

DISCUSS

Discuss this in the Business Forum

MORE Business

- Frist calls for halt to U. S. port deal with Arab company
- Economic activity gauge rises sharply
- Wal-Mart's fourth-quarter profit rises 13%
- Clear Channel reports profit
- Market could react to Nigeria attacks
- All-Stars create weekend frenzy for Galleria
- RadioShack's chief quits after résumé questions

SEARCH RESULTS

- Six candidates seek office of city controller
- Parker, Tatro headed for controller runoff
- Controller: Six run in race to be next controller
- (BW) Northern Border Partners, L.P. Reports Fourth Quarter and Year End 2005 Results
- (PRN) CellStar Reports Results for the Fourth Quarter and Fiscal Year of 2005

Business

 EMAIL THIS STORY  PRINTER FRIENDLY FORMAT

Feb. 12, 2006, 5:47PM

Deftness helps in cutting costs

Before resorting to layoffs, consider some alternatives

By **CANDACE GOFORTH**
Akron Beacon Journal

AKRON, OHIO - Budgets have to balance, and if your payables figure swells beyond the receivables, the difference has to be made up somewhere.

The company's computers won't complain if you put off plans to upgrade their software, and few tears would be shed over a decision to scale back on marketing efforts.

Expect the emotion when the budget talks turn to jobs. Difficult as it may be to lay off workers, payroll is often the easiest and, sometimes most logical, expenditure to slash.

In a survey conducted by Society for Human Resource Professionals on its Web site recently, 9 percent of respondents indicated their organizations planned to impose layoffs this year and 4 percent reported plans to freeze hiring.

But layoffs come with their own cost. The dire effect on the remaining workers' psyche and the impact on morale and productivity are reasons enough to look for different ways to count the beans.

- **Seek suggestions from employees.** Organizations might look to the old-fashioned employee suggestion box for answers to some budget problems. Offer rewards and incentives for workers who come up with specific ideas for cost reduction.

- **Clean up your expense-authorization process.** Often, organizations do not require employees to get authorization for expenses under a certain dollar amount. Those small bills add up. Require authorization for all expenses. Company-paid purchases may be curtailed.

- **Review vendor contracts and standing relationships.** Examine your supplier database at least once a year to ensure efficiency in ordering. Often, companies miss opportunities to renegotiate bigger, more cost-effective contracts with a smaller number of suppliers.

- **Implement zero-based budgeting.** Instead of automatically increasing the line item for each department or expense 5 percent each year, eliminate the increases and add in necessary allocations. Analyze each line item to justify every cent.

- **Maximize the efficiency of every position.** Eliminate low-productivity operations and transfer the workers to other areas of the business. Redesign

jobs to eliminate low-value work and duplication. Retrain employees with skills that are likely to be most in demand if layoffs become necessary.

- **Promote alternative schedules.** Offer employees the opportunity to share jobs or cut their hours. Making this sort of flexibility available to employees might even boost morale.
- **Offer early retirement packages.** There are costs associated with this strategy, but it achieves the long-term goal of eliminating positions — and the higher-paid, most senior workers — in a less painful way.
- **Cut payroll through attrition.** When employees retire or resign, leave the positions open or eliminate them.
- **Freeze hiring in areas most vulnerable to layoffs.** The last employees hired are usually the first to go during downsizing. Avoid a situation in which you have to let someone go who may have just turned down another position to work with your company. That sort of thing can earn an employer a bad reputation and make recruiting talent difficult when good times return.
- **Seek voluntary cuts in pay or hours.** Educate the work force about budget challenges facing the organization. Employees who understand the economic conditions may agree to cuts if they realize it could save their jobs.

Subscribe for less than 30 cents a day!



[EMAIL THIS STORY](#)



[PRINTER FRIENDLY FORMAT](#)