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Turning Around HR

Turnaround situations offer a great opportunity for HR leaders to significantly impact the organization. They also offer HR executives a great opportunity to restructure their own function to create thoughtful and aligned human-capital strategy, and efficient and effective programming and service delivery.

This article accompanies [Ford's Turn](#).

By Michael A. Warech

Many well-intentioned CEOs subscribe to the notion that human-capital-management activities in turnaround situations are adequately handled by finance staff or business leaders, or believe that these issues, focused primarily on compliance, should be managed by in-house employment attorneys.

Quickly finding cash and restructuring business operations are undoubtedly complicated. However, managing the intricacies associated with layoffs, reorganizations, communications, while motivating employees to do more with less, preserving productivity and, simultaneously tacking to a new strategy is equally challenging.

One of the most classic of missteps on the part of those in charge is that, when staring into the abyss of cost reduction, solid human-capital strategy and related investments are reduced to discretionary items.

Ironically, such short-sighted thinking actually slows down a company's transition toward organizational solvency. While some business leaders may sneer about the importance of HR, years of sound management and organizational research convincingly demonstrates that much of a company's success hinges on how well it manages change and leverages its human capital.

Turnarounds represent a unique opportunity for HR to jump in and flex its considerable muscle. First, HR can support senior leadership's immediate efforts to quickly find cash, stabilize the enterprise and begin moving toward solvency.

While senior leadership is focused largely on detailed financial reviews and negotiations with banks, equity holders and other key stakeholders, HR should be focused on pressing people-related actions and consequences.

Formulating strategies, plans and processes around the items highlighted below is a great way for HR to establish credibility early on as a key contributor to organizational success. Moreover, some of the necessary human-capital-strategy work directed at the turnaround's most immediate needs can be leveraged for potential broader HR transformation work to be discussed below.

Contributions to the Turnaround

Here are 12 ways HR leaders can substantively contribute in the early stages of a turnaround:

* Provide insight on assembling the 'turnaround team'; ensure representation from HR and high-performing employees.

- * Help senior leadership determine the business' existing core assets, including talent and processes that define the brand and provide competitive advantage; determine future core assets, including processes, capability and talent essential for mid- and long-term success.
- * Develop and equip management with a robust communication and change-management plan, including strategic objectives, identified mediums, change-agent roles, messaging and collateral, schedules, measures of uptake, etc.
- * Explore areas for saving cash, including eliminating nonessential meetings, programs and events.
- * Review talent information to ensure meaningful headcount reductions; push for targeted cuts to eliminate weaker performers and those in non-core areas.
- * Develop a plan and a validated process to identify, select and retain high-performing and critical talent.
- * Design, develop and present key-employee retention plans/packages to lock in critical talent.
- * Ensure that survivors' workloads are monitored and their efforts don't go unappreciated; identify useful short-term reward-and-recognition strategies.
- * Engage employees to ensure workforce capacity (sales, service, productivity); articulate and reinforce the company's new 'employee experience brand.'
- * Assist in the redesign of organizational structures impacting roles, responsibilities, spans of control and reporting relationships.
- * Coach senior leadership and management on tactics for effective 'turnaround leadership' (e.g., developing/maintaining trust; clarifying and reinforcing the change vision; establishing a sense of urgency; celebrating short-term wins; setting a challenging pace; maintaining focus and minimizing competing distractions; rewarding change agents).
- * Ensure that the broader HR community is well-versed in the talking points of the turnaround.

In addition to adding value on the most immediate needs, a turnaround presents HR with a second opportunity – to begin substantively transforming itself in terms of strategy, programming and service delivery to ensure alignment with the long-term direction of the renewed company.

The soundest approach to accelerating and completing a successful turnaround is one that engages employees and leverages its human-capital strategy, programming and service-delivery systems. For company leadership in the midst of a turnaround, it should be noted that the chance of success increases to the extent that some level of corresponding HR transformation is taking place.

Specifically, the human-capital function should be transformed with an eye toward successfully ushering in the emerging reorganized entity and contributing to its sustained growth. For corporate leadership, this represents a unique time for deliberate thought and revitalization, not random cutbacks and wholesale eliminations of human-capital programs.

Senior leadership will need a strong HR partner to promote the most effective deployment of the organization's human-capital resources moving forward. Some of these people-related activities will include engaging employees to achieve reworked organizational business objectives; actively promoting effective communication and change-management programs; redesigning jobs and organizations; developing strategic-workforce-planning solutions; and redesigning talent management and total-rewards systems that enable employees to reach their full potential in the renewed company.

To increase the likelihood that HR transformation positively contributes to a company's turnaround, senior leadership must communicate a clear and compelling vision of where the company is heading, its new business strategy and what people need to do to achieve the new objectives.

Once the business strategy and objectives have been articulated, HR can map out a supporting human-capital strategy. This human capital strategy will likely include objectives related to areas such as workforce planning, recruitment, talent development, employee engagement, cultural transformation and adoption of new competencies.

Next, HR must align its programs, policies, and platforms with the newly minted set of human-capital strategic imperatives. This may require revamping or complete jettisoning of existing programs and/or the creation of new ones. The key is to deliver human-capital programming that has a positive impact on the company's bottom-line. Importantly, human-capital analytics should encompass a set of meaningful measures, derived from the human-capital programming, to ensure that these efforts are having the desired impact.

Finally, no HR transformation is complete without some reworking of the service delivery model. HR needs to consider such issues as HR organization design models (e.g., centers of excellence, shared services, business partners), process redesign, HR competency levels, leveraging of technology, vendor management/outsourcing and manager-employee self-service, all in pursuit of optimizing the delivery of the revamped human-capital programming.

Planning for a Transformation of HR

Here are a number of questions HR can ask as it contemplates its transformation as part of the turnaround.

Strategic questions:

- * Are we focused on what the new company needs to succeed?
- * Do we have the appropriate talent now and are we ready to compete in the future?
- * Do we have the optimal 'employee-experience brand' to retain and attract the necessary talent?
- * Is HR delivering the appropriate programs to help the new company achieve its strategic business objectives?

Programmatic questions:

- * Are we able to recognize and reward the right talent in the appropriate way?
- * Do we have appropriate balance between program cost and effectiveness?
- * Do our human-capital programs provide a coherent 'employee-experience brand'?

Operational questions:

- * Is our service-delivery model designed to support the new company?
- * Do our processes achieve best-practice standards in terms of efficiency and effectiveness?
- * Are we effectively leveraging technology?

Even with thoughtful strategizing and action on the part of senior leadership, recovery will take place incrementally and without blaring trumpets or a host of singing angels signalling its arrival. A transformed HR function will most certainly play a critical role in the successful emergence of the renewed enterprise. However, this will take time as well as unwavering senior-leadership support and deft change-management skills.

In the end, any turnaround situation presents HR with a unique opportunity to jump in and become the strategic business partner that senior leadership urgently needs. While these situations are messy, those in HR who get out in front of and successfully navigate these waters will have a chance to create a function that can facilitate the recovery of a distressed company and put it on a solid path of sustained growth. HR can accomplish this through thoughtful and aligned human-capital strategy, and efficient and effective programming and service delivery.

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