

Navigating a Crisis

Lesson 6-3: Protection of Assets – People

Discussion Guide – Confidentiality Reminder

One Word Check-in

Update – Personal, Business, Leadership

“Here is a simple rule of thumb for behavior: Ask yourself what you want people to do for you; then grab the initiative and do it for them!” Luke 6:31 (MSG)

People are the heartbeat of an organization. Some may call these individuals employees or staff, but it is best to refer to them as people. It’s critical to value the men and women who dedicate their lives to making the company successful.

A company is a community of people executing on behalf of the company. They know the strengths and weaknesses of leadership; they know the customers and what their needs are; they are on the front lines of establishing the firm culture and they execute activities which create value.

Successful companies start by taking care of their people. If leadership lightly dismisses the value people create, then leadership views their team as an “expense” and not an “asset.” The result is a lack of trust, as the team will have limited trust in leadership and in turn, customers will have limited trust in the company. This lack of trust makes it more difficult to survive a crisis. A company with a strong culture always outperforms a firm with poor culture. Get the culture right and many things in your organization take care of themselves.

Consider layoffs only when there is no other choice. Layoffs will negatively impact company culture, but there are times when the financial situation is so dire there is no other choice. The negative impact would be significantly greater if the company went bankrupt and everyone lost their jobs. If layoffs become necessary, company leadership must understand how this affects people. Many become emotionally scared and likely will never fully recover financially.

Show value in times of crisis. The people on the company’s front lines will bring the company back from the brink of disaster. Company leadership is important, but it is staff that will execute the sales and delivery of product or services. Below are ideas for company leadership to show the people in your organization that they are valued and needed during a crisis.

- Provide hope and guidance.
- Take a salary cut prior to any layoffs. Staff need to see you have “skin in the game.”
- Engage the staff on the company’s status and be truthful and transparent with them.
- Find ways to help laid-off staff if there must be a layoff.
- Ask the staff to think like an entrepreneur by asking them to 1) help find ways to save money, 2) help find ways to become more efficient, and 3) determine what the customer really needs and how this can be met.

Shared Experiences:

- Can someone share how they relate to thinking of staff as “people” rather than “employees”? What does this convey to you?
- Has anyone ever been laid off due to a crisis? How did this affect you emotionally?
- Has anyone ever had to lay off staff? What were the results to the company and to its people?
- How would you balance the need to preserve cash versus laying off people?
- What do you see as significant ways a company can value people in the midst of a crisis?

Bottom line: The Golden Rule is a biblical principle that, when applied in a company leadership setting, creates a thriving company. A crisis brings out the best and worst in leadership. Leaders must do what they know to be the right thing, no matter what everyone else does. Having empathy helps leaders do the right thing.

One Word Check-out

Dig Deeper

Want to learn more?

- *Video:* [How to Overcome a Layoff](#). Watch Christopher Williams give his six recommendations to overcoming a layoff.
- *Video:* [Recovering from a Layoff](#) by Dave Ramsey. This is an interesting dialogue with Ramsey and a caller named Julie that is having her job eliminated. Anyone who goes through being laid off should listen to this.
- *Video:* [These People Took Voluntary Cuts to Prevent Layoffs](#) by Yahoo Finance. Five years after Gravity Payments CEO Dan Price slashed his million-dollar salary to pay his staff more, his employees voluntarily are doing the same so that there would be no layoffs. This is inspirational.
- ¹*Article:* [HBR-Layoffs That Don't Break Your Company](#) by Sandra J. Sucher and Shalene Gupta, May-June, 2018 Issue

Competition creates significant financial pressure.

The extremely competitive global economy allows for almost no margin of error in business. Unless organizations plan and execute with precision, it is likely there will be pressure on company finances. This wasn't always the case – in the 1960s and 1970s, company layoffs were rare. Less than 5% of Fortune 500 companies had layoffs,¹ but this began to change in the 1980s as global competition increased and business cycles placed pressure on company finances. This pressure was heightened by Wall Street's expectations to produce profits and growth. The result on today's environment is that when significant errors in planning or execution occur, the potential to have a quick recovery is very difficult. For example, Boeing took short cuts in the planning, testing and approval process for the 737Max. Because of poor leadership, this created extreme financial pressure as the company entered the COVID-19 crisis. In 2020, Boeing announced 12,000 voluntary and involuntary layoffs ([Boeing Q1-10-Q](#)).

Layoffs can be a short-term fix that create long-term problems.

Since people are considered a "cost" in many organizations, layoffs are often the first choice to achieve short-term profitability instead of sustaining a long-term strategy. Here is the reality: after a layoff, those continuing at the company (survivors) experience a 20% decline in job performance and a 42% decline in job satisfaction (HBR). Layoffs rupture the current culture of an organization and form a new culture of distrust, poor team execution and low commitment to the company.¹ Clearly, there needs to be a better understanding of the full ramifications of layoffs in American companies.

Value your people more than your profit in a crisis.

For example, a local Lexington restaurant group valued their people more than profit during the COVID-19 crisis. Company financial models proved it would be best to close all of their restaurants at the beginning of the pandemic lockdown, but they choose to only close the dine-in portion of the business and keep the carryout business. They were able to keep 25% of their staff employed in curbside pickup. For the staff that was laid off, they challenged restaurant patrons to purchase \$100 gift certificates that would immediately go to their laid-off staff. In addition, the group's owners matched this amount dollar for dollar. These gift certificates could be redeemed at \$120. Using this strategy, the firm grew their carryout business and decreased training costs when they reopened. Because this company had grown their balance sheet, they had flexibility in finding ways to help their staff.