talking to each other, morale in the team and in the enterprise as a whole is taking a hit - and the worst aspect of this is that people get used to it - it becomes the new normal.

Two potential solutions to this are training and recruitment - but if we accept that this isn't going to happen any time soon... we have to work with what we have. As a leader looking to get the best out of your current resource, you want to focus energy on the 'outward-facing' issues of customer growth / retention, revenue, profitability, market share and this can be achieved through the 'inward-facing' approaches of building morale, uniting teams, developing quick-hit training programs, employee

engagement initiatives, internal communications plans, reviewing the performance management models, etc.

Let's assume that your annual employee salary budget is \$1m. If you owned a \$1m car would you look after it or let it rot? So ask yourself, "am I being smart with what I have?" **BIG**



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