

SuccessFactors Research

Data Brief - UK & Ireland

Number 1241

Uncertain Times

The pressure is on for results - people are critical to winning in this economic environment.

Optimisation is Critical

Companies who cannot react smartly and quickly to the changing environment will lose.

Have the Data Ready

A talent and performance management system rich with data can prove vital to decision making.

Optimise Now

In uncertain economic times, companies cannot afford to give up any advantage to their competitors. Even before the current downturn, workforce optimisation was one of the most strategic and important initiatives a company could undertake. In a downturn, optimisations must be made quickly and decisively, and supported by real, objective data.

People are the primary driver of company performance - they execute the strategy and ultimately account for 85% of a company's success (Becker and Hueslid). Furthermore, people make up on average 70% of a business's operating cost; therefore, people in today's economy are a business's biggest investment and have the most impact on company performance.

Optimisation isn't just about cutting a workforce; it is also about getting the most from your people and building your strengths. Even in a strong economy business face many challenges:

- 84% of large companies say they are not using their workforce to its full potential (Saratoga Institute Study)
- 50% of the average employee's time is spent on non-productive work (Corporate Strategy Board, Measures that Matter)
- 95% of employees don't understand the company strategy (Norton, Kaplan)

When faced with declining revenues, companies are also faced with tough decisions. How those decisions are made is extremely important. Optimisation is an opportunity not only to cut your lowest performers, but also to cultivate your best talent. Building organisational capabilities is even more important in uncertain times, when businesses need every person contributing as effectively as possible to the top and bottom lines.

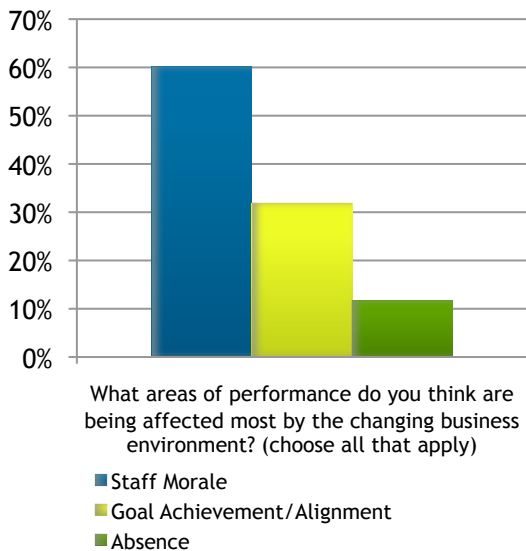


SuccessFactors
RESEARCH

SuccessFactors Research regularly surveys businesses cases to assess their people management practices and systems.

SuccessFactors Research surveyed 227 businesses in the UK and Ireland to find out if organisations are ready and able to optimise their workforces in response to the weakening global economy.

The results of this study are clear - many organisations know that they must optimise their workforce, but lack the consistent, objective tools and processes necessary to succeed.



How the Weakening Economy has Affected Businesses in the UK and Ireland

We asked businesses how the economic downturn was affecting them, and the response was clear. Companies are scrambling to keep morale and employee performance up. 60% of respondents listed *Staff morale* as the top area of performance affected by the downturn (above). Furthermore over a third said that the performance of individual employees has been affected.

Clearly organisations are already feeling the effects of the downturn and should be thinking about optimising their workforce. In fact 85% of the surveyed businesses said that workforce optimisation would become even more important if they are forced to make people redundant.

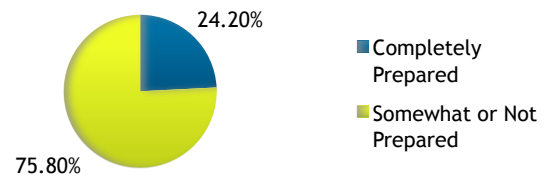
How Ready are Organisations to Make Hard Decisions about their People?

The pressures of an economic downturn require that businesses respond quickly and smartly to the changing environment. Making hard decisions the right way requires insight into your workforce. Where are the high performers in your organisation? Are we developing the right competencies to achieve our strategic goals? Which individual is the strongest candidate for a given role?

We asked how prepared companies were to manage strategic changes in their workforce, such as staff reductions, realignment of resources and optimisation of employees, and only 24% were completely prepared, meaning 76% of companies are not ready to deal with major changes in their workforce - the very kind of changes that companies often need to make in response a weakening economy (above right).

In fact 48% of the companies had no formal strategy at all for dealing with major strategic changes.

How prepared is your company to manage strategic changes such as staff reduction, realignment of resources, workforce optimisation?

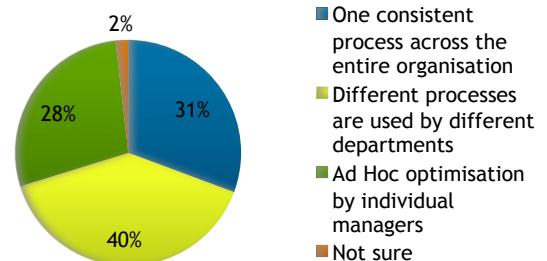


A Consistent Approach is Critical to Success

The real power of a Talent and Performance Management system lies within the richness of its data, which enables businesses to look at people-related data across the entire organisation. This is possible because transaction systems store data in a consistent and accessible manner.

We decided to gauge how consistent the optimisation processes were in businesses today and found that 70% did not have a consistent process (below). Most companies have different processes for different departments, or depend on managers to optimise the workforce on an ad hoc basis.

Which of the following best describes your company's process for optimising the workforce?



Now more than ever companies need a consistent way to look across their organisation and make the tough calls that will allow them to compete and exploit any opportunities that become available. A rich Talent and Performance Management suite would help organisations make fair, fast, objective decisions about their people, and keep them competitive in a challenging environment. When the dust settles and the economy begins to grow again, companies with the right resources in the right places will be poised to succeed. Thorough workforce optimisation is critical to emerging from the economic environment in a position of strength.