Talent Acquisition Is More Important and Complex in Recession

By Douglas Reiter

Even when times are bad, it's still hard to find good talent. That is what many manufacturing companies are learning as they start to replace executive talent they laid off earlier in the recession.

As I write this article, I'm engaged in many searches for key executives for manufacturing companies. While the number of average-to-good candidates who are eager for a new assignment has increased, there remains but a small number of great candidates – individuals who really stand out. A year ago, I was able to identify one or two "stand-out" candidates for each of my executive searches; today I'm finding two or three. This may be a 50 percent increase, but it does not dramatically change the equation.

So why isn't the talent pool bigger and easier to navigate? Why are the typical tasks of talent selection -- candidate identification, assessment and acquisition (closing the deal) -- actually taking longer these days?

The answer to the first question is simple. In good times or bad, companies are always recruiting from the same talent pool, with the same distribution of average, good, and great candidates. Just because a candidate is unemployed does not necessarily place that individual, in terms of talent, in a different part of the Bell Curve.

We are always dealing with the Bell Curve of talent -- the rating system that places people on a particular scale as a standard distribution. There is always a small number of super-talented individuals at one end of the spectrum, and a small number of poor performers at the other end, with the lion's share of mediocre to good individuals in the middle of the curve. Any company that is looking to acquire talent always wants to select from the top 10-20 percent of the talent pool. This is true now as well as in a booming economy.

OK. Now the second question: why is the talent selection actually harder? There is great uncertainty in the current business cycle – so much uncertainty, in fact, that the top 10 percent of the talent pool is more in demand than ever. What's more, that talent at the top is actually more reluctant to move than ever! These top individuals understand the inherent risk of this environment and often do not want to assume that risk.

Given these realities, companies must take several key steps to assure they maximize their talent search as the economy pulls out of this recession:

TAKE ADVANTAGE OF THIS RECESSION BY OVER HIRING

There are many executives currently available who are old enough to understand the gravity of this economic period, wise enough to adjust their sights, and mature enough to consider taking a lesser position than previously held. Many of these candidates are more than 50 years old with many highly productive years ahead. If you were in the market for a car, for example, would you buy a new Chrysler or a used Lexus for the same money? I would buy the Lexus. Similarly, within this worthy group of executives, there is great talent at bargain rates. This is an opportunity; take advantage of it, as it won't last long.

RESIST THE URGE TO TAKE SHORT CUTS TO SAVE MONEY

Short cuts may include, but are not limited to, the following actions:

- Not using search consultants.
- Not conducting assessments and other tests on final candidates.
- Not conducting thorough interviews and reference checks.
- Not negotiating realistic (based on the market) compensation packages.

Here is another typical shortsighted mistake: you assume you are in the driver's seat and, therefore, don't need to negotiate or conduct interviews respectfully. The behavior displayed by both sides during a negotiation sets the stage for the relationship going forward.

LOOK INSIDE YOUR OWN COMPANY FOR THE TALENT

John F. Kennedy once said, "When written in Chinese, the word crisis is composed of two characters-- one represents danger, and the other represents opportunity."

Crisis is catalytic. Great leaders are forged in times of crisis. Watch your team and reward those who emerge with ideas, innovation, creativity, and grit. Move quickly but humanely on those who cannot, or do not, rise to the challenge.

HIRE REAL LEADERS AND FIRE EXECUTIVES WHO CAN'T, OR DON'T

A friend, and well respected, now retired, Chief Financial Officer, once told me of an old Spanish proverb, "The fish stinks from the head."

Take, for example, Pope & Talbot, a company more than 180 years old that filed for bankruptcy and was liquidated in 2008. I interviewed some senior managers from this company and learned that, during the last year of the company's operation, there were no urgent meetings called to deal with the crisis, no strategies developed to turn the company around and no plan of action. This is a failure of leadership that ruined countless lives. Leadership matters.

I recently asked a Division Manager for a large manufacturing company why his particular group had not solved a series of vexing problems peculiar to his organization. He said that the division was his canvas; a work (of art) in progress. "If that's the case," I told him, "then I'm Donald Duck!"

The problem of condoning such behavior from your leaders is two-fold. First, it's costing you money. Every day that passes and problems remain unsolved, you are sucking cash from the bottom line. Secondly, and perhaps more importantly, it sends a message to the organization that you tolerate (or even support) poor performance. It drags the morale and performance of the entire organization in one direction; down. My friend was right; the fish does stink from the head.

Many companies have heads – or leaders -- that “stink.” In this unprecedented economy, it is survival of the fittest. For companies to prevail now and prosper in the future demands real leadership. If companies do not possess the necessary talent to survive, they must acquire it is now regardless of the time or effort it will take.