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If costs are getting too much don't leave it too late to restructure

Sadly, I am now starting to have a lot more conversations about the need for downsizing and restructuring. As a business owner, making people redundant is probably the hardest thing you will ever have to do, so people do put it off, often until it is too late.

But how can I do it, I don't want to lay anyone off?

Even for me (and I don't know the people personally) making someone redundant is hard. However, my self mantra is:

1. Make sure I am making the right decisions for the right reasons.
2. Focus on the jobs I am saving, not on those who are being made redundant.
3. Be as supporting and sympathetic to those who are being made redundant.

Right decisions for the right reasons

It is critical to fully understand why the business is not going well, and then make decisions based on facts rather than feelings. Some questions to ask yourself/information to find are:

1. Income is not covering costs – what costs have risen? Have you increased your prices accordingly?
2. Everyone seems to be busy, but it's not showing in the bottom line – Are they spending too much time on non-revenue generating work? Are your clients demanding more time is spent on them than they are “paying for”?
3. Some bits of the business are going great but propping up other parts of the business – When launching new products often there is a period of adjustment before the new products become profitable. However, conversely, products also come to the end of their lifecycle. Have some of your products come to the end of their lifecycle?
4. Do you need to change the way you are operating - 5 years ago, when working in Auckland, a meet and greet with a client was always in person (usually in a café somewhere). It took an hour of driving to get there and back plus an hour of meeting time. Those meetings are now all on Zoom and usually only take about 30 minutes to achieve the same outcome. Technology and the way we work has changed radically in the last 5 years, have you kept up?

Is redundancy the only option?

No (unless you have left it too late). Once you understand the true reasons why your business is struggling you can address those issues. Some solutions may include:

1. Redeploying/retraining people into other roles
2. Reprioritising where they are spending their time – instead of all meetings being in the flesh, identify which meetings may be over Zoom e.g. initial meet and greet may be in the flesh, but thereafter meetings will be held via Zoom. Or, redefining how many people need to be involved in each meeting. This then frees up time for people to focus on the important things (rather than sitting in the car)
3. Consulting to Introduce lower guaranteed hours agreements – this enables you to flex the workforce cost up and down to better meet levels of demand

NB it is important to note that many of these measures will take time to impact on the bottom line so it is important to act early to allow yourself that time buffer.

What help and resources are available?

1. The HRtoolkit has a whole suite of documentation to guide you through the restructure and redundancy process - <https://www.hrtoolkit.co.nz/hr-document-library/toolkits/restructuring-toolkit/>
2. We also have a number of recorded webinars on the website - <https://www.hrtoolkit.co.nz/video-training/> . A number of key ones which would be:
 - a. [Assessing your business](#)
 - b. [Restructuring and Redundancy](#)
 - c. [Courageous conversation](#)
3. And of course, I am always here to help, just give me a call on 021 741 544

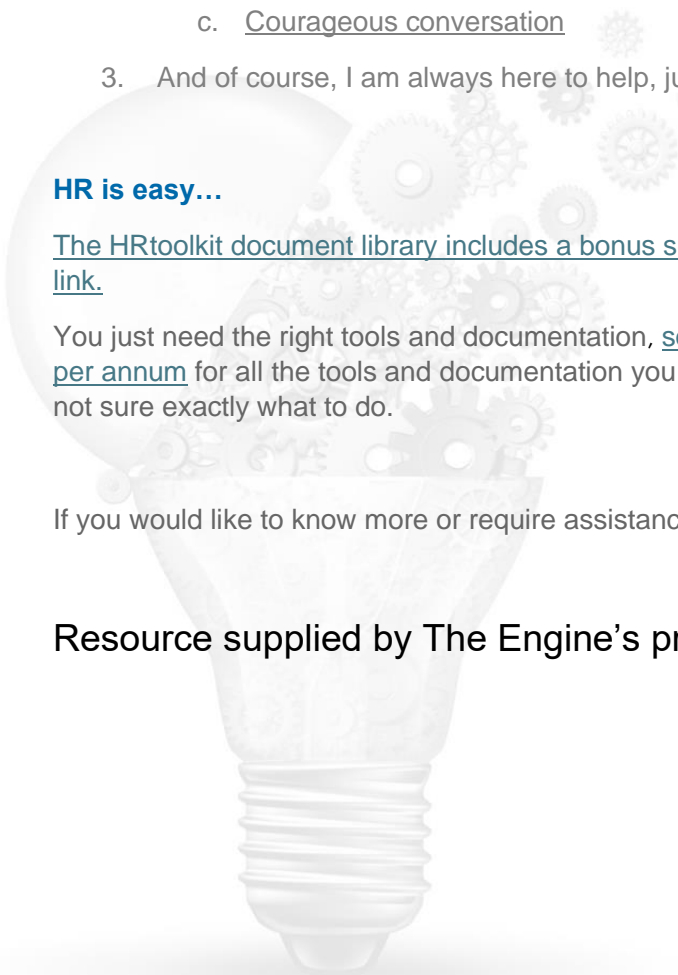
HR is easy...

[The HRtoolkit document library includes a bonus scheme template which can be found at this link.](#)

You just need the right tools and documentation, [so sign up for HRtoolkit for only \\$349 + GST per annum](#) for all the tools and documentation you need, and access to the expert when you are not sure exactly what to do.

If you would like to know more or require assistance please contact [Lisa Mackay](#)

Resource supplied by The Engine's provider:



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