



ROBERT HALF PODCAST SERIES

Interviewee: David Jones, Managing Director – Asia Pacific, Robert Half

Interviewer: Stuart Cameron

Stuart: Hello and welcome to the Robert Half podcast series. My name is Stuart Cameron and today I'll be speaking with Robert Half Managing Director Asia Pacific, David Jones, about lesson learned from the global financial crises, and how companies can position themselves for success as economies recover and prosper.

David Jones, you recently hosted a series of executive level round table events across Asia Pacific. What was the general consensus on whether the upturn in the economy is in fact underway across the region, and are we really through the worst of it?

David: General consensus was ... well, it was split. It was fair to say that there was a degree of optimism from Australia, Singapore, China. People are a little less optimistic in Japan and New Zealand. That being said, even in both those countries, the general feeling was that the worst is over. More of a thought of considered growth, I think, in 2010 in Australia, China, Singapore. But overall the consensus was one of optimism or cautious optimism.

Stuart: Do you have any examples of how the downturn has affected businesses in a positive way?

David: Looking at it positively, companies have had to become more efficient. Most organisations and most finance departments have had to do more with less people, so people have looked at their procedures, processes, and tried to become more efficient as a consequence of doing that. So that would be one area in which things have improved. The other area is probably, maybe a slight positive and a negative, is that the less productive staff members of companies or departments were the first to leave for obvious reason. That has knock-on effects, not just in terms of the productivity of the department, but also the morale.

So, there was some thought process back in, let's say, early 2008 – late 2007 that people were being brought into departments maybe didn't have the capabilities of existing staff and nobody really knows to what extent salary information gets distributed amongst employees, but often it was the case that employers found themselves paying a little bit too much money for people that weren't necessarily as capable as they envisaged that they would be. So, I think those have been some positives at least that have come out of the downturn.

Stuart: The Global Financial Crisis caught almost everyone by surprise. In your experience, have companies invested sufficiently in systems that identify who their star players are, areas where there are skilled efficiencies and other indicators are the

human capital that will allow them to react quickly to changes in the business environment?

David: So we saw, of the larger companies, the global companies or the very large regional organisations people definitely geared up in this area in 2005, 2006, 2007. As soon as the downturn hit, then the gearing in this area subsided quite significantly. The organisations that we get the best feedback from, from candidates, from employees, are were the senior managers take more of an active role in observing abilities of people, engaging with them, mentoring them, training them and so on and so forth.

So, it's not necessarily a process as it turns out that's been driven by human resources, something that's on a global basis for an organisation but picked up by the local management. So the short answer is, no ... the more detailed answer is, well, maybe not through computerised systems but the more progressive companies are being driven by better management and those managers seeing and observing that if they can engage staff and they can mentor them and give them responsibilities through this process of getting engaged (3:36)

Stuart: What are the hidden opportunities for businesses when in an economic slowdown?

David: Well I guess we've sort of seen that there are four areas where people have been able to be opportunistic. The first would be around, as I said earlier, efficiency and around process or business re-engineering. Looking at internal procedures, policies, particularly in the finance domains, seeing which ways they can be more efficient in doing that with less head count.

The second area would be those organisations that really welcome and foster feedback from grassroots, so really trying to make people come up with good ideas. Those good ideas can lead to business improvement and efficiency, but they also lead to a lot of buy in feel good factor from employees.

The third area would be those organisations or departments that have been able to strengthen the people that they have on board. So, let's not forget that whilst unemployment sort of touched 6% in Australia, it does somewhat mean that 94% people were still employed people, were still moving jobs and a number of people looked at trying to pull people from organisations that perhaps weren't communicating as effectively as they could with their staff and where able to bring in people of very good quality and caliber with a lot of future, without paying huge amounts of money in terms of salary for those people.

And the fourth area, would be where organisations are really focused on identifying future leadership internally, and using it as really a cost-effective way to retain, train and develop people getting senior managers internally of an organisation involved using that mentoring and developing piece, to make sure there's that engagement and really making the organisation feel like a family and that people don't want to leave.

Stuart: Based on recent experiences, what are companies planning to do differently in the future. What have they learnt from this downturn, and how will it help their businesses?

David: One thing that people are already focusing on is how they are going to retain staff. In the past it was all based upon attracting individuals, and I guess as the market place has reached a new calibrum there are ... the skill shortages are not as severe, they're still there, but they're not as severe. So, companies are looking really at now how can they retain the people they've got, because most of the time, you know, departments have been sort of "stripped back to the athletes", the most efficient workers and so consequently we're seeing a lot more development or a lot more effectively money or time is going into retaining the best employees.

Whilst that did occur before in the past, there was ... I guess there was an implied natural attrition rates within companies and companies were growing and expanding and there wasn't that same degree of focus. Now they're down to the core people in their department that would see one area we're seeing great change greatly.

Stuart: How has the role of the Chief Financial Officer, in fact the whole of the Finance Department changed, during these more challenging economic times?

David: It's definitely been the case that the role of the CFO who's moved somewhat or ... I wouldn't say moved, become rebalanced, let's say between strategic role of the CFO, the forward thinking role of the CFO to moving into managing cash flow. Clearly cash has been king, ... over the last 18 months and going back to in some ways the grass roots of people, getting re-engaged in their day-to-day activities and making sure that the cash flows are appropriate for a company. Combined with that, would be looking at banking relationships. A lot of the comments we've had from significant CFOs – these CFOs perhaps have been working for more the SME market place, companies locally that would turn up to maybe \$100 million aussie, in the past they may have only sought to have relationship with one financier. Now they're looking to have relationships with a number of different banks and lenders, and that was something that, really CFOs hadn't had to focus on at all. So, in some ways, it's been a re-emphasis more along the lines of cash flow management, and relationships with lenders, financiers, banking and so on and so forth.

Stuart: What can organisations do to prevent a sudden exodus amongst their staff when the market picks up again?

David: I think the key thing here is to always be communicating with your staff. To what extent are you conducting reviews, appraisals? Are they annual only? Are they six monthly? Are they better quarterly? One thing that's been very useful out of this downturn is, it's somewhat reset the expectations of the candidates. People are still moving jobs, the very best candidates are always in high demand, but they're not necessarily moving for money and they're certainly not moving for money alone. And when they do move and get a salary increase, it's pretty marginal; it's not 15, 20, 25%. It tends to be a single digit or low teens. And all that really means is that people are looking for career progression, personal development as much as just pure salary increase. And the extent to which you can provide that personal development and professional development to people going forward, and do that not just annually but more frequently, I think that will help prevent people from moving on and the exodus that people are talking about may occur in 2010.

I think the key thing is that you can't fail to over-communicate, I know that's somewhat clichéd, but people like to hear that there are career prospects at their organisation. And

if all they've heard for the last 18 months are "you can't order any more pens, certainly no pencils, everything's in lockdown" that would make them think that they're career was in lockdown. And it may well be that you have people in your own department, you've earmarked them for certain jobs and developmental roles going forward, that that hasn't necessarily been communicated to them. And absence of information, people will draw their own conclusions.

Stuart: If staffing changes are a key indicator of the upturn, what kinds of staffing changes do you foresee when the economy turns around?

David: This economic period has been quite interesting, in that ... permanent hiring has actually picked up pretty quickly, particularly here in Australia. It has down elsewhere, around the region and has done so far quicker than temporary contracting recruiting. So, in the past, as people feel more optimistic about the future, and particularly while they're still cautiously optimistic, they wouldn't necessarily hire people back permanently in their droves, but will begin to hire back contract personnel. I think that this time around people have really looked at their permanent hires as being critical to the organisation. And there's been a feeling that the contract side, is really there to deal with the ebbs and flows in the market place. So, people have tried to hire ahead of the curve, or have noticed that there's talent available out there and sort of gone after permanent hiring.

I think going forward though, the trends of using project professionals, and temporary professional staff will continue to grow and that most organisations will now begin to keep a certain percentage for their overall workforce as contract labour, knowing that if there's a shift in the marketplace, they can perhaps turn that tap off without it causing them morale issues internally that it can do with reducing permanent heads. So, I think that 2010 will probably see continuation of perm. hiring, but the general feeling is and the market sentiment that we're hearing from clients all over Asia Pacific is that really the professional contracting side is going to pick up. (10:48) space projects are going to be rewritten, are going to come back online. That might need some senior project support, but I think that organisations are going to look to having a certain proportion of their staff based strategically, as in on a variable cost base as opposed to fixed cost which means using temporary contractors rather than just permanent staff.

Stuart: How do businesses keep their star performers during times for when the good times do come back?

David: As I've sort of mentioned earlier, it has to be communication, it has to be that mentoring relationship. There will need to be some salary progression, certainly as things pickup significantly into 2010 and beyond. I think it's more about identifying opportunities for these people. Some organisations maybe be able to post these people elsewhere in the region. Some organisations may be able to post these people further afield, or even if they don't, give the individual the foresight to see that that type of opportunity is there. Travel and career progression is not always for everybody of course, and we need to be aware of that. Some people may only be in your department for another 12 months, six months, two years, dependent upon the lifecycle of the particular job that they do. But I think the main thing is to make sure that you are communicating to people.

As I said earlier, having those reviews, and really focusing on those star performers. Making sure that they buy into the company, they know where the company is headed

and they have that sense of family about their employer. That there's a sense of stability that, their career will be looked after and it will be looked after by somebody specifically in an organisation. So we always ask people when they're being interviewed, when candidates are being interviewed with them, who's the custodian of your career right now? Who's looking after your career in your present organisation? Many people can't answer that question. Many people have the perception that really nobody is and it's every man for themselves. To the extent, which you can make an organisation feel more like a family, I think you'll hold onto your staff better.

Stuart: This is Generation Y's first recession. What was the feedback from the roundtable participants on how it affected that younger generation?

David: I guess there was some degree of skepticism of these individual by perhaps those of us from different generations, but a lot of the feedback as we went through the CFOs roundtables were: actually these people have some fantastic ideas, and I think once that had become realised and those ideas were embraced, there were a number of ideas that came from people in Generation Y that looked at procedures and processes for what they were, maybe had a closer eye or affiliation with technology if that's not clichéd, and sort of began to ask questions. "Why do we do it this way?" And when the answer was "Well, because we always have" they did come up with some very innovative ideas and approaches.

I think, if anything, it's very useful for Generation Y. I think that they will now begin to look at career progression, most certainly going forward rather than salary progression. I think there was a tendency to have the perception that salary progression meant career progression, and for sure salaries are important to everybody, to everybody, and myself included. We all have bills, we all have mortgages, and we all have different degrees of dependants, but I think Generation Y have a number of great ideas, a number of them have come to the fore in this particular downturn and they have a lot to offer going forward.

Stuart: David Jones, thank you very much for you time.

David: Thank you.

Stuart: Thank you for listening to the Robert Half podcast series for more information on global employment opportunities and career advise visit www.roberthalf.net.

End of Interview.