



Ross and Julia Ross in Australia and New Zealand have this month commenced the roll out of our new systems. An improved, more efficient systems platform will deliver to our clients better service, more accessible data, improved accuracy in invoicing and extensive on-line services. Importantly, it will also make it easier for our people to do their jobs well, improving our internal employee satisfaction. Implementation is programmed to occur in our locations in Asia and Europe later this year. Another key focus for us during the early part of 2008 has been updating our Human Resources Outsourcing and Recruitment Process Outsourcing product capacity with additional resources and senior capability. This will help us add greater value to our clients through better responding to your priorities in areas including process/system streamlining; talent performance systems; data tracking capability to better measure Rol; and achievement of cost efficiencies. There is an article in this edition of RossNews that discusses these trends in greater detail.

## macro economic update

by Mark Alley, Director of Corporate Services

UK consumer prices fell 0.7% in January and are up 2.2% YOY, with the market expectation being 2.3%. However this seems to be largely due to retail discounting reflecting lower demand. Upside pressures from food and energy prices are likely to see inflation remain above the Bank of England's target throughout most of 2008.

The ILO unemployment rate fell further to 5.2% in Q4 which reflects the strong level of activity in 2007, however the BoE Inflation Report expects a deeper and more persistent slowdown in growth in 2008 and 2009 than previously forecast, whilst inflation is to peak at 3% in 2008. We expect the BoE to cut rates to 4.75% from 5.25% this year to mitigate the slowdown, with cuts in April and May.

## creating high-performance teams

by Jenny Baxter, Regional Director, HR Consulting, Ross

### Psychological Assessment

Psychological assessment assists the development of high-performing teams in a variety of ways in many situations. A battery of well-researched psychological tests, specifically selected to measure the competencies of a job, should correlate highly with actual performance in the role. Testing supplements other methods of assessment, but does so in an objective, consistent and fair manner. Although psychometric testing is used mainly to improve recruitment and selection decisions, there are other important areas in which the test results are useful, including in Employee Development and Performance Management.

### Performance Management

Results of psychological assessments can be used for performance management by identifying a new employee's strengths, weaknesses and work preferences. Particular shortcomings can be developed through coaching, training or by giving the employee experience on a job that is likely to develop their skills. For example, a personality profile may indicate that the employee is more comfortable working autonomously than in a team environment. This may be something that is raised with the employee as an area of future development.

### Formation of Effective Teams

Testing contributes to creating high performing teams through building understanding. There are usually various roles to be adopted within each team and to function at an optimum level; the team needs to be comprised of a number of different 'types'. As such, a vital aspect of creating a strong team is understanding how one team member likes to work and how it differs from other team members. For example, one particular team member may perform a sales function within his/her team whereas another team member may perform a more organisational role. Ability and personality tests assist in establishing preferences of each employee and the type of role they are more likely to perform successfully within a particular team.

# the war for talent (part 1)

Unemployment rates are at an all time low and it's an employees' market, which has sparked a "war for talent". Each employer is trying to outdo the next to woo the best into their organisation. Many potential employees now have the power to choose and are demanding 'what's in it for me?'.... looking at potential job roles as stepping-stones to fulfil career dreams rather than long-term commitments.

It may sound like the preview for an end-of-the-world B movie, but the fears of a global war for talent are based on very real factors. The converging forces of ageing workers and retiring baby boomers, the tech savvy Millennial Generation's foray into employment, females exiting the workforce, and shortages of skilled workers will soon produce a labor shortage the likes of which the industrialised world has never experienced.

Research bears this out. Development Dimensions International reports that one-fifth of this country's large, established companies will be losing 40 percent or more of their top-level talent in the next five years. The Bureau of Labor Statistics confirms that "by 2008 the number of young adult workers, from 25 to 40 year olds, will decline by 1.7 million" overturning a historic growth rate from 54 percent to 3 percent in the next 20 years. By 2010, the U.S. will face a 10 million workforce shortage and an unemployment rate of just 2 percent.

The Conference Board CEO Challenge of 2007 points out that "Cracking the U.S. Top 10 this year is finding qualified managerial talent and top management succession." Simply put, the looming war for talent is very real and, left unaddressed, stands to dramatically alter the economic performance of companies and countries. That's why informed CEOs around the globe are challenging their HR leadership to develop winning strategies for recruiting and retaining the top talent that will continue to drive growth and performance. These combined strategies, technologies, and processes are now encompassed in talent management.

## A brief history of talent

Before 1997, the word talent was primarily used to describe people in the entertainment industry. Managing talent was a profession for agents, casting directors, and publicists. Then The War for Talent was coined that year by three McKinsey consultants who compiled their research into a bestseller published four years later. Management tended to ignore the implications because the authors mainly explored macroeconomic workforce issues that were perceived to be too academic for the frenzied landscape of the dotcom gold rush. Had the book been published today, it would be required reading for all managers.

## Shifting workforce dynamics

Welcome to the new millennium. Your company's brainpower is now more valuable than your bricks. Outsourcing to emerging talent markets has delivered mixed results. And the top college graduates you recruit are entering your workforce with new attitudes. We no longer enjoy a climate where employers can handily recruit top talent. Workforce dynamics have fundamentally shifted in three major ways now giving preferential treatment to the employee and challenging employers to adapt.

Source: CIO Magazine, Michael Gregoire.

# outsourcing options

by Kylie Saunders, Head of Group Sales

How do we release our Human Resources Department from the low-value, repetitive tasks it is easy for them to be distracted by? How do we focus on delivering strategy that adds to the bottom line? Are these questions you are asking? Outsourcing provides options...The current economic climate is forcing organisations to explore tactics to remain competitive. Business process outsourcing of certain functions is an increasingly popular way to improve basic services while allowing HR professionals time to play a more strategic role in their organisations. Whilst trends globally have demonstrated clients have a preference for standalone Recruitment Process Outsourcing (RPO) solutions with a desire to reduce the complexity of outsourcing, organisations are required to consider other elements such as developing better vendor management processes and technology integration. However, if the trade-off can deliver faster implementation, improved service delivery, and acquiring deeper domain knowledge, the RPO in a standalone, best-of-breed approach will provide a winning solution. Understanding the key issues and triggers really drives the appropriate solution. In our experience with many clients managing complexities across multiple regions, the trends in order of priority are consistent:

- streamlining Processes & Systems
- recruiting & Staffing Services Systems
- talent Performance Systems
- providing Manager & Employee Self Service
- accuracy of Data
- compensation & Benefit Services
- cost

With so many options available to organisations there are key areas to consider when reviewing a suitable partner:

- an ability to provide competency and long term track record when it comes to delivering recruitment services;
- a proven platform in payroll, benefits administration and HR & training administration;
- creating real value in offering strategic HR consultancy; and
- diagnostics to continually improve the organisation.

Holistic providers have placed emphasis on developing the high-touch skills needed to effectively manage an RPO or HRO solution and will deliver a compelling offering that is unique to your organisation. So if unburdening the HR team and delivering strategy that drops to the bottom line rings true for you we would welcome a conversation with you.

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