



PROGRESS

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Taking the Edge Off

When a reduction in force is the (reluctant) answer

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In this difficult economic climate, employers question if their bank will continue business loan agreements so they can meet payroll and maintain inventory levels. They are concerned that they may not be able to continue present staffing levels and make a profit. Employees fear they may lose their jobs. If they are one of the lucky ones that remain, how much more work will they be asked to handle? When a reduction in force (RIF) is the final, although reluctant, solution, what can human resources do to help employers and employees?



Human resources is the core of each organization that creates and maintains the balance between the needs of the employees and the goals of the organization. This must be done proactively and within the confines of Federal, State and local laws. It is up to

HR to create a culture of openness, honesty and fairness where all employees know they matter. A RIF can be accomplished with strategic HR planning, attention to individual needs and a strong communication program.

Although a RIF realizes savings in the form of lower payroll and tax costs, reduced benefit premiums as well as other costs there is an aftermath that must be planned for. What institutional knowledge and skills will be lost to your organization? How is that transferred? Will any trade secrets or proprietary information walk out of the front door? How can the remaining employees meet delivery demands? How can morale be kept up so you do not lose the key employees your organization must retain to remain competitive and successful?

Planning for a RIF has implications from both the federal and the upcoming New York State Worker Adjustment and Retraining Notification (WARN) Acts for certain employers. Know who you are! Advance planning, including the details of the day of the announcement, need to be made.

Train your managers so that they are able to give the same consistent message and help employees.

A detailed advance review of your employee handbook is vital prior to the announcement of a RIF. Are there any promises in that handbook that you will be obligated to follow? How is your company positioned for security issues, company properly, last pay checks, payout of PTO? What are your policies about separation agreements? Examine and change policies where applicable now so that they are effective prior to a RIF.

It is imperative to retain key employees as long as possible. Think about how you will manage each employee so that they are engaged and committed after a RIF is announced. One method is to offer a stay bonus.

Severance issues must be considered. Releases must be prepared so they are compliant with the Older Workers Benefit Protection Act (OWBPA). Think about how to process the benefits for these employees and how to manage COBRA for them. If at all possible offer outplacement services and

take time to help each departing employee in any manner possible. The kinder you are to your departing employees the better chance you have of rehiring them when conditions improve.

Finally, think about the employees still on board. What is the effect on them? How much do they trust their employer and what are the effects of any survivor guilt? How can you help them to manage a growing workload? A redesign of the organization and of processes may be needed.

Human resources' next step is to help the workforce get back on track, focus and move forward.

Roberta Jackson, SPHR, GPHR provides executive level human resources consulting, oversight, strategy, solutions and services. To learn more about how Roberta can help your company, please contact her at 347-254-6329, roberta@navnyc.com or through her website at www.navnyc.com. Brooklyn Chamber of Commerce members will receive a professional discount. ■