



# WORKFORCE ABILITY, OR WORKFORCE STABILITY?

by Jack Fallon

## LOOKING BACK

After more than 30 years in human resources, I recently left a large automotive manufacturing company. This article is based on perspective gained from working within that organization. So often we find commentary from people on the outside—and what these experts and coaches have to say is more than valuable. It's critical. But I think it's also worthwhile, from time to time, to take a different angle on the sorts of issues we're facing in the marketplace today.

Over the years, my company's approach to attracting, retaining, and developing talent has evolved from a paternalistic and "part-of-the-family" strategy to that of a professional sports team. *We were able to make the change.* It's one thing to read about what needs to be done, but, as we all know, it's another thing entirely to effect change within an organization—particularly an old-guard manufacturing company.

## THE WAY WE WERE

For most of my career, I operated under the paternalistic/family strategy in terms of the way we dealt with our people. We operated with assumptions and practices that included:

- Candidates would line up to join our company - that we had the pick of the litter for the best talent.
- Our compensation and benefits were more than competitive with other companies.
- Once hired, employees became part of the family. They could expect loyalty from the company, and the company expected loyalty from them.
- Annual compensation increases were routinely expected, and would be better than average in the manufacturing industry.
- Marginal or poor performance of salaried employees had to be extremely well documented before action could be taken. Any action had to be approved through several organization layers and, if approved, was relatively minimal.
- Benefits and compensation granted to union employees during negotiations would automatically be granted to salaried employees.

Over time, however, we saw that while these practices and policies were valuable and, in some cases, even valid, we began to suspect that there was a better, more efficient way to do things. We began to work hard to change from a top-down management style to a more participative management style and team-based culture. I must admit that for a time I was resistant to the new corporate culture growing up all around us. However, I soon discovered that if we all worked as members of a team, the family spirit within the company grew stronger. This spirit became a significant competitive edge.

***“Go after the most talented people you can. But don't forget to look right under your nose, too.”***

## THE FUTURE IS NOW

Considerable change has occurred in recent years, impacting all companies, including ours. Global competition, technology, and the Internet have revolutionized the ways in which business gets done. As well, management and ownership is slowly coming to the realization that a company's survival and growth are totally dependent on providing value to customers. These realizations have driven all companies to seek some other, newer means of operation. My experience tells me that one way to go—in my case, one very successful way to go—is to operate like a professional sports team, relative to recruiting, retaining, and developing people.



With the professional sports team strategy in mind, we want to hire the best talent, provide them superior coaching, and place them in challenging positions, so that they can contribute as quickly and as much as possible. With this strategy in place, even more is attainable:

- **"Cutting" team members.** Marginal performance can no longer be accepted, and costs must be contained. "C" players are identified and strategies put in place to coach them into key contributors or remove them from the team.

- **Competing for talent.**

For top graduates, especially women and minorities, it's a sellers market—they're selling and we're buying. As it turns out, an old economy auto manufacturer is no longer the first choice of many graduates. We had to make these kinds of changes.

- **Rewarding performance, not seniority.**

If employees add value and are seen as star players, they are well compensated and promoted rapidly. If they are average players, increases are minimal, and promotions are slow; the "C" players are in danger of making the cut list. Solution: Identify needs and shortcomings early on, and modify coaching to accommodate those needs.

## FROM THE COACH'S BOX

From my perspective, this "sports team" strategy focuses on increasing the *ability* of the workforce, rather than on maintaining the stability of the workforce. So often, I'm afraid, people mistake the term "Workforce Stability" for something that means "we have to keep everyone we have." This commonly held belief is not necessarily true. Given a corporate culture that prizes high performance, some of the underperformers can and will be weeded out. And, as a result, workforce *ability* and workforce *stability* can become partners, as opposed to combatants. Again, we return to the idea of everyone working towards the same team goals.

For our company, the stress associated with this change was enormous. People who grew up under the old culture felt betrayed by the company. The old guard will likely be resistant, however, and it's important to persevere. Once they see all the positive benefits, these folks can be converted fairly promptly. There's an added benefit here, too: People joining the company under the new culture are quick to embrace the change, have high expectations, and are quite motivated.



### **LEAN AND MEANINGFUL**

A natural progression here is to cut out some of the fat in the organization to make it more efficient and to raise quality. Again, I am certainly not advocating letting good people go. Part of trimming the fat, however, may involve looking at reassigning folks to positions where they can contribute the most.

Corporate actions in support of this new direction include:

- Outsourcing of non-core functions and sale of manufacturing components.
- Consolidation of remaining functions.
- Changing compensation and promotion policies and practices.
- Aggressive outplacement initiatives.

The objective of these actions is a leaner organization, one which devotes itself to designing and producing products responsive to the marketplace, the demands of the customer.

The consequences of these actions may result in a tremendous challenge to those managing the transition, but the hard work will pay off.

At the point the culture clash is over, the ability of the workforce has been immeasurably increased, while maintaining the stability of the workforce. People will see the ways the new organization works, and they'll respond by staying, by working harder, and by working better.

### **ADVICE FROM ONE WHO'S BEEN THERE**

Go after the most talented people you can. But don't forget to look right under your nose, too. With the right coaches, you may just have the comeback player of the year already playing on your team. Get in there. Fight for change. I should know: my colleagues had to fight with me to convince me. But I'll tell you this: once I saw what the new workplace could be, I was hooked for life.

*“People will see the ways the new organization works, and they'll respond by staying, by working harder, and by working better.”*

**Jack Fallon** is the newest Fellow of The Workforce Stability Institute. We're proud to have him aboard. He served for over 30 years as a human resource professional for Ford Motor Company at the plant and staff level. To reach Jack, call The Institute at 336-282-1480.

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