

Managing in a downturn

How to prepare your work force and stay competitive **Interviewed by Clare DeCapua**

When economic times are slow, it's hard not to focus strictly on your bottom line. Whether it's buying product at a reduced price or taking advantage of a larger talent pool, there are a number of best practices that can help ensure that, once businesses do come out of the downturn, they are in a position to tackle the market head-on.

"Businesses must have a sober look at where they are now in the downturn, a realistic look at how long they think they can survive and, if they're clear about what they think is going to happen, a coherent plan of action for when they come out of it," says Mike Leach, senior vice president at Employco Group. "It's those people who are prepared to hit the ground running in the inevitable upturn that capture more market share."

Smart Business asked Leach about wise management moves to make in a lagging economy.

What are the mistakes that business owners make when the economy is slow?

The biggest mistake is not planning for the future. Companies have to forecast and think, 'How can we get through this and better manage the process so when the upswing does come we're five steps ahead of the competition?' Focus on retaining your best talent. Take a look at what your benefits are, both hard and soft, and how you compare to the competition. Whether it's a flexible workplace or health insurance, you need to look at what you offer and fine-tune those offerings so that your best talent doesn't get recruited away.

Something that you should be doing if you're not already is communicating with your employees — and not just with your upper management but on all levels — to share your vision of what's happening now and in the future and try to paint the picture of how you're going to survive the downturn. If you're losing market share and struggling, people may be worrying.



Mike Leach
Senior vice president
Employco Group

How should the work force be managed differently?

Do a skills assessment of your staff to see what skill level they have and what skill level they would need to either help you during the downturn or be an even greater asset when the upturn comes. Here you have the opportunity for cross-training that lets employees gain expertise in other areas. You can figure out what you need in the future and whether your people have the skill level to make that happen and, if they don't, what type of training can get them there.

For example, if someone has better knowledge of a certain product, take the opportunity to train that person in another product. Or take someone that's in the client service area — it might be a good opportunity to work on some of his or her sales skills so that when the turn happens that person can actually help you out on sales. Or maybe service is very important to your organization and you don't want to lose any clients. Some of

those salespeople could help you on the service side.

What should companies keep in mind when hiring in a downturn?

The fact is that companies want to retain their best people. They're hoping just to lose their least productive or least experienced. So there are highly skilled people available out there, but you have to be able to cut through the rest to find the ones that are right for you. You have to ascertain if candidates are unemployed because they got stuck in a down economy and their company went out of business or if they are unemployed because their company let the weakest go. You serve yourself well by doing strategic recruiting to make sure that you're really targeting the skill sets that you need.

For example, in the banking and mortgage industry, there are a lot of good people out of work, and they may not necessarily have the product knowledge you're looking for, but they do have the skill level you're looking for. For example, they're persuasive or have great presentation skills. A lot of those talents are transferable.

Is this a good time to outsource?

In a downturn, you may not have the people with the skill level you need, but you could go outside the company to others that are more specialized. Often you can get better services and pay less by outsourcing. You don't have the cost of a full-time employee, you don't have to pay for benefits, and you get better results. So companies can outsource wherever possible and use that savings to cover increased expenses or as they look to the future to potentially hire another salesperson or put the money in R&D or wherever it's needed. <<

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