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Avoiding Layoffs

If your firm is feeling economic pressures and the owners believe that layoffs can ease the situation, consider these ideas. Layoffs may offer the chance to “clean house” of staff that are not performing, but layoffs also may mean parting with staff you would like to retain—if possible.

In the latter case, there are steps your firm can take to make it possible to retain more of the staff you want or need to keep. Consultants to the HR profession recommend these approaches:

- Reduce employee workweeks, from five days to four days, for example. Now that busy season is over, this is a real possibility and may be an attractive option to staff who desire more flexibility.
- Freeze salaries and slash travel and entertainment budgets. Staff understand the economic situation and will likely be willing to forego a raise if it means that they can keep their jobs.
- Raise employee contributions to retirement plans, or reduce or suspend company-matching contributions to 401(k) plans. No one likes taking such steps but they could bring enough savings to preserve some jobs and talent resources for your firm.
- Let some employees work from home, which could lead to reduced real estate expenses because less office space would be needed.
- Introduce mandatory furloughs and reduced hours. These options can preserve more jobs and may offer flexibility options.

More insights. Two HR consultants from Mercer gave a recent IOMA webinar presentation that covered this topic as well. An important point: Your firm may need to lay off in some areas but you may be recruiting for other needs, so you need to have a strategy that balances these two areas. Mercer's Jim Sowers (jim.sowers@mercer.com) and Linda Marcot (linda.marcot@mercer.com) provided these suggestions for CPA firms and other employers that can help you get through this difficult time:

- Pay attention to survivors of any layoffs since they may experience declines in engagement and productivity because of negative attitudes. Those individuals also may be at higher risk of health problems because of the stress related to surviving a layoff and greater demands in the workplace.
- Partners need to understand how staff are being affected by changes in the organization. Your firm administrator or HR manager may be able to assist in monitoring this and presenting information to the partnership; of course, partners should be available to staff as much as possible to answer questions.
- Look for opportunities to consolidate or eliminate vendor work, and challenge your vendors to deliver better performance. Make sure they are delivering what they promise.
- Consider outsourcing or joint ventures as a way to get the expertise you need for certain kinds

of work and/or to expand relationships with other service providers, while maintaining your client relationships.

- Maximize talent and retain the best. Give stretch assignments, and don't forget rewards—even in tough times.

- Communicate what you are trying to do and why.

"We have found that people understand the situation and are willing to do their part, and this is very important—they are willing to contribute

ideas," Sowers said. "Reach out to them for ideas on how to save."

In these difficult times, you may not have a lot of answers to share with employees. However, Sowers said, "be truthful. You can't always reduce fear but you can reduce uncertainty." □

Source: PR staff. A CD of the IOMA webinar, HR Guerrilla Tactics for the Recession: How to Hire & Retain Employees When Your Budget is Cut, is available for purchase at www.ioma.com/hr. Cost: \$275.

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