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This edition of RossNews has a clear Talent Management and HR focus because more and more, our clients are asking us for greater support and strategic guidance in this increasingly complex and operationally significant area. As economic conditions in many of the sectors and geographies in which RossJuliaRoss operates continue to be buoyant, client organisations are recognising the pressing need to remodel and update their talent acquisition, talent retention and HR management activities at both the strategic and tactical levels. Tactically, there is a wide range of innovative and contemporary techniques for talent acquisition and retention that our teams can assist your organisations with; strategically speaking, our clients are finding options such as Recruitment Process Outsourcing and Human Resources Outsourcing increasingly appealing as they search for efficiencies, outcome improvements and cost reductions. We discuss this in greater detail in this month's edition, following on from last month's article. I hope you enjoy it.

economic update

by Mark Alley, Director of Corporate Services

With anxiety over the impact of higher mortgage rates on households with high debt burdens, many commentators have lost sight of the fact that the chief reason for the RBA's March Board meeting to lift the cash rate for the second time in two months is that the economy is too strong.

Unemployment is now lower than many people reading this report have seen in their working lives. Sustained income growth has been with us now since 1991. Our economy has all industries firing, except for housing - even the farmers look like having a good year. But the legacy of all this growth is an inflation performance worse than at any time since the RBA started targeting prices in 1992. The RBA has little choice but to rein in domestic demand to cool inflation, while the external sector is likely to continue to boom on the back of ongoing powerful growth in Asia, the epicentres being China and India.

However, there are signs of some moderation in the domestic economy with retail trade and housing credit growth slowing, while business and consumer confidence have taken a hit. The NAB Business measure of business confidence is below long run average levels at present. They expect the economy to slow over the coming year to around 3% (including a positive contribution from the rebound in the farm sector, as the drought breaks). This should see inflation back into the 2-3% target range in 2009. Expectations continue to be that the RBA will start easing rates late in 2009. Meanwhile, there is a real risk of further rate rises over the next few months, especially if the CPI for Q1, due late April, is too high. A much larger budget surplus in May (3%+ of GDP) would help to cool the economy.

Source: NAB Economics, March 2008

HRO and RPO solutions

by Kylie Saunders, Head of Group Sales

Any outsourcing arrangement is a special type of business relationship which must be conducted by both parties as a true partnership to optimise the results for both. Human Resources Outsourcing (like all types of outsourcing) involves the provision by an external specialist to a client organisation, of process-based activities that are non-core to the client organisation's operations. HRO is delivered on-site at the client premises and offers organisations the opportunity to liberate their own valuable resources from non-core functions such as HR processes, services and procedures by outsourcing those processes to a specialist provider of HR management services. The external provider owns, operates and is accountable for delivery of the outcomes specified in the contract.

Recruitment Process Outsourcing is a sub-set of HRO that simply manages the talent recruitment and selection components of HR management. Some clients implement HRO in a phased manner, where RPO becomes the first stage, followed by the more comprehensive HRO componentry as the outsourcing project's second stage.

RossJuliaRoss HRO and RPO solutions suites apply best practice principles in a bespoke environment. This means your solution is tailor-designed by subject matter experts and functional experts specifically for your organisation's particular requirements. Components can include:

- services scoping/design
- account direction
- delivery program implementation
- support services
- vendor management
- technology tools and support
- on-going program review

The offsite managed services project team overseeing your entire outsource solution should be complemented by an on-site team structured specifically to your requirements. In general, this on-site team may include some of the following specialists: Program Management team, Vendor Management team, Performance Management team, Delivery Services team, Support Services team, Recruitment specialists, HR Policy specialists, PPD/Talent management specialists and HR Administration specialists. Such a team would be supplemented by off-site expertise in areas such as Finance, Account Direction, Compliance Management, Administration and Business Analysis.

the war for talent (part 2)

This continues last month's article by Michael Gregoire in CIO Magazine.

Intellect vs. hard assets

As the major industrialized nations moved from a producing economy to a service economy, so has the value of our companies. While it is still easier to understand the value of a truck or an airplane compared to an employee, the world is moving in this direction of placing a premium value on talent. In fact, The Economist reported that intangible assets have shot up from 20 percent of the value of companies in the S&P 500 in 1980 to around 70 percent today. A fundamental shift has occurred where the executive team's primary responsibility has changed from access and management of capital to access and management of talent.

Not convinced? Then think about the rise in both power and valuation of companies that have very little hard assets. Think about the economic power of companies like Google, Microsoft, Apple, Goldman Saks, Bank of America, Citigroup, and JPMorganChase. All of these companies have little to no hard assets other than office equipment and buildings. Their true value is measured by the strength of their intellectual property and people.

Demographics

The Employment Policy Foundation reports that by 2030 the U.S. will experience a labor deficit of 35 million workers. Many Western economies believe that the large populations of India and China will solve all their talent problems. While outsourcing may help to mitigate some of the talent management shortfalls it is likely to be only a partial solution. Talent shortfalls will not be solved by leaning on other countries but by relying on our own innovation and execution to acquire and retain top talent to drive company performance.

Employee Control

One of John F. Kennedy's most famous quotes is: "Ask not what your country can do for you, ask what you can do for your country." The mantra of today's workforce has changed the beneficiary 180 degrees to: "Ask not what I can do for your company, but what can your company do for me."

Today's workforce is in control.

Employees want to understand how they are connected to the company. They want to know how they can progress. They want to work at a place that fits their lifestyle choices. As employers, we have been placed in the unenviable position of needing to market our companies to our employees each and every day. If we neglect to engage our own employees, those who are frustrated can surf hundreds of job boards to see what other opportunities await.

Talent buyer to company marketer

Company recruiters used to approach the talent marketplace as talent buyers. But HR has evolved from personnel management to understanding that all managers, starting with the CEO, are accountable for strengthening their talent pool. Now company recruiters and CEO's alike recognize that they must rely on a myriad of marketing techniques to target top talent.

Source: CIO Magazine, Michael Gregoire.

how to lead clever people

by Sarah O'Carroll

Clever people in organisations need a special type of leadership, according to Professor Rob Goffee, an expert in organisational behaviour from London Business School. Speaking recently at a lecture in the Australian School of Business, Professor Goffee presented research on culture and leadership and what it takes to effectively lead this generation of 'clever people'. As these people can often be difficult to manage, leaders should therefore be aware of the characteristics and traits possessed by their top employees.

Because of their resourcefulness, tacit knowledge base and good connections, employees who create disproportionate amounts of value from the limited means made available to them are extremely important according to Professor Goffee. These clever individuals also know their worth, have a low boredom threshold, are organisationally savvy and are unwilling to recognise leadership by thanking their bosses.

"How you lead these 'clever' people represents an increasingly significant challenge in the knowledge economy," says Professor Goffee.

However, scepticism of company hierarchy and administration processes can work against organisation strategy, and Professor Goffee argues that clever people should therefore be sheltered from 'organisational rain', or the rules and politics associated with big-budget activity. "Clever people see an organisation's administrative machinery as a distraction from their key value-adding activities. When leaders get this right, they can establish exactly the productive relationship with clever people that they want," he says.

He also says the aptitude and confidence exhibited by some clever people belies their need for reassurance and behind-the-scenes strategic direction. "If you try to push your clever people, you will end up driving them away. As many leaders of highly creative people have learned, you need to be a benevolent guardian rather than a traditional boss," he said.

Therefore managers within an organisation must acknowledge these "clever people" capabilities straight away, otherwise you'll be "dead in the water" according to Professor Goffee. As they also don't want to be led, and don't always want to recognise leadership it is important for managers to take a directional role, keeping rules simple and being accessible.

However, in spite of all this it is also important to help them recognise that they don't know everything and leaders should be aware that these people need the organisation as much as the organisation needs them. "It's also equally important to make sure that clever people recognise their interdependence: you and other people in the organisation can do things that they cannot," he added.