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With the gradual lift of COVID-19 restrictions, businesses are faced with numerous concerns--navigating risk, managing costs, and making difficult decisions, all while faced with trying to predict what may happen in the future.

As companies shift their focus to develop safe return to work programs and business continuity plans, it is crucial they consider the people implications to cost containment and how decisions that do not appropriately address these areas can adversely affect the bottom line.

People-related costs are typically the largest expense items on the operating budget. Continuous product delivery and efficient cost of operations are imperative; therefore, organizations must objectively evaluate and identify the right mix of talent to maintain operational effectiveness and efficiency.

Many companies, already struggling prior to the COVID-19 lockdown, potentially had plans on the table to “right size” their workforce and operations. Major capital expenditures to reduce technical debt and improve human capital deficiencies may have been put on hold or deferred. The decision to reduce staff is too often pushed to the back burner, or avoided altogether due to concerns over emotional fallout.

“I can’t tell you how many board meetings I’ve been in where the CEO is anguished over the impacts on morale that cost cutting or layoffs will bring about. You know what hurts morale, even more than cost-cutting and layoffs? Going out of business.” (Heidi Roizen: <https://www.brainyquote.com/authors>).

NOW is the time to reevaluate business plans and execute difficult workforce decisions in order to reduce costs and improve profitability within the context of today’s environment. It is critical that businesses assess, at a minimum, the following G&A impacting areas when executing a workforce cost reduction strategy:

- Reevaluation and business justification of all positions across the organization (includes contingent, and outsourced resources)
- Professional Employer Organization (PEO) service agreements and itemized fee details
- Health and welfare benefit plans, broker agreements and service delivery levels
- 401(k) Plan contributions, perquisites and unfunded benefit obligations (such as PTO)

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Limit risks by understanding and complying with legal, regulatory and other employment obligations:

- Changing legislation and other legal and governmental obligations (COVID-19 Safety, ERISA, EEOC, OSHA, WARN)
- Potential implications of Payroll Paycheck Program (PPP) loans, if applicable, before initiating staff reductions
- Collective bargaining agreements
- Employment, Severance and other agreements

It is no longer the largest company that succeeds, but the company that is the fastest to pivot and make the informed choices necessary to strategically manage their path forward. While it can be challenging for companies to know where to prioritize their time, energy and resources in light of current circumstances, delaying making difficult decisions affecting the workforce will only lead to one thing--more problems, which will ultimately consume more of their energy, time, resources and valuable capital.

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## About Primed Business Consulting, LLC

We partner with our clients to address complex business problems, determine and implement the right solution to drive positive change, and deliver sustainable results. Our core competencies include interim leadership, business strategy, operational efficiencies, organizational and culture alignment, mergers and acquisitions, restructuring, remediation, spinoffs, and performance improvement. Our complimentary and compatible team of experts know where, when and how to add value across Strategy, Finance, Human Resources, and Information Technology.