

[Link To Article](#) [Print Article](#) [Email Article](#)

Article Last Updated: 02/19/2006 11:25 PM MST

Labor in the balance

By Candace Goforth
Knight Ridder News Service

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 cut workers, payroll is often the easiest and, sometimes most logical, expenditure to slash.

In a survey conducted by the Society for Human Resource Professionals on its Web site, about 9 percent of respondents indicated their organizations plan to impose layoffs this year and 4 percent report 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.

Here are some tips for avoiding the need for pink slips:

- * Seek input from employees. Organizations might look to the old-fashioned employee suggestion box for answers to some budget dilemmas. 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.

- * 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. 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.

Some organizations may be too quick to cut employees, others too slow. The consequences of either mistake can be disastrous for a business.

Sometimes downsizing the work force is the best, if not only, business decision, said John Sullivan, human resources consultant and author of *Rethinking Strategic HR: HR's Role in Building a Performance Culture*.

Here are a few indications that the time has come, according to an article Sullivan wrote and posted on his Web site:

- * "Your competitive market share decreases by more than 5 percent.

- * "More than 25 percent of your product divisions are unprofitable.

- * "The ratio of employees to managers increases by more than 10 percent.

- * "Employee turnover decreases by more than 25 percent.

- * "The backlog of unfilled orders decreases by more than 10 percent.

- * "Percentage of plant capacity utilized drops by more than 10 percent."

* Sullivan said the most important thing to remember when considering layoffs is that no one should be surprised by a pink slip.

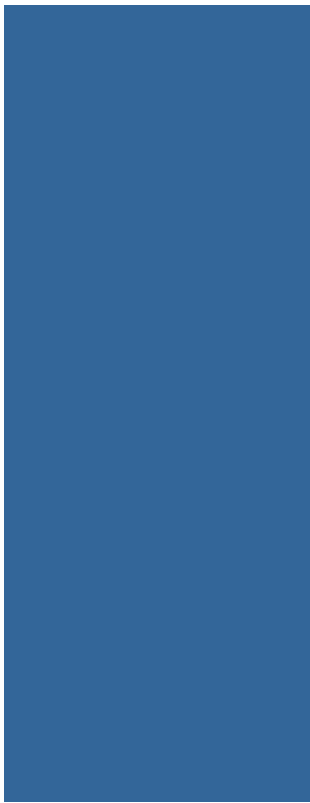
"You can't avoid business going down, but you can warn people and train them," he said.

Advertisement

[Business](#)
[Stocks](#)
[WSJ Sunday](#)
[News](#)
[Contents](#)
[Past Content](#)
[Photos](#)
[Obituaries](#)
[Archives](#)
[Utah Politics](#)
[RSS Feeds](#)
[Tribune in Iraq](#)
[Closeup](#)
[Columnists](#)
[TribTalk Forums](#)
[Weather](#)
[Ski Report](#)
[Opinion](#)
[Bagley Cartoons](#)
[Editorials](#)
[Commentary](#)
[Public Forum](#)
[Sports](#)
[College Sports](#)
[Prep Sports](#)
[Real Salt Lake](#)
[Utah Jazz](#)
[Features](#)
[Film Finder](#)
[Blogs](#)
[Dining Guide](#)
[Arts](#)
[Travel](#)
[Home & Family](#)
[Health & Science](#)
[Food](#)
[Outdoors](#)
[The Mix](#)
[Faith](#)

 [RETURN TO TOP](#)

- [Entertainment](#)
- [Lifestyle](#)
- [Shopping](#)
- [Classifieds](#)
- [Retail Ads](#)
- [Cars/RVs](#)
- [Real Estate](#)
- [Jobs](#)
- [Gas Guide](#)
- [Education Guide](#)
- [Bride Guide](#)
- [Utah City Guide](#)
- [Hotel Rooms](#)
- [Grocery Guru](#)
- [Fantasy Sports](#)
- [Advertising Info](#)
- [Utah Journal of Commerce](#)
- [Utah Community News](#)
- [Utah Holiday Guide](#)
- [Extras](#)
- [TribTalk Forums](#)
- [Not in Print](#)
- [NIE](#)
- [Reader Panel](#)
- [Crossword](#)
- [Services](#)
- [Help Desk](#)
- [FAQ](#)
- [Contact Us](#)
- [Subscribe](#)
- [Privacy Policy](#)



© Copyright 2006, The Salt Lake Tribune.

All material found on Utah Online is copyrighted The Salt Lake Tribune and associated news services. No material may be reproduced or reused without explicit permission from The Salt Lake Tribune.

Sponsored Links

Moving Companies	Mountain Bikes	Bedroom Furniture	AA Gifts & Gift Baskets
Patio & Deck Covers	Moving	Pass a drug test	Internet Auctions
Diamond Engagement Rings	http://www.tinte-24.de/	Compare Prices	Paintball
Nanny Agency Great AuPair	Si-Mexico Hotels Resorts	Timeshare Resales	Moving Companies

[Front Page](#) | [Contents](#) | [Search](#) | [World/Nation](#) | [Utah](#) | [Business](#) | [Sports](#) | [Editorials](#) | [Public Forum Letters](#) | [Commentary](#) | [Lifestyle](#) | [Movies](#) | [Travel](#) | [Health & Science](#) | [Faith](#) | [Archives](#) | [Weather](#) | [Obituaries](#)

[Columnists](#) | [Utah Politics](#) |

[Contact Us](#) | [FAQ](#) | [Privacy Policy](#) | [Print Subscriptions](#) | [Reader Panel](#) | [Newspapers In Education](#)

webmaster@sltrib.com

[Privacy Policy](#)