

## HR Leaders Rethink Strategies During Recession

– Beth Mirza ([www.SHRM.org](http://www.SHRM.org))

PHOENIX—Research from the Society for Human Resource Management (SHRM) shows how senior HR professionals are dealing with the recession and preparing their companies for success after the economy improves.

Nearly 50 executive-level HR leaders responded to SHRM's poll, which was fielded in February 2009 and asked what key problems the recession posed and how employers are addressing the problems.

Their responses comprise *Riding Out the Storm and Preparing for the Post-Recession Workplace*, released Oct. 7 at the 2009 SHRM Strategy Conference here. (Contact [Beth.Mirza@shrm.org](mailto:Beth.Mirza@shrm.org) for a copy of the report). Respondents were asked to write in responses, and their quotes are included in the research report.

The most critical HR issues that organizations are facing because of the recession are as follows:

- Financial stability—"The most critical HR issue we are facing is the need to reduce expenses, including salary expenses, and yet maintain critical staff or patient care delivery," wrote Theresa Gianfortune, vice president of HR at Long Beach Memorial Medical Center and Miller Children's Hospital.
- Talent management and staffing—"The most critical HR issue is assuring the right manpower for the business level. Forecasting sales has become very difficult. The margin of error will be critical," wrote J. Kim Scholes, MBA, vice president of human resources at Network Communications Inc.
- Business stability/efficiency.
- Employee engagement: 83 percent of HR executives reported that employee engagement and retention are a significantly or moderately higher priority in the recession than prior to the economic downturn.
- Employee morale: "Keeping employee morale positive during a time of staff reductions and short working hours is among our most critical HR issues," wrote James Packer, vice president of human resources for Hickory Springs Manufacturing Co.

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**Margie Harvey, MBA, vice president of HR, Miles Kimball Co.**  
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To prepare their companies for success after the economy recovers, HR executives have expanded three strategies and programs: communication (80 percent), health care (76 percent) and workforce planning (74 percent).

Said Brad Holliday, PHR, CBM, MBA, vice president of human resources at Schaller Anderson Inc., "We've increased frequency of town hall meetings and other forms of communication from senior leadership to all employees (and vice versa) in order to increase transparency and deepen trust/engagement."

To reduce overall health care costs, Hickory Springs Manufacturing has "opened a free off-site medical clinic for employees' spouses and children ages 2 and up in order to curtail rising medical costs. We already have free employee clinics located at our operations, and now we have taken this strategy to the next level," Packer wrote.

Workforce planning was defined in the study as strategic planning to determine the organization's future workforce needs based on different economic scenarios. At the Miles Kimball Co., Margie Harvey, MBA, vice president of human resources, wrote, "As we started to see slight sales declines several months ago, we were very careful to only selectively fill positions that became open. We also expanded automation projects and continuous improvement initiatives to proactively control costs."

## Responding to Recession

HR executives said they initiated the following strategies and programs in response to the recession:

- Layoffs and downsizing: 55 percent of respondents expanded this strategy; 42 percent initiated it. Having such a strategy in place during an economic downturn can help avoid sudden, large layoffs and minimize effects on employee morale, the research report authors wrote. "Our company has made use of temporary redeployments—for example, transferring a recruiter to a customer service position. We need more business right now, not more people. When the economy returns, we can move the employee back into a recruiting role," wrote survey respondent Renee Trueblood, J.D., senior vice president of human resources at Interstate Distributor Co.
- Business competencies: 76 percent of HR executives indicated that their organization has expanded initiatives to help their employees sharpen their business skills, while 28 percent of respondents started such a program.
- Leadership/career development: The majority—53 percent—of organizations are expanding these strategies to develop and retain talent after the recession lifts, according to survey results.
- HR leaders reduced the following strategies and programs because of the recession:
- Older worker strategies: 43 percent of respondents reduced these strategies—defined as methods to retain older workers, to transfer knowledge from those leaving and to attract those who have retired back into the workforce. However, 35 percent said they are expanding these strategies.
- Recruitment of top talent: 42 percent have reduced top-talent recruiting. Organizations might be more focused on developing talent in current employees and developing succession plans, said report authors. Other companies are taking advantage of talented workers who are out of work and looking for a new job—36 percent of respondents have expanded the strategy, and 22 percent have initiated it.
- Retention: Nearly a third of respondents reported reducing this strategy, perhaps attributable to allowing employees to leave to reduce salary costs, report authors said. However, "an organization that does not have a strategy that aims to provide employees with 'anchors' during the recession is likely to see its top performers drift off as the economy strengthens," the authors wrote.

## Cutting Health Care Costs

Survey respondents said their organizations are implementing strategies to manage health care costs without reducing employee benefits:

- Wellness initiatives: Wellness benefits encourage employees to develop healthy habits and behaviors to reduce health risks. Healthy employees don't rack up huge health care expenses, said report authors. HR executives agreed. "We have had incentives in place for many years for team members who have very good health risk assessment results, and we are now also incenting spouses who achieve very good health risk assessment results. We are also working more closely with our health insurance provider to assure timely and proactive chronic disease management program for every eligible participant," wrote Harvey.
- Modifying plans to reduce costs: Companies are reworking health plans to save money. Some offerings are being cut, while programs are being started—"We are devoting more resources to disease management in an effort to reduce total expenditures for the 20 percent of employees with chronic diseases/conditions responsible for 80 percent of expenses," wrote Bernard H. Becker, MA, vice president and chief human resources officer for Stormont-Vail HealthCare.
- Re-evaluating plans and vendors: Companies can learn of new offerings and costs savings with this strategy, the report authors wrote.