

# To hire or not to hire?

That's the question

When to hire and when to cut back on recruitment can be a key aspect of your business' growth potential.

**W**hen the going gets tough, the natural instinct is to batten down the hatches and try to ride out the storm. With the latest British Chambers of Commerce survey among 5,000 businesses suggesting the UK is proving more challenging for small businesses due to the credit crunch and rising costs, it comes as no surprise many companies are looking to reduce staff rather than add to their number.

However, Marjorie Hurwitz Bremner, of the UK200Group – the respected network of independent accountants and lawyers serving the SME business sector – questions whether putting recruitment on hold is the best long-term strategy.

“Some of my clients, rather than making staff redundant, are taking the opportunity to recruit,” suggests Marjorie. “They see that some of their competitors are letting good people go and are using the opportunity to gain an advantage by recruiting people with valuable experience so that when the

market improves they have experienced staff and can hit the ground running.”

The joint chair of the UK200Group's HR Forum warns it is often difficult and costly to replace skills lost through redundancy.

“A concern,” she points out, “is that some businesses are making highly-skilled people redundant which can cause problems longer-term and can compromise levels of service.”

As a Partner and Head of HR at Berg Kaprow Lewis LLP – a top 50 accountancy firm specialising in owner-managed businesses – Marjorie admits being surprised by the number of high-calibre individuals currently on the market or undertaking interim roles.

“I recently recruited a financial director for an international company and had 100 very high-profile, top-level applicants, some of whom were immediately available for the position.”

Her experiences reflect the findings of the Chartered Management Institute which



has reported a seven-year high for bosses being made redundant in the UK, with around 3 per cent of managers losing their jobs – more than double the previous year.

“There are some very talented individuals and high-level professionals immediately available in the market,” Marjorie acknowledges. “While that's slightly alarming, it does present companies that take a longer-term view access to a wealth of skills which would not normally be so readily available. Recruiting the right people with the right skills can act as a catalyst in sustaining a business and taking it forward.”



## “ Recruitment... can have a superb impact on a company's long-term prospects ”

Choosing the right people at a challenging time like this is difficult. To successfully talent-spot, Marjorie advocates taking the time to carry out a rigorous and systematic job analysis.

“Analyse the market, your staff, your clients and competitors,” she suggests.

“Consider where you are now and where you want to be. Ensure you have the people and skills to reach that point. Recruiting the right people is time-consuming but, done properly, brings tangible business rewards.”

But what if recruiting is the last thing on your mind at present? Marjorie accepts

redundancies are sometimes inevitable, but stresses the impact of these can be mitigated by sympathetic handling.

“The human and financial costs of redundancy are enormous,” she says. “Even when making just one person redundant, firms have to demonstrate a fair procedure and follow strict legal guidelines. Firms want to be caring and ethical at this time and can do this by helping employees come to terms with their situation through initiatives designed to rebuild their confidence, such as redundancy counselling and providing help with CVs, interview skills and getting back into the job market. This helps bolster morale and motivate remaining staff.”

Developing skills may also be part of the answer. While training is often a casualty of an economic slowdown, Marjorie believes keeping staff development up-to-date can ensure an organisation has the skills to brave harsher market conditions.

“Know your employees and the market,” she advises. “Regular staff reviews will help identify the best performers and those with the correct attitude and work ethic to carry your business through the difficult times. Allowing natural wastage as you go along is kinder than redundancy. Even if you have to pare back, try to motivate and engage your core key workers by developing their skills.”

On the key question of whether or not to recruit in the current economic climate, Marjorie says: “There is no one size fits all and businesses need to look at their individual situation. Consider your existing employees and decide whether they are the right people to help ride through the recession and move forward. Look at the skills sets and knowledge. If there are gaps, then the answer could well be to recruit. Profitability is paramount of course, but targeted recruitment, even in an economic downturn, can have a superb impact on a firm's long-term prospects.” ■