

# Bob Legge

We help clients achieve great results by  
improving performance and return on people

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**Dear Robert,**

Welcome. This newsletter is free and if you apply what you learn here, you will significantly improve performance and return on people. But it won't happen just by reading -- you must use the information, tips and approaches for them to work.

This is our 9th issue. Download the others at the [free newsletter](#) part of our website. Make sure you explore all areas of our [website](#). There are lots of free articles and other information. Please feel free to [forward a copy](#) to your associates.

Happy New Year  
Bob

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## Alternatives to Layoffs -- Cost Reduction Opportunities

If your objective is to reduce people-related costs, layoffs are a fast way to go. But many companies are looking for ways to reduce costs without losing good talent. Here is a summary of our report on optional strategies that could be used with, or instead of, layoffs and are proven effective in reducing people-related costs. For a copy of our full report including more cost reduction tips and techniques [click here](#).

### **Strategy #1: Alternatives to Layoffs**

Laying off people means losing the investment you've made in hiring and training. It will cost you more to replace the lost people when growth resumes -- if you can find similar talent. Additionally, layoffs can damage trust, respect and loyalty, as well as create high stress levels. Sometimes, they're unavoidable, but consider these alternatives.

1. Cut overtime.
2. Cut or reduce travel, purchases of office supplies and equipment.
3. Reduced workweek. Nevada casinos recently instituted four-day workweeks as has Pella Windows, AK Steel, the City of Atlanta, and various hospitals.
4. Eliminate or scale-down annual celebrations. You can still celebrate achievements, but be consistent with the cost-reduction theme.
5. Hiring freeze.
6. Reduce/eliminate bonuses.
7. Unpaid vacations. Dell is offering employees up to five days without pay through January. Honda is also offering voluntary unpaid vacations for U.S. employees.
8. Voluntary or enforced furloughs. The Seattle Times mandated a week of unpaid furlough for 500 workers amounting to \$1 million in savings.
9. Salary or wage freezes.
10. Merit increase freezes.
11. Pension cuts.
12. Suspend 401(k) matches, as Kodak announced recently.
13. Offer flexible work schedules to reduce hours.
14. Cut pay by some percentage across the board. Motorola recently implemented salary cuts.
15. Schedule a work shutdown. Cisco planned a four-day end of year shutdown.
16. Exit incentives to encourage voluntary quits. (Watch out - you might lose the wrong people with this one.)
17. Offer additional time off instead of pay increases.

## **Strategy #2: Involve Employees in Cost Reduction**

Many good ideas can come from employees because they see waste and inefficiency up close. Companies such as Allied Chemical, Coca-Cola, General Electric, and General Foods have saved millions of dollars in energy, time and material costs by tapping employee input.

### **Ideas to Consider:**

1. Have each department sit down with employees regularly to identify cost saving opportunities.
2. Consider using a facilitator as many times employees don't want to offend managers or supervisors. For example, in one company I know, employees were uncomfortable speaking up about a time wasting project management process because the CEO created the process and was notoriously defensive about it.
3. Choose to act on the opportunities that have the best combination of high payoff and low effort needed to implement.

### **What to focus on:**

- Energy saving ideas
- Operational inefficiencies
- Duplication and overlap of effort
- Scrap
- Internal reports
- Unnecessary meetings

- Opportunities to share best practices
- Options to eliminate positions when people leave or retire
- Ways to reconfigure jobs to improve outcomes
- Benchmarking to identify opportunities through better practices.

### Strategy #3: Reducing HR costs

Many companies still haven't transformed their HR area to reduce costs and improve support to the business. Cost reductions of 25% are possible and the change in HR from administrative transaction processor to business partner significantly helps line managers.

- Examine the possibility of self-insuring benefits such as dental or optical coverage.
- Consolidate human resource or training functions in the field where appropriate.
- Streamline HR processes and procedures such as the approval process for hiring, transfers, and performance appraisals.
- Employee performance appraisals are generally more effective and less time-consuming if held on a quarterly or semi-annual basis, rather than annually.
- Reduce duplicate paperwork, data input, and manuals.
- Automate HR functions via internet applications, for example benefit enrollments.
- Push more responsibility onto vendors.
- Renegotiate vendor contracts.
- Outsource selected HR functions such as payroll, benefits administration, training, or recruitment.
- Restructure HR to provide new challenges and improve efficiencies through new HR staff performance goals and accountabilities.

[Click here for a copy of the full report.](#)

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## Case Study: HR Transformation -- Better Outcomes and Reduced Costs

### Client Situation:

A regional bank with \$4 billion in assets had experienced rapid growth outstripping the ability of its human resources area to adequately serve the business. There were numerous problems:

- Job vacancies were open too long
- Training was ineffective and resistant to change
- Rewards systems were out of date
- Employee communication was sporadic at best
- The performance management system did not align with business plans
- Information was only available from the payroll system, and
- Processes were largely manual and inefficient.

### Solution:

We worked with members of the HR team to develop an HR strategy that ensured the right talent and processes to align people with the business plan, and rewards to reinforce it. We developed a new organization structure with a realignment of accountabilities, benchmarked against industry data. A new HR information system application was implemented across the web providing much improved information for managers and self-service for employees. The system including payroll and recruitment functionality. We updated the base pay system with new accountability-based position descriptions throughout the company and new salary ranges based on market data and job evaluation. A performance management system was developed using an employee project team. The system better translated strategic goals into individual and team objectives. A system of employee pulse surveys, an executive 360-degree survey, a new hire feedback survey and an on-line exit interview survey were implemented to provide direct feedback for improvements. The learning and development function was restructured and basic courses aligned to focus on performance improvement. An employee communication strategy was developed complete with a state of the art intranet. A comprehensive review of benefits was completed including renegotiation of vendor contracts.

**Results:**

Better quality talent, faster new hires, reduced voluntary turnover, more competitive compensation, benefit plans savings, productivity improvements throughout the business, measurable increases in employee satisfaction, and national recognition as one of the top 125 training organizations in the U.S. -- all in less than two years.

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