



Facing a Recession: Utilizing Economic & Financial Data in Strategic HR Management

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A Brave
New World;

Join us on
the journey



The Dream of Human Resources Management



- Become accepted as a real profession and not just be seen as a craft
- Get a seat at the “table” and have a voice & vote in organizational decision making
- Have human capital management respected as much as politics, financial capital management or legal advise

The Hierarchy of Occupations



- The “top” Professions
 - Corporate Executives
 - Politicians
 - Lawyers
 - IT Engineers
 - Financial Advisors
 - Accountants
 - Marketers
 - Scientists
- The “second tier” Professions
 - HR Managers
 - Nurses
 - Elementary School Teachers
 - Secondary School Teachers
 - Salespersons
 - Civil Service Managers
 - Mid-level Line Managers

The Macro-Economic Quiz



- What was the GDP of the Cayman Islands in 2008? How much did the GDP change from 2009 to 2010?
- What percentage of the GDP of the Cayman Islands is consumed by public expenditures? How has that percentage changed between 2000 and 2009?
- What is the public debt level of the Cayman Islands Government?
- What is the private debt level of the companies, individuals & families in the Cayman Islands?
- What are the primary sources of CI Government revenues?
- How do the costs of operating a financial services business here in Cayman compare to the costs in BVI or Bermuda?
- How do labor costs within the hotel industry in Cayman compare to labor costs in Jamaica, Barbados or Cancun?
- How does the size and costs of the Cayman Islands Civil Services compare to the size and costs of civil services in BVI, Bermuda or Barbados?
- What is the effective level of taxation (burden of all indirect taxes) on companies, individuals & families in the Cayman Islands?

The Micro-Economic Test



- What were the gross revenues of your organization in 2007,2008 and 2010?
What were the sources of that revenue?
- What percentage of the gross operating costs of your organization are dedicated to personnel costs or to human resources?
- What percentage of the total personnel costs go to the top 10% or highest paid employees?
- What percentage of your organizations operating budget goes to overhead & administration?
- What were the profit margins of your organization for 2007,2008 and 2009?
- How much did employee productivity change between 2000 and 2009?
- Does your organization measure their employees productivity?
- Does your organization measure the quality of work produced by their employees?
- What is the cost to replace an employee and how long does it take?
- What can your organization do to increase revenues over the next three years?

The Long Hard Struggle of HR Management to Gain Respect



- HR management has been practiced as a craft based on “best practices”, traditional approaches, “past practices” and common sense procedures.
- HR managers have traditionally been trained as “artisans” or “apprentices”.
- HR management should be practiced as a profession based on scientific principles, empirical evidence and hard data.
- Decisions about human resources should be made based on hard evidence, current theory and scientific principles

The Window of Opportunity



- Bad News = The “Brightest Guys in the Room” Are Not All That Smart!
 - The financial gurus, Nobel Prize winning economists, Corporate Lions and political leaders: helped create the conditions for the economic collapse and failed to see the financial crisis coming!
- Good News = The Myth of BP, Enron, Maddox & Leman Brothers shows us:
 - The financial gurus, Nobel Prize winning economists, Corporate Lions and political leaders have no idea how to solve the financial & economic problems they created!

Never Waste a Crisis



- Were you included in all the important discussions on how your organization might be impacted by the economic recession?
- Did you have a meaningful vote in deciding how your organization could best confront the recession?
- Was HR management simply asked to communicate, implement & mitigate potential negative employee reactions to proposed pay cuts and layoffs

HR Managers Need to Empower Themselves before their Employees



- The road to power
 - Understand the bottom line impact of human capital (like unions do)
 - Inspect the books and understand the financial data (how is the organization doing?)
 - Interpret macro-economic data & forecasts
 - Analyze the impact of financial data & economic data on your organization's future
- The pursuit of influence
 - Through loyalty (fear of speaking truth to power)
 - Through transactional services (hand maidens of power)
 - Through “artisan skills”
 - Through self-illusion
 - Through activities

Shift the Paradigm



- Leaders = innovate and create
 - Leaders create jobs
 - Leaders discover new markets
 - Leaders invent new ways to make money
 - Leaders make challenges into opportunities
 - Leaders transform dreams into reality
- Followers = wait & pray
 - Followers fill job vacancies
 - Followers train employees in customer service
 - Followers find ways to cut costs
 - Followers try to survive and hope things will get better
 - Followers try to manage fears

The Chance of a Lifetime



- These are the best of times
 - No one has the answers
- These are the worst of times
 - Anyone with ideas will be listened to because organizations will become desperate
- So take advantage of the crisis & act!
 - HR managers could be the new way toward prosperity!