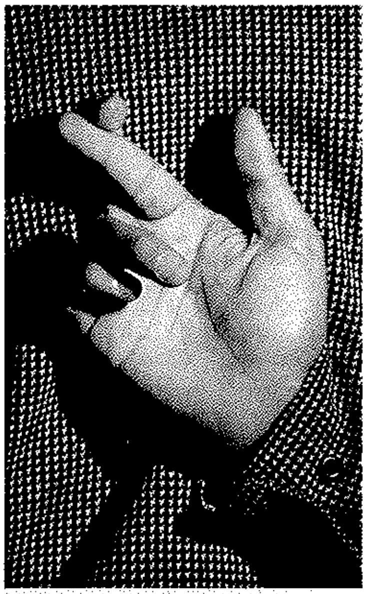
Management Update

Report: Leo D'Angelo Fisher



In the firing line

Most Australian companies (79 per cent) have strategies to avoid redundancies, but almost two-thirds still expect to lay off staff in the next 12 months. A survey by human resources consultant Hewitt Associates found that the most common measures being implemented to avoid retrenchments included hiring freezes (87 per cent), salary freezes and delayed salary reviews (54 per cent) and forced taking of accrued leave (52 per cent). Despite these measures, 63 per cent of organisations are forecasting redundancies, with an average planned cut in workforce size of 5.5 per cent. The hardest hit job categories are administration (61 per cent) and sales (41 per cent). Hewitt's Redundancy Policy and Practice Report shows that the most commonly used criteria for targeting redundancies are employee performance (54 per cent) and employee potential (32 per cent). Hewitt principal Jairus Ashworth says it is important that organisations make decisions about retrenchments based on achieving structural efficiency. "Those organisations that make decisions based purely on short-term cost reduction will be poorly placed to take advantage of the inevitable upswing in the economy, and will find it more difficult to recover," he says.

Pat Scala

No trust in executives

Trust in business is a casualty of the global financial crisis, the 10th annual Edelman Trust Barometer shows. The study surveyed 4500 upper-income earners in 20 countries, including Australia. Locally, it found that 74 per cent of Australian respondents trust corporations less than they did a year ago. Australian respondents overwhelmingly support greater government intervention and regulation of business across all sectors, particularly the finance sector. The managing director of Edelman Australia, Amanda Little, says Australians' attitude to regulation and government intervention in business is a stand-out finding of the survey. "The gap in trust between government and business is the highest in the developed world," she says. Of Australian respondents, 56 per cent said they trusted government while just 43 per cent trust business; 81 per cent want government intervention across all sectors and 84 per cent favour stricter regulation of the financial sector. The news was particularly dire for chief executives: 81 per cent of Australian respondents said they do not trust information from company chief executives.

AIM chief resigns

Jennifer Alexander will step down as chief executive of the Australian Institute of Management (New South Wales and ACT) in April to take up a new role as chief executive of the Royal Australasian College of Physicians. Alexander, who took up her role as AIM chief executive in 2004, is a former medical practitioner. "Jennifer leaves us with an agreed strategic plan for the future direction of AIM as the peak professional body for management in Australia," AIM (NSW and ACT) chairman Bryan Nye says. "It is a role we take seriously, particularly in this era of economic uncertainty. We recognise that individuals and organisations alike will be looking to us for ways to position themselves, through training and development of new skills, for the tough times ahead." The search for a new chief executive has commenced and an executive search firm has been appointed.

● MARKETING + MEDIA

SHOEBRIDGE

Contact Neil Shoebridge:
nshoebridge@afr.com.au

This is the crisis for giving

● Corporate collapses, huge executive salaries, crashing share prices and the global financial crisis have created a new group of consumers: generation G. The G stands for generosity and, according to online research firm trendwatching.com, the emergence of this new consumer group reflects the fact that "giving is the new taking, and sharing is the new giving".

"Generosity is a leading societal and business mind-set," trendwatching.com wrote in a recent report. "Consumers are disgusted with greed and its current dire consequences for the economy. The need for more generosity coincides with the ongoing – and pre-recession – emergence of an online-fuelled culture of individuals who share, give, engage, create and collaborate in large numbers."

The trendwatching.com report cites the following as ways for companies to reach and engage with the members of generation G.

Co-donate. Simply giving to worthy causes is not enough: the "age of collaboration" requires that companies ask customers where they should donate, as well as ask customers themselves to donate money, time or both.

Consumers are disgusted with greed and its current dire outcomes for the economy

Eco-generosity. The day will come when companies and consumers will be required to offset their negative impacts on the environment completely. They will need to demonstrate they are eco-generous by, for example, cleaning up another company's environmental mess.

Brand butlers. The "Help Point Booths" Zurich Insurance installed at two European airports late last year offering free internet access and concierge services exemplify the new level of customer service companies need to provide. "If consumers value the authentic, the practical and the exclusive – and are forever looking to make life more convenient – why persist in bombarding them with one-way advertising campaigns?" the report says. "Why not assist them in smart, generous, relevant ways, making the most of your products and whatever it is your brand stands for?"

Rigid no more. Making a company's interaction with customers less rigid is, according to trendwatching.com, "as close as you'll get to the required 'generous' mind-set". Examples include a company introducing a return policy for loyal customers that does not require a receipt, or one that recommends a rival to a customer when it is unable to help.

Random acts of kindness. It is no accident that one of the new television programs Nine Network will introduce this year is called *Random Acts of Kindness*, in which celebrities will surprise people with good deeds. Nine's programmers have decided that viewers want feel-good programs this year. Marketers should follow their lead and surprise customers with unexpected gifts and rewards.