

## **Strategies for Success—Billings Business News**

### **Too many workers, not enough work**

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The current economic downturn has many business owners wondering what to do when they have too many workers and not enough work. This is a question that I have addressed several times in the past couple of months with a variety of clients. Let's explore and see if we can find a rational, logical answer.

If your business has experienced a downturn during the past 12-18 months, you perhaps have more employees than you have work to keep busy. Employees are like anybody else, some complain about having to work, but the truth is that most folks like to stay busy and be productive when they are at work. Depending upon your industry, there are a variety of ways in which this type of problem is handled.

Businesses which require highly skilled and talented workers, i.e., machine shops, automotive repair shops, specialized medical practices, special drawing operators should be careful when a workload decrease occurs. Yes, you can terminate some of the "extra" people; however, you should carefully consider how hard it may be to replace those workers once the economic downturn is reversed. I believe that we are beginning to see some upturns in the economy as I write this column. Specialized, highly skilled, talented employees, however expensive they are currently, will become more expensive when you really need them again once the economy turns around.

If your business is such that highly skilled employees are not needed, i.e., retail stores, food service operations, you may consider discharging those employees who are the least productive or fail to produce the stated number of activities, what ever that is, depending upon the business. In both instances, with either highly skilled and specialized workers or not highly skilled workers, employee loyalty, dedication and pride are factors that need to be considered before terminating an employee.

Many large companies have made tough decisions in the past few months on decreasing employee headcount in order to become more profitable. In smaller businesses, you may be doing the same thing; however, a careful plan now if indeed you need to reduce employee headcount will pay big dividends later, when you will need additional employees.

The first key step is communication with the entire workforce. As the manager or owner of the business, you need to have an "all employee" meeting and explain exactly what financial and

operational shape the business is in. Interestingly, most employees probably recognize and realize that sales are down, orders have decreased and the workforce is not as busy as previously. If this has been the case for some time, many may wonder why it is now that you are just coming to recognize this problem. This is a time for honesty—tell the truth about where your company operations are currently. Report the financial data as well as what you are doing to continue operations. Ask for some employee ideas on how the employees might wish to help solve the problem.

I talked with a business manager of a large tile company last week. His sales have decreased to a point where he has had to lay off about 10 people—he had a full crew of about 25 people during the height of the building boom. Sales and building have decreased in his part of the country so significantly that he had no options but to decrease his workforce. After returning from his home office a couple of weeks ago, he was given another order—increase profitability by 10% by the end of the second quarter. With personnel as his largest cost, that was the first area he had to look for savings. He called all of his employees together, told them what the status of the business operations were currently and said that he would have to discharge 3 more employees in order to achieve the financial goals set by the home office.

Some employees volunteered to take unpaid time off, others were willing to reduce their workload to a 32 hour week so that none of their team members were terminated. After he reviewed the numbers by following the employee suggestions, the manager agreed that if some employees were willing to take unpaid time off and some reduced their productive hours to 32 hours per week, the budget numbers could be successfully achieved.

Another option is to not replace employees who have left either through resignation, transfer or retirement. This is an “easy” option because if the workload has decreased, there is probably not enough work to keep all remaining staff busy. Now is the time to “encourage” an employee to retire if he/she thinks that they want to. Many long term employees think that their absence will impair the overall business operations. Although this discussion is somewhat difficult to conduct, you need to have it with those employees who really need to retire. Reassuring them that their contributions have been both valuable and significant are paramount, however, now is their time to enjoy being in retired status. The company will continue to run, maybe not as well without them as with them, however, run it will!

I was reading an article in the *Chronicle of Higher Education* last week that described an educational institution in the East who required all faculty and staff members to take 9 unpaid days off during the spring semester. The faculty member writing the article opined that he did not know how the work was going to get done—students still had to be taught, dissertations still had to be guided, however, faculty members elected to take the days off in order to meet the mandated budget goal. Interestingly, this article went on to describe that in times such as these, many more employees are more willing to work together, be more cooperative and sensitive to their associates and team members who really need to work. The morale to the story was that if everyone does a little bit, nobody has to do everything.

This may be the right time to consider a business re-organization. If you have contemplated changing your business operations, this is probably a good time to make those changes. Some positions could be eliminated for efficiency sake, some staff reductions can be made for “lean” reasons as well as increased efficiency.

Before you decide to let terminate any employee, carefully consider each employee’s strengths and capabilities. Some employees may want to go to part time work, job sharing, work from home—the ideas and possibilities are infinite--- you just must be willing to consider how changes in work force environment can be made that best suit your business. As the leader, you recognize that not everyone will be happy—that is just a fact of human nature.

Personnel decisions are the toughest decisions that a manager has to make. However, a rational and logical plan, careful consideration of all factors that impact the decision as well as a sincere empathy for each individual will go a long way to insuring that your business remains both successful and profitable during times of such turmoil.

Vision, purpose and direction are the key characteristics of the leader/manager. As difficult as it is to make changes now, those changes will make a greater impact later when the business is operating at a higher level. Communications with the employees are the key tenet of any type of organizational change. Talk to all of the workers everyday. They understand more than you imagine.