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EMPLOYEE RETENTION

Make the Right Personnel Decisions Now to Thrive After the Crisis

by Rebecca Homkes
Senior executives are now rightly worried about what the crisis and subsequent downturn mean. While the concern is understandable, leaders must remember that downturns can be a great time to grow. The challenge, therefore, is not just to get through this period but to survive it in such a way that you can reset in order to thrive. That depends on decisions you have to take now — and many of the right ones may not be the obvious ones.
To be sure, you’ll have to do the basics, which are mostly about making sure you have enough cash on hand to stay in business. The playbooks for that don’t need rehearsing here. But pretty quickly, you’re going to have to start making decisions about your people — and that’s when things really get strategic. Your people decisions will fall into four categories:

1. **Repurposing**

Your first step (once you’re sure you can actually stay afloat) should be to look at which parts of the business (plants, lines, people) are paused right now that you could quickly repurpose. Why is this strategic? Simple: thinking about what else your people can do in a crisis opens your eyes to possible strategic adjacencies and partnerships for after the crisis.

Start by thinking about what your country or community might need to help them get through the crisis. In the U.K., Formula One teams are switching plants to making ventilators. In France, perfume giant LVMH is re-purposing to making hand sanitizer. In the US, Tito’s vodka is repurposing to making hand sanitizer and giving it away for free. Companies with home sewing networks are turning them to making masks.

Repurposing can also take the form of borrowing and lending your people. If you run a chain of retail stores that has been forced to close shops, can your employees be sent to work temporarily in another company? One fast fashion retailer in the U.K. is allocating 5,000 employees they would otherwise have to have furloughed to a grocery store. Do you have delivery drivers who used to deliver supplies to restaurants who could instead deliver similar products for other companies to shared kitchens or homes? Ask yourself if you should be on the sending or receiving end of employee borrowing, and if so, with whom?

2. **Engagement**

No prizes for guessing why this is strategically important. Part of getting through the survive phase is bringing your employees along with you and ensuring there is clear, consistent communication and frequent check-ins. This communication should be for wellbeing and updates, not micromanagement (not everyone can work an eight-hour day while home-schooling elementary children).

How this is managed depends on the state your business is in right now: constant and frantic (food delivery, grocery, collaboration software); paused and possibly panicky (leisure and hospitality); or significantly slowed down but otherwise functioning (many industries right now). If you have a mix of these situations, make sure your communications are consistent, but also tailored to each group.

I advise nominating one person to “own” the employee pulse during the next three to six months — employee engagement and well-being needs to be in one person’s hands. In larger companies, there should be someone for each business unit. Preferably that person should not be the CEO, for whom it will likely become just one more thing on the list that will get skipped. The company cannot afford
for that to happen right now. And do not default to your head of HR. Look for someone that people feel can empathize with them and who has credibility.

As CEO, check in daily or twice weekly with your pulse owner to get a sense of how the employees are doing, address any issues escalated to you, and make sure that people know exactly how you’ve acted on them. Above all, remember that communicating in bland generalities about change and uncertainty only scares people and erodes your credibility to lead through the crisis.

### 3. Learning, learning, learning

Now is not the time to flatten the learning curve — the winners will be those that steepen the learning curve this year. Learning is something too often skipped during the survive phase, but will set apart those that will thrive.

For workers not engaged in business-critical operations and not furloughed, you should encourage cross-department learning. The sales team should still be communicating with customers and selling, but as they are no longer traveling, they should also have a few more hours a week than usual. Can they spend this time with customer service people to better understand your ideal customer profiles or help build a customer program? Make a list of learning needs departments have been requesting and use this time to address them.

As you do this, push people to go beyond the basics by asking them to think how each aspect of your company’s value chain will be challenged now and going forward. Not doing this signals that you assume everything will switch back to January 2020 when we can return to work, which no one believes. Again, no prizes for guessing the strategic importance of this.

### 4. Letting people go

Yes, you will likely have to do this in the coming months, with pressure growing as lockdowns and other severe measures get extended. Layoffs are hard and emotionally trying, but facing up to them is part of your job as a leader. Protecting your balance sheet and staying in business must be your overriding concern. If doing so entails making layoffs, it is your duty to do so — if you do not, you put the company’s financial viability at risk and everybody working for you could be without a job.

Make sure you really understand unit economics before you lay anyone off. Evaluate by solution, market, or customer segment to decide what to stop, pause and slow given current demand — and let those decisions determine if and where you should be making cuts.

If you do need to make layoffs, do them at once and early. You need to be in a position to reassure your remaining employees that the cut was the only one you foresee now. Working for a company with multiple rounds of layoffs is demoralizing and painful and will only bleed the employees you want to keep. This is a terrible time to let workers go, so if it must be done, be as humane and generous as possible.
You cannot always protect jobs, but you can protect people, who are, after all, often your most strategic asset. Review your country’s current response mechanism, as many offer significant payments of employee wages if no layoffs happen. Re-review your repurposing or borrowing options. If this is not enough, your first options should be contract workers or agencies, employees nearing retirement, or those who may be more ready to take an early exit. Furlough if necessary, with the best benefits you can provide, and provide exceptional references that can take into the next opportunity.

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This is a time people will long remember, and reputations will be won and lost. When your leadership is considered, you will be remembered just as much for how you make, communicate, and act on these choices as for the choices themselves. Be honest, be open, have the courage to reset your business and you will not just survive, but thrive.

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