

Staff Turnover to Impact Cashflow Recovery

As part of Shirlaws' coaching and market activity, we've been collating research from over 300 businesses to understand the lead indicators which foretell what owners and executives can expect in early 2010. Key trends in outplacement and recruitment over the past eight weeks point clearly to the beginning of large staff turnover issues, which will leave some businesses unable to respond to the revenue opportunities expected to present themselves throughout 2010.

In October 2009, the phones in many outplacement businesses stopped ringing as larger corporations and their mid-tier counterparts shifted focus away from outplacement. At the same time, recruitment businesses began reporting a steady increase in activity.

According to the CIPD Recruitment, retention and turnover survey it is reported that the overall employee turnover rate for the UK is to be 15.7%. However this turnover rate is likely to increase as indicated by Clare McCartney, CIPD's resourcing and planning adviser: "The percentage of staff that ideally would like to change jobs had risen from 34 to 40 percent since April". We flagged this earlier in the year - when times are tough and jobs are scarce, staff won't risk leaving. If business owners and managers aren't continuing to engage their teams in the direction and planning of the business's future, those people will shift to a business that is, as soon as the opportunity arises.



What is the impact to business as a result?

- Potential loss of productive staff, due to their disengagement and desire for change
- Loss in productivity through 2010, due to down-time spent re-recruiting for key positions
- Unexpected costs to organisations having to hire and train new staff

The overall impact to the marketplace from this movement is likely to be:

- A particularly frantic year with high, positive energy tempered by much 'wheel spin'
- Lots of churn, not only in terms of staff but also suppliers and clients as a direct flow from individuals changing jobs
- Increased availability of top quality resources to those business prepared to offer development and growth potential

We now have seven weeks until the end of the business year - and 12 weeks left until the end of January - when it is expected that the full momentum of this trend will start to occur. As a result, we are asking companies and business owners to answer these questions:

- How engaged are my staff right now? Do they remain committed and energised to my business?
- Do I know where the inefficiencies have been built into my business during this downturn? Am I able to work through these positively and proactively?
- Do I have my new revenue targets and activity identified and communicated to maximise the 2010 upswing?
- How prepared is my management team to lead and develop the business in 2010?

Over the past six months, Shirlaws has been working with many organisations to prepare their business for next year. Over this time we have productively

used the opportunity - and some space in our own workload - to refine the tools and processes that will assist businesses with these issues immediately. Specifically, we are identifying four common coaching and training projects which focus and assist businesses to:

1. Measure any inefficiencies.

We're observing that an extra 20%, sometimes more, of a business' time is unproductive compared to 18 months ago. Even though workloads for many people have reduced, staff are instinctively making themselves 'busy', but not productive, in order to protect their position. We are helping owners identify where the inefficiencies have developed, through a process that engages their staff rather than increasing the fear that drives further 'busywork' and disengagement.

2. Build an 'Accidental Salesforce'.

Revenue opportunities are being left on the table, particularly in service-based businesses with multiple client-facing staff. These talented team members impact clients in a beneficial way, but don't view themselves as sales generators or relationship managers. Over a few short training sessions, we have been assisting these staff to develop their skills and their own business senses while driving business growth as well.

3. Leadership. Our 'Management & Leadership Capability' review brings to owners an easily understood snapshot of their business' true capability to navigate through the next phase in the cycle. In addition to identifying possible blind-spots, this activity has been helping focus the productivity of the leadership team and keeps key team members engaged.

4. Succession & Transition. Just as many employees will be looking for an energetically-different workplace experience in 2010, so too many business owners will be tempted to exit their business prematurely and at a

discounted sale price. We are helping business owners implement the specific pieces of work they personally require to make next year easier, and to ensure that any actual transition is a true recognition of their work.

Ultimately, less productive staff or staff who are planning to change positions are both a threat and an opportunity. Businesses risk multiplying out any inefficiencies as they enter the next growth phase, meaning they are not fully geared for new revenue growth. Those businesses which are investing ahead of the cycle will benefit from resource and revenue opportunities that will increasingly present themselves through 2010.

For those businesses that are not experiencing these concerns - through successful forward management or differing industry cycles - we often find ourselves discussing their clients and suppliers. Are those key relationships sufficiently prepared? For a business to maximise their ability to 'thrive' through 2010 we are encouraging the proactive engagement with all relationships that are key to success.