

## What you can do to avoid redundancies

**Good staff must be held on to, so if cash flow is tight it's important to explore every alternative to redundancies, says communication skills expert and business coach Marc Hogan**



As the economy continues to decline, many businesses are making redundancies to cut costs, but losing good staff can often mean losing what makes a company successful in the first place. In fact, there are a number of steps businesses can take to reduce costs before making the decision to make staff cuts.

### **Keep staff informed**

Many business owners delay telling staff that the company is struggling for fear of causing panic and de-motivation but in fact, withholding such information can be counterproductive as staff can feel left out of the loop when problems are eventually revealed. Instead, regular companywide meetings should be held as soon as problems arise, to explain the situation and what is being done to turn it around. Doing this will help rally support early and may even allow you to head-off cash flow issues before they become more serious.

Each meeting should be held face-to-face and serve to focus the company's efforts on the common goal of ensuring it survives the economic downturn. It should be made clear that every member of staff is valued and every effort is being made to avoid redundancies. This is your opportunity to rally support and ask staff to look out for opportunities for sales or cost-cutting measures in the course of doing their jobs.

### **Justify measures credibly**

When it comes to the crunch, and changes have to be made, it is important to explain the situation to staff in real terms to retain their support. For example, if you decide to cut costs by reducing wages, illustrating the decision-making process can be very effective in helping staff to accept the changes. So instead of simply introducing pay cuts, the situation could be introduced as a choice: the company can either make 20% of the workforce redundant or cut salaries by 20%.

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### **Focus workforce on generating income**

In a typical business, there are usually only two areas that are directly responsible for generating income: the sales department who generate custom, and the finance department who collect payments. If your business is struggling, focussing your efforts on these two areas is likely to achieve the best results.

Some might feel the best thing to do in this situation is to cull staff in other departments to free up funds for extra sales and credit control staff, but brand new staff require training that can put a drain on resources. Instead, you might consider asking staff who work outside of these areas to spend a portion of their working week in these departments to help bring the business back to full efficiency. After all, if sales are low, staff in other departments will likely have a low workload, so moving them into sales positions part-time could help generate sales without leaving the business understaffed.

Again, such a move should be planned and explained in real terms. For example, if four staff members agree to put in two hours a day in the sales department making calls, that's the equivalent of one extra full-time salesperson. Of course, very few employees will be able to move from one role to

another without training, but these people will already know a lot about your business and if all staff are working towards the common goal of helping the company survive, fellow employees should be amenable to helping each other adapt.

### **Keep motivation high**

Throughout your efforts to turn the company's fortunes around, staff should be given regular updates on the company's progress and any significant steps towards recovery should be well publicised internally. Just as you might have used month reports to highlight progress towards a sales target in the boom times, in times of economic strain, you may wish to use progress charts to show employees that their efforts are having an effect.

### **Lead by example**

Of course, if any of the above measures are to work, you must lead by example. If staff are being asked to go that extra mile and accept pay cuts and other role changes to keep the company going, they will expect to see the same level of commitment from management, so make sure you are seen to be willing to put in the extra hours and take the same cut in salary as everyone else for the good of the company. By behaving as part of the team, and encouraging every staff member to do the same, you should be better positioned to improve productivity, increase sales, and survive the recession without the need for redundancies.

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