

EXECUTIVE FORUM:

Invest In The Future: Your Employees Sept. 23, 2002

Training programs are doubly important when times are tough.

By Randy Cowen

The declining global economy has hit us all hard, regardless of our industry. Whether you've had to make straightforward budget cuts or deep layoffs, team morale is down. As budgets are slashed, the opportunities that keep your people interested in their work aren't readily available. Employees are waiting for the other shoe to drop in the form of deeper cuts and layoffs. In this environment, keeping people motivated and enthusiastic is challenging, to say the least.

After more than 20 years in technology at Goldman Sachs, I've seen both good cycles and bad. Through them all, I've been guided by the company's business principles. One of the most relevant pertains to our people: "In a service business, we know that without the best people, we cannot be the best firm."

Both the easiest and the hardest thing you can do to motivate your people is to communicate honestly. People tend to be afraid of uncertainty and cynical toward management. While you may not be able to eliminate the uncertainty, your honesty will help people trust that you'll deal with them fairly. Let them know the company is in a difficult environment and explain the business rationale behind your decisions. Employees need to trust management and know it's not building them up today just to fire them tomorrow.

To sustain that trust, you need help. Spread information beyond the top circle of your company. Arm your managers with information. An honest message delivered by a line manager and reinforced by top leadership carries much more weight than a message that comes just from the senior team.

Another vital component to maintaining morale is to ensure that your staff still has the opportunity to grow, both personally and professionally. Training programs may be easy to slash in tough times, but they're doubly important because the opportunities that growth brings aren't readily available. You may not be able to give your best employees greater responsibility or more projects, but you can help them develop functional expertise by offering them lateral transfers or encouraging them to develop new skills.

It's also important to protect some of your research and development budget, not in a single R&D group but spread out across teams. Charge your best technical people with figuring out where you need to be in three years. For example, let them push the edge in Internet technologies or voice over IP. Your best people must be encouraged to keep learning and experimenting, or they won't want to stick around when the cycle turns. This not only helps maintain morale but helps position your company for success when business starts to get better.

Looking to the future is perhaps the most effective tack. Even in the slowest times, management must have a vision of what success looks like. It also has to understand that it won't get there fast enough if it cuts too deeply. Work creatively to protect the core projects that are strategically necessary to get your business where it needs to be. This is crucial to the long-term future of your business in both good years and bad. There's an incidental morale benefit as well, because your people will know that you're investing in the future.

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