



# Spring '09 Newsletter

## What shall we do about poor old Pete?

The current economic climate is beginning to hit many small businesses harder than we think. The statistics of failing companies are not encouraging, and the outlook gloomy. Many businesses, perhaps with a little help and advice, will weather the economic storm. Those that do survive will most likely come out stronger and more able to compete in what will undoubtedly be a different market in which to operate.

For many SMEs, **falling revenues, shrinking margins, cash flow issues** and the current squeeze on financing are leading to many sleepless nights. The real cost to a myriad of business owners and department managers is the stress and soul searching of the prospect of having to say goodbye to old and trusted employees, colleagues, no... most likely friends.

SME's in the UK account for over 90% of our economy, the vast majority are privately owned companies that have built their business through hard work, good enterprise and a dedicated work force. Most will not have experienced a recession such as the one we have slipped into. **Bold, innovative and diverse moves** may be the answer to many, while **sticking and shrinking to the 'core business'** may be the best answer for others.

**The important thing is to act and not wait for the inevitable. Take control of your business now. Call us now on (01252) 709031 we may be able to help.**

## The reality of redundancies and lay-offs

Redundancies and lay-offs 'always' have a profound emotional effect, whether for the business, owners, department heads or the employees at the receiving end. Most companies will have 'old Pete' who has worked diligently for the company for 10 or more years, knows everybody in the organisation, always willing to put his hand to anything at anytime, will happily come in on Friday nights and weekends at a moment's notice. While everyone appreciates business survival means hard decisions, the emotional cost is often much higher and must not be underestimated, particularly by those looking on.

Whilst no one is irreplaceable, the investment in and resultant value of people over the years can be quite substantial, with things such as training an obvious investment. But what about the not so obvious values like in-depth knowledge about your business and products, relationships with customers and suppliers, the 'quirks' and cycles of the company that staff accommodate, plan and smooth? Once lost, it's gone.

I am not at all advocating a soft, 'hang-in-there-fingers-crossed-it-might-get-better' approach, but I do encourage all businesses to seek help at looking beyond the bald financial statement first and foremost, and look at other efficiencies, uses of assets, etc. I encourage you to consider a strategic view and perhaps options such as diversity, and other related financial plans for the business before taking the irreversible steps of redundancy. **Staff loss nearly always has positive and negative results and, like most things in business, is a balance.**

## Use this opportunity to improve the business through change

If staff reduction is inevitable, the start of the process of 'how many, who and when', is usually the jolt of reality that generates the inevitable feelings of failure throughout all those affected with the task. Where does 'poor old Pete' fit in to the criteria? Can we make any exceptions? Would he work for less or 3 days a week only? The gloom can spread quickly throughout an organisation with disastrous consequences if the strategy is not properly thought through and the process not controlled adequately.

The bottom line is, a company has to make 'business' decisions to stay in business - to grow and prosper - whether it is a small family-owned organisation or a multimillion pound organization. PBS are experienced in ways of dealing with this situation that significantly reduces the stress for all concerned, satisfies the company's needs and may even put a smile on 'old Pete's' face.

PBS are working with clients in the midst of these dilemmas. I hesitate to call them a distraction, since getting it right is fundamental to the business; however most businessmen and women would rather focus on their customers, suppliers, products and services. At a time of financial turmoil and industry downturn, everyone is trying to predict the future and decide what is the right course of action towards the staffing and costs to their business. Put away the crystal ball, gather the data and act on what you know - **get help on what you don't know.**

This month we are looking at the increasing pressure on SMEs to ensure they are ready to make the difficult key staffing decision that are an inevitable part recent market conditions.

The good news is it doesn't have to be all about losing staff, it can just as importantly be about retaining key members of the team, assessing skills and toping the skills base. And, as with most business issues, if dealt with in a timely, sensitive and proactive manner the more difficult decisions need not cast gloom, and may in fact add new life to your business and your team.



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PBS has joined in partnership with HR Handover [www.HR-Handover.co.uk](http://www.HR-Handover.co.uk). We regularly hold free joint seminars across the south of England, so if you are affected by any of the above please email [info@PBS-Management.com](mailto:info@PBS-Management.com) for our next free seminar or call us on 01252 709031



**One thing PBS advocates is an analysis of the 'wealth creators' within the business, as well as the blockers and the 'wealth eroders'. There is no alternative to real data when making these important decisions. Who or what creates the value within the business? Examine also how the dynamics of the organisation (culture, department interaction process, leadership) help or hinder its efficiencies & effectiveness. For the full version of this Newsletter, email us today [info@pbs-management.com](mailto:info@pbs-management.com)**