

## **Creative Approaches to Layoffs**

It's the classic layoff problem. Relief from bottom-line pressure on the one hand; and low morale, bad publicity, and the loss of talented employees on the other. In the face of an economic downturn they believe to be temporary, companies such as Accenture and Cisco have been resourceful in looking for alternatives to the traditional layoff.

On June 7th, consulting powerhouse Accenture announced a voluntary sabbatical program known as "Flexleave." Offered to about 1,400 consultants mostly in the United States, the program gives them 20 percent of their salaries and continues benefits over a six- to 12-month period. Stock options remain in place for those who took the offer. The only caveat: while employees may take another job during their leave, they can't work for a competitor.

And computer-networking giant Cisco Systems offered the 8,500 employees it laid off in April an unusual deal as well. Instead of a severance package, affected employees can receive a third of their salaries, all benefits, and stock-option awards while working for one year at a not-for-profit group already associated with the company.

It's more than just a collective case of the warm fuzzies.

### **Reaping benefits from imaginative solutions**

Companies that operate at the forefront of knowledge face not only pressure to solve their own problems in an innovative manner, but also the awareness that those let go today could turn up at a vendor, client, or competitor tomorrow. For high-profile companies such as Accenture and Cisco Systems, those are compelling challenges.

"Accenture has a great solution for a temporary downturn," said Bill Coleman, senior vice president of compensation at Salary.com. "You don't lose the people you worked so hard to recruit and train, you're not doing what everybody else does, you look terrific to those large alumni communities, and in some ways it's really a loyalty-builder."

Employees who chose Cisco's or Accenture's package get very real psychic and personal benefits. They are able to retain their status with a desirable employer, while being able to pursue a special interest or simply rejoice in being home during the week. For the aspiring great American novelist or the normally airborne consultant who is the father of toddler twins, this can seem like a once-in-a-lifetime gift.

Another option is to refuse to terminate people at all. Southwest Airlines, which employs 32,000 people, has a no-layoff policy. Federal Express, with more than 215,000 employees and contractors, has a similar policy, so when shipping volumes decrease, the company leaves jobs open, takes job requisitions off the books, and cuts hours.

Even companies who must lay off people have more wiggle room than they might think for an imaginative solution that suits their circumstances. "When I was laid off I was given one hour to leave the building and treated like a criminal," said David Gebler, who is now president of Boston's Working Values Group, a firm that helps companies run layoffs in a way consistent with their values. He says it's not altruism, but making sure organizations think beyond financial implications to the impact on other stakeholders - and on the vendors, customers, and suppliers watching closely to see how a company under pressure reacts.

**Creative layoff strategies.**

Company	Strategy
415 Productions	The company offered either an overall 5 percent pay cut, or a four-day work week reflecting the appropriate decrease in pay.
Acxiom Corporation	A 5 percent mandatory pay cut, plus an additional 5 percent volunteer pay cut is tempered with increased stock options.
Charles Schwab Corp.	The company guaranteed a \$7,500 bonus for any affected employee who gets rehired within 18 months. In addition, company founder Charles Schwab and his wife have created a \$10 million educational fund for these workers. The fund will cover as much as \$20,000 worth of tuition over two years at accredited academic institutions.
Texas Instruments	The chip maker began "lending" several human-resources staffers to vendors for as many as eight months, with the intention of bringing them back to their original jobs at the end of that period. The supplier reimburses Texas Instruments for the staffers' salaries during the loan period and agrees not to offer them a permanent job.

**Reset your expectations**

The recent layoffs - no matter how creative - mean a job economy in flux, and employment experts say they've seen changes in the way job hunters set their career paths. "People used to do five- to 10-year runs at companies; now they're doing two to three," said Michael O'Leary of Boston-based recruiter Kingston Dwight Associates.

"Lifetime employment isn't what we expect," added outplacement guru John Challenger, CEO of outplacement firm Challenger, Gray & Christmas.

Maybe not. But no-no words such as "caution" and "stability" are seeping into the vocabularies of even the most senior-level job hunters. Allan Steinmetz, founder and CEO of Inward Strategic

Consulting, a change management and strategy consulting firm based in Boston, said he knows one formerly powerful dot-com executive who now wants "just a job that pays me a salary."

And Sharon Jordan-Evans, founder and president of the Jordan-Evans Group in Southern California, says workers still want to find a place to land for a while. "People still desire to be loyal - I think that's human nature. But it's not the blind loyalty of the past."

- *Ruth Morss, Salary.com Contributor*