

Discussion Guide

“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 (Message)

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 with taking care of their people. If leadership lightly dismisses the value people create, then leadership views their team as an “expense,” not an “asset.” Organizations with this view have limited dedication to their people, and as a result, there is limited trust in leadership. If the team has limited trust of company leadership, customers will have limited trust of the company, which 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 itself.

Consider layoffs only when there is no other choice. Layoffs can 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 job. If layoffs become necessary, company leadership must understand how this effects 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. 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 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 determine what the customer really needs.

Discussion

- How do you relate to calling staff “people?” What does this convey to you?
- Have you ever been laid off? How did this effect you emotionally?
- Have you 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?
- How might this change depending on the crisis a company might face?
- 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.

Dig Deeper

The extremely competitive global economy allows for almost no margin for error. 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 (HBR-Layoffs That Don't Break Your Company) but this began to change in the 1980s as global competition increased and there were business cycles that placed pressure on company finances, in part, because of Wall Street's expectations to produce profits and growth. 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 and the company as it entered into the COVID19 crisis. In 2020, Boeing has 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 a 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 culture of an organization, which forms a new culture of distrust, poor team execution and low commitment to the company.

Clearly, there needs to be a better understanding of the full ramifications of layoffs in American companies. An excellent resource is an article from Harvard Business Review: [Layoffs That Don't Break Your Company](#).

Unemployment during in the COVID-19 crisis

According to the [U.S. Bureau of Labor Statistics](#), unemployment during the pandemic peaked in April 2020 with 23 million Americans unemployed, which was an increase of 17 million from the low in February 2020. This was a 11.2% increase in unemployment, which is almost solely due to the economic impact of COVID19.

Value your people more than your profit in a crisis

For example, a local Lexington restaurant group valued their people more than profit in a 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.

For more information, visit the below resources:

- *Video:* If you have been laid off, watch Christopher Williams give his six recommendations on [How to Overcome a Layoff](#)
- *Video:* Watch Dave Ramsey's recommendations on [recovering from a layoff](#) to someone who was recently let go
- *Video:* Watch what [Gravity Payments leadership and staff did to avoid layoffs](#).
- *Article:* HBR-[Layoffs That Don't Break Your Company](#) by Sandra J. Sucher and Shalene Gupta, May-June, 2018 Issue