



NEW YEAR'S RESOLUTIONS:

Is shedding “weight” in the workplace the right way to go?



Deri Ross Pryor, is a staff writer & editor of the *ALM Journal*. Deri holds a Bachelor of Arts in English & Creative Writing from Eastern Kentucky University and is currently working towards her Masters.



In this time of uncertain financial stability, many employers are weighing the costs of maintaining positive outcomes against the costs of the workforce necessary to produce those outcomes. More than five millions jobs have been cut since 2008.¹ It becomes a snake eating its own tail: reducing the workforce can reduce production and customer satisfaction, yet paying to keep the workforce can cut into profit margins. It's seems a no-win scenario, yet it is one that must be dealt with.

Bear in mind that this reduction in force (RIF) is not the same as firing employees for poor performance, (although that can be a factor in reduced profits). It is important to make that distinction because, although many states are "at-will," meaning employees can be let go for any reason, there are legal ramifications to layoffs. Before making any decisions along this line, be sure you know your obligations, as well as the rights of your employees. For example "Under the Worker Adjustment and Retraining Notification Act (WARN Act), companies composed of more than 100 employees must provide workers with notice of termination at least 60 days prior to a mass layoff. The notice needs to be directly addressed to the employees and must be in writing. Failure to provide notice could result in liability."²

With every employee that walks out the door, a portion of "corporate memory" goes with him or her.

While downsizing may be the only option, there are other factors to consider. With every employee that walks out the door, a portion of "corporate memory" goes with him or her. What is corporate memory? "It is the collective business experiences, dramas, visions, successes, and failures of real people who work for a company. Individuals draw on corporate memory's lessons each time they solve problems, sell products and services, interact with customers, develop new technologies, or design marketing campaigns. It is the knowledge, nuances, and intuition brought to day-to-day decision-making. A little bit of this invaluable corporate memory disappears each time an individual is laid off."³ This corporate memory cannot be hired in or taught; it is something that comes with time on the job.

Another issue to consider is the morale of the employees who keep their jobs after a layoff. While layoffs have become a more routine event in our current workplace climate, it is no less scary. Employee loyalty is often shaken, while the prospect of having to take over lost employee workloads may cause some to be disgruntled. If not handled correctly, RIF may have complications that produce negative outcomes on retained staff.

Since a company's workforce is its most valuable asset, RIF should be a last resort. Time and money spent on employee training is never recovered once that employee has left, and will only be doubled if another employee must be hired down the road. Other options should be explored, and documented, before coming to the decision to let employees go. For example, in a laundry processing plant, are outdated machines or practices causing issues? While it might seem more costly to redesign a plant to run more efficiently, in the long run it costs less than reducing the workforce, possibly reducing customer satisfaction, having to purchase or redesign anyway (machines don't last forever), and then rehiring employees to try and recover lost faith by customers.

If the plan is to layoff permanent employees to go with temporary workers to save money on benefits, bear in mind the challenges that come with that. They will still have to be trained, and in an environment such as the laundry, chances are high that more costly and dangerous mistakes will be made by a temporary employee than one that has done the job for some time. Again, this speaks to corporate memory. In the long run, little to no money may be saved by that route. In a recent conversation with OSHA regulators, they have concerns related to the use of temporary workers in healthcare laundry operations and their training and compliance with OSHA Bloodborne Pathogens requirements.

Consider alternatives before completely disconnecting the employees. A furlough is one such alternative and can take many forms. It can be a specified time of unpaid leave, such as a few weeks, or it can be a reduction in hours for a period of time, such as one day off a week or few hours per day. This allows employers to keep valuable workers as employees. While this is not ideal for the employee since they will see a decrease in pay, the knowledge that it isn't permanent may keep them loyal if they see an effort to take the least detrimental route. Furloughing is not without some issues, since there are some employee benefits that must continue even if they are not being paid wages, so be sure to consult all applicable laws before going this route.

Once a decision for permanent layoff is made, an employer must adhere to strict guidelines in order to avoid possible litigation. Such acts as the Federal Older Workers' Benefit Protection Act or the Federal Worker Adjustment and Retraining Notification Act protects the rights of severed employees and if not complied with can become as costly as keeping the employees.

When it comes time to notify employees of impending layoffs, permanent or otherwise, do it in person, but provide the details in writing. When getting the news of impending job loss, employees will retain very little of the actual meeting. If there are to be any severance packages, outline these clearly in the written documentation and require employees to sign, and then provide them with a copy. Avoid any "doublespeak" as to what is happening. "Government-type gobbledygook-- such as "decombined," "saves" (as in financial savings to the



downsized firm), “reduction of imbalanced skills,” “corporate anorexia,” “resource reallocation,” and “disconnected economy”—is proliferating to describe layoffs and their consequences. This language, ostensibly meant to ease the employees’ job losses and to make laid-off workers feel better about a bad situation, often has the opposite effect as it tends to dehumanize and downplay what is happening.”³ It is better to be upfront and honest, both for the sake of the employees being let go and those who are staying. Presenting anything other than the truth destroys loyalty and sets an employer up for lawsuits. Also, while it may be tempting to soften the blow, do not make promises of rehire if that is not a possibility.

There is no “one-size-fits-all” format to company layoffs. While there are many resources and guidelines available to aid in the process, and certain legal parameters that must be met, each company must negotiate the path in a way that is best for them and for their employees. The only true constant is that they must remember that these are human beings they

are dealing with, not a number or a cog in the wheel. Losing a job is never an easy thing to deal with, and employers should strive to allow it to happen with kindness and dignity.

For further reading:

<http://topics.hrhero.com/layoffs-downsizing-reductions-in-force-rif/>

<http://www.cio.com/article/2436949/staff-management/nine-things-managers-and-employees-need-to-know-about-layoffs.html>

https://hrweb.mit.edu/system/files/all/oec/toolkit/engaged_layoff_0409.pdf

References:

1 <http://topics.hrhero.com/layoffs-downsizing-reductions-in-force-rif/>

2 <http://www.legalmatch.com/law-library/article/workforce-reductions-and-downsizing.html>

3 Challenger, James E. “Downsizing is bad for business.” USA Today Magazine, 01617389, Jan97, Vol. 125, Issue 2620

1 GM

New Year’s Earn one *Laundry & Linen Management* credit hour by [completing the quiz](#) over the material from this educational offering. To maintain ALM credentials individuals must submit proof of continuing education in laundry & linen specific programs every three years. Access to contact hour quizzes are a benefit of membership in ALM. Check your current continuing education status [here](#)