



Creative Ways to Avoid Layoffs

Desperate times shouldn't have to call for desperate measures. Instead, call for creative measures. Many companies are pursuing unique tactics to help avoid losing valuable employee resources.

Despite the current economic downturn, companies can manage to cut costs without putting their employees out of work by simply changing the way they think and operate. In fact, layoffs often offer nothing more than a short term fix, and ultimately can cause serious long term consequences such as low workforce morale, bad publicity and a loss of talented employees. So how can employers improve the bottom line, while avoiding major staff cuts when profits take a dive?

Remember that the global, as well as local economy will continue to change so your company must remain flexible and change with it rather than rigidly hold on to old ideas and ways of conducting business. There are time tested and common sense approaches to avoiding layoffs, and then there are more creative strategies. Here are a few of both approaches to avoid straight layoffs:

- Establish shorter work weeks. Move a portion of the staff from a five to a four-day work-week. Productivity tends to increase because employees fill their time with work they have.
- Encourage "non-paid" vacations or time off, and extend year-end breaks.
- Institute voluntary or enforced furloughs or temporary leaves of absence from employment. These can be one week, or even one to two days in length.
- Freeze wages and hiring practices.
- Revise sick time policies. Offer fewer days and do not allow days to roll over, or limit the amount of days that can roll over.
- Allow employees to take sabbaticals to learn new skills at reduced pay.
- Consider cutting back on employee perks and benefits. These would include bonuses, 401(k) matching, academic reimbursements, or the employer's share of health care coverage.
- Cross train employees or have employees take on duties that may have been contracted out.
- Offer a pay cut. Faced with the possibility of losing their job or accepting a pay cut, most employees will choose a pay cut to maintain their job.
- Substitute telecommuting for in-person work. Unnecessary travel and meetings can also be eliminated. Conduct virtual meetings instead.

Some companies are even auditing office supply expenses. Trivial as this may seem, runaway office expenses can add up to serious waste and cost. Cut them to the bone. In the same vein, companies should eliminate or scale back corporate events, luncheons and parties.

Ultimately, sparing jobs increases long term loyalty among workers and also saves employers money in re-hiring and re-training costs. It may make a significant difference in how well a company emerges when economic conditions actually improve. However, if layoffs are inevitable to save the company, the best way to handle the situation is to act as a human being. Provide people with ample warning so they can prepare and so that those remaining employees are clear about new or revised workloads. Ease the hardship of job loss by providing the employee referrals, letters of recommendation, or retraining the employee to partners and affiliates if that's possible.

