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Take care in adjusting work force

Managers will need to develop a strategy if economy requires a personnel reduction.

For most San Antonio companies, the period from 1996 through the end of 2007 was a time of solid growth as evidenced by the expansion of our sales and work forces. But now our national economy is reeling, and local companies are starting to feel the need to adjust accordingly.

Unfortunately, many companies now are facing the need to reduce the size of their work force to match a slower economy. Making the situation more difficult, management at many companies, particularly those that were formed in the last 15 years, will be forced to do something that they never have done before - strategically reduce the size of their work force in a way that ensures financial viability while minimizing potential damage that might result from a personnel reduction.

Management's first objective will be to determine how to reshape the organization in a manner that allows the company to produce the same quality of product and services with fewer people. As positions are eliminated, job responsibilities of the remaining employees often must expand. Managers and supervisors will be asked to perform functions that previously were performed by a subordinate. Training will be required, and work force dynamics must be considered as the company will, in many cases, be building new teams that have not previously worked together.

Employees may not understand the need for change, and some will resist adjustments to their job duties and resent that they are being asked to do more with less. Management will have to explain and to sell the requirement for



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change. A more sensitive area lies in how the work force reacts to the fact that friends and colleagues are no longer a part of the organization. How you treat those who are leaving is as important as how you treat those who stay. Your remaining employees will think that they are likely to be next. Management must overtly express compassion and fairness. Therefore, a key component of any reduction plan is to determine when and how to communicate to the work force that a significant change is about to occur.

There may be legal restraints that affect your reduction decisions. Employers should define the process that will be used to determine which employees will be terminated and, after the affected employees are identified, the list should be analyzed to ensure that no protected groups are disparately affected.

Employment agreements should be examined to determine the rights of the employees upon termination. If the company has a severance policy, it likely will determine the terms of severance benefits. The discharged employees will be concerned with their medical coverage, and the company is required to provide

correct COBRA notices to all affected employees.

If the company has more than 100 employees, the Worker Adjustment Retraining Notification Act, known as WARN, may be triggered.

If some or all of the employees are unionized, it is likely that the collective bargaining agreement will address the rights of the discharged employees, and it may affect the company's ability to realign job responsibilities. Other issues may include unemployment claims, timing of final paychecks, payment for unused vacation and sick leave, and possible effects to pension and savings plans.

Any reduction of force of a major employer in the San Antonio area will result in news coverage. There are several local PR firms that have experience in assisting companies facing these issues, and it is wise to manage, and hopefully control, your company's message. Your employees and customers will be reading the paper and watching the news — you want the message to be as accurate and as positive as possible.

Whether or not your company has experienced a reduction in force in the past, take advantage of those who have experience in this area, including employment lawyers, public relations specialists and accountants. You are facing a difficult task, and you should be careful about approaching it alone.

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