

## MANAGING PEOPLE AND COSTS IN THE “NEW NORMAL”

The COVID-19 pandemic has created new and unprecedented challenges for employers across all sectors. Whether your business has been obliged to “shut-down” or not, you may be facing some difficult decisions as you navigate the “New Normal”.

### What you need to know...

#### GET COMFORTABLE WITH BEING UNCOMFORTABLE



- A new hierarchy of needs is emerging in a post Covid 19 world. People will value safety and flexibility much more highly than in the past.
- Organisations globally and across most sectors are accepting that WHERE you work and WHEN you work barely matters – “in a company building Monday to Friday 9-5” may cease to be the norm or a requirement for billions of workers.
- Job security remains high in the hierarchy of needs for employees – business leaders predict that in order to survive and flourish, mind sets need to change from a focus on job security to people security – jobs WILL go, but by retraining, upskilling and reskilling to evolve business models and innovative job design people can be retained.

- Inevitably some hard decisions may have to be made at certain times in certain sectors. Changes to pay and conditions and job losses will face many sectors.
- It is said that you can’t cut your way to growth, but you can cut your way to survival.
- If you have to cut to survive, it is vital to look at all your costs

**KEEP THINGS AS SIMPLE AS POSSIBLE**



### What you need to do...

#### HEADCOUNT AND WORKFORCE PROFILE



Review the balance of:

- Permanent/temporary
- Full-time/part-time
- Directly employed/agency staff, consultants and associates
- Zero hours
- Casual

Restructure and if necessary, reduce your workforce to become affordable and effective

Look at the costs in all pay components:

- basic pay
- overtime
- bonus
- commission
- allowances

Consider variations to contracts of employment that enable your cost base to be sustainable. Gain agreement to new contracts but be prepared to dismiss and re-engage if necessary – a nuclear option but in extremis a necessary one for business survival.

#### PAY



## TIME



Look at and reduce the spend associated with:

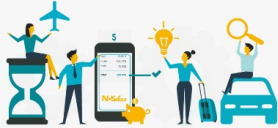
- Hours
- Shifts
- Rotas
- On-call
- Holidays
- Other discretionary paid leave

Review and if possible, revise the costs of:

- healthcare
- pensions
- company cars
- subsidies
- discounts



## EXPENSES



- Review, reduce and monitor and manage travel: seat class, mileage rates, hotel stars, subsistence rates, taxis.
- Review and reduce contributions to phone and utility costs.
- Other expenses?

- Reduce property footprint (fewer locations in lower cost locations)
- Renegotiate or terminate leases
- Review utility providers and charges
- Review operating hours to minimise utility costs

## REAL ESTATE & UTILITIES



## IT



- Scrutiny of outsourcing vs insourcing to optimise VFM
- Reduce use of contractors
- Take action to reduce staff turnover
- Virtualise server
- Increase use of Cloud technology
- Decommission software
- Renegotiate software licences
- Replace high-end hardware with mid-range hardware

Follow the example of organisations that identify, work towards and achieve the “5 Rights” and stand the best chance of surviving.

- Right Shape
- Right Skills
- Right Size
- Right Site
- Right Spend

## THE “5 RIGHTS”



## SEEK ADVICE



There are a lot of things to consider when making decisions around managing people and costs. If in doubt, seek advice from experts and professionals who will be able to provide advice, ideas and support.