

This Year It's Pies and a Slab of Beer

By

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Staff Christmas parties are falling prey to tough times, but morale-boosting should perhaps be topping wish-lists, writes Ashley Midalia.

Last January, the 500-plus employees of listed stockbroker Bell Financial Group were treated to a party described by attendees as “real bull market stuff” at the expansive Bell family property in the NSW Riverina.

No expense was spared as the Bell brothers Colin, Lewis and Andrew, together with managing director Alastair Provan, joined the staff in toasting the group’s successful stockmarket listing the previous month.

This year, insiders say the end-of-year party has been downgraded to what one describes as “a slab of VB in the boardroom”.

Bell spokesman Colin Davidson says this year’s event is in keeping with the times.

“We’re just cutting our cloth to fit the circumstances and having something that’s appropriate for the market conditions,” he says.

As a tumultuous 2008 draws to a close, others are in a similar bind. Several big investment banks, the hardest hit by the financial crisis, are opting for prudence over

morale, pulling the plug on their Christmas parties. It's the same among the big law firms.

Few businesses can afford to spray money around on lavish parties as economic conditions tighten and profits shrink. But the new Scrooge mentality across corporate Australia could come at a cost.

When salaries are plateauing and bonuses have all but dried up, some companies are wary of doing further harm to sagging morale by not rewarding staff who have worked hard all year – and probably harder than previously.

Organisational psychologist Christopher Shen says: “Leaders and managers of teams and organisations want to be tactful and mindful of communicating a message that they are being careful and prudent and sensitive to customers and the general marketplace, that they understand that it's a dire time for quite a lot of businesses.

“On the other hand, research demonstrates that it's especially at these times that inspirational leadership is particularly significant and the ability to be able to demonstrate to staff that, as a leader, you understand and recognise the hard work, effort, diligence and sacrifice that team members and staff have made.”

Still, this hasn't stopped Citigroup scrapping its office-wide staff party and the client Christmas party this year in favour of lower-key divisional gatherings.

It's a far cry from last December, when Citigroup's Sydney office held a lavish Citi-to-Country themed Christmas party at harbourside venue Wharf 8, complete with a specially-built amusement park, horse rides and carnival games.

Merrill Lynch and ABN Amro (by order of parent company Royal Bank of Scotland) have also called off their end-of-year bashes.

Macquarie Group is believed to have taken the opposite course to Citigroup, calling off departmental parties and instead holding only a larger, centralised party.

The NSW Treasury Corporation (TCorp), responsible for managing the state government's investments and issuing semi-government securities, has confirmed the cancellation of its annual "do" for the banker types who help place bonds and manage government funds.

"We just took the view that it was the appropriate thing to do in these tighter economic times," TCorp chief executive Stephen Knight says, adding that the usual guests had been "totally understanding." "It's just the way of the world at the moment, so the feedback we've had is it seems to be a fairly common trend going around the finance industry."

Bucking the trend is Goldman Sachs JBWere, which will continue its Christmas tradition of daiquiris in the Overseas Passenger Terminal at Sydney's Circular Quay.

Among law firms, Allens Arthur Robinson has canned its office-wide east coast parties, leaving only lower-key departmental gatherings. Its smaller Perth office has kept the office-wide party and lost the departmental parties.

Allens spokesman Chris Fogarty says the decision to axe the east coast office-wide parties arose from poor attendance in the past.

"All the partners were consulted on it and their decision was basically [made] on the basis of what was getting the best turn up in each office – what were most of the secretaries coming to, what were most of the lawyers coming to, what were most of the corporate services staff coming to?"

The decision was also designed to take into account the interests of staff members with families, Fogarty says.

“If you were a young lawyer, let’s be honest, it probably was one of the social highlights. If you were a secretary with kids and you couldn’t get along, it was seen as, “Well, I don’t know if this is totally fair.”

But hinting that cost-cutting also underlay the decision, Fogarty suggests staff should be grateful for the remaining party. “You’ve got to look at it in the context of the current environment. I think you can’t be too precious about these things... It’s misleading and unfair [to say the Christmas party has been cancelled] when other organisations are having no function at all.”

Richard Breatnach, general manager of corporate party co-ordinators James Gordon Workshop confirms a large number of businesses have been cutting back.

“There’s definitely some belt-tightening and, in some cases, quite severe belt-tightening,” he says. “We’ve had a number of clients who are not doing what they did last year and we’ve had some clients who are pulling right back on what they’re doing – and that seems to be financial institutions and, to a lesser extent, construction.”

The slashing of Christmas party budgets has not gone unnoticed among staff used to a little more extravagance, Breatnach says.

“I heard one comment that ‘this year we’re going to have beer and pies’.”

Event Management Group director Peter Jack says several large clients have asked his company to conduct an analysis of the cost of cancelling their parties, but most have found it more cost effective to go ahead, largely because of contractual obligations to venues that were booked often a year in advance.

“To pull a major social event that is literally weeks away is a major, major challenge to most organisations from a staff morale point of view and also from a financial point

of view because we're now too far down the track. Most venues would bill them 100 per cent of the value of the booking now."

Locked into paying about \$150 to \$200 a head for food, drinks, venue hire, theming and entertainment, many companies are looking to save money by eschewing "big ticket" celebrity performers, Jack says.

"Where they would have spent 20 to 30 grand on having a speech or entertainer, that's not happening anymore."

Unlike Allens and much of the financial services industry, most large professional services firms have kept their staff Christmas parties, though budgets have been carefully capped.

Despite announcing job cuts this month, accounting giant PricewaterhouseCoopers' masquerade-themed party in Melbourne's Docklands will proceed as planned.

PwC spokeswoman Lisa Jervis says: "We generally use our Christmas party as a way to reward and acknowledge people."

KPMG's Victorian chairman Doug Bartley says his firm's Christmas party will also go ahead as usual, albeit with an eye on its cost.

"While this is not a time to be increasing our Christmas party budget, we like to acknowledge and reward our people at this time of the year for their hard work," he says.

"Just because the economy has shifted, it doesn't mean our people aren't working just as hard. In many cases, they're probably working harder. The main KPMG Melbourne Christmas party will be of a similar standard to previous years."

Themes remain fashionable. Law firm Gadens has invited Sydney staff to its “Arabian nights” party and Middletons’ Sydney staff have been asked to dress in “sharp suits and fancy frocks” for its soiree at the Intercontinental Hotel.

Mallesons spokeswoman Kris Barry says the law firm keeps its theme a secret until December, but the office-wide parties will definitely be going ahead in each city.

“Our spend will be in line with previous years,” she says. “Having said that, the firm doesn’t take an exorbitant approach to spend on Christmas parties. We have a venue, we have a theme, we have good food and drinks for people.”

The decision by most Australian firms to proceed with expensive shindigs stands in contrast to the approach taken by many London law firms.

In a recent memo to staff (publicised by legal website Roll on Friday), British firm Dawsons advised: “There will be no contribution from the firm towards any departmental Christmas lunches, these will now need to be totally self funded by the partners and staff in each department.”

Breatnach says such businesses may be overreacting and cutting harder than their bottom lines necessarily demand.

“I’m not entirely sure they don’t have the budget. My personal feeling is they need to be seen to be doing the right thing when people out there are suffering; they don’t want to be seen to be too extravagant.”

But even at the height of the economic book this decade, businesses were exercising restraint, he says.

“The heady days of the late ‘80s and early ‘90s – I’m thinking the HH legendary parties – they never came back. In my experience, the corporate Christmas party in the last seven or eight years has always been budget conscious.”

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Based in Melbourne, Australia, Christopher Shen Consulting brings organisational psychology solutions to workplaces, helping people become stronger leaders and teams become better performers.

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