

How About Giving Your Boss The Boot Instead?

Observations by Alan Sadowsky

Hardly a day doesn't go by without some large company announcing the layoff of hundreds if not thousands of workers. Normally coupled with canned "econometrically correct" excuses, this pink slip for the masses usually reads something like this:

U.S. computer giant XYZ Corporation said Tuesday that it is cutting another 2500 jobs... as part of its worldwide cost-cutting plan... its profit this year will fall further than expected... as demand for products lags... blah, blah, blah, blah, blah.

There is no argument that the economy has taken a beating in the past 8-10 months, but where does the real fault lie? Do we blame the dot.com startups for their narrow-minded 15 minutes of fame? Do we blame the venture capitalists for their insatiable greed? Do we blame the brick-and-mortar giants of economic growth for their tacit inability to look beyond the numbers? Not at all. Our Captains of Industry lay the blame right where they want it - as far from their own offices and boardrooms as possible.

Leading the charge under the banners of *cost reduction*, the combined forces of middle management, H/R, and the shock troops of The Legal Department sweep through the ranks of the workers without mercy. It's pedigreed cost reduction, and it's quite the chic thing to do. It shifts the focus away from upper management culpability, it's blindly performed by middle management, and seemingly only affects the expendable. That's big business, and it stinks.

The fact of the matter is that it is senior management who ultimately makes the decisions, and should ultimately be held accountable. It's the men and women with the big offices, the six-figure salaries and the seven-figure "compensation packages" that are calling the shots, not the worker bees. But when the promises of the pundits fail to materialize, or the profit margins fall short of projection, it's the worker bees that are sacrificed to placate the Wall Street analysts.

You just don't read about many CEO's and Executive Vice Presidents getting the boot - and for good reason. First of all, who in their right mind would fire themselves from a job like that when they can purge the rank-and-file? Second, the termination of a senior corporate officer sends shockwaves throughout the financial community and rattles stockholder confidence. Lastly, it threatens every corporate officer at every company, because it destroys the myth of infallibility relished by those at the top of the corporate ladder. It's preservation of the species, or as Mel Brooks once said; "Gentlemen, we have to protect our

phony baloney jobs!" One well-known company actually announced 3 new Vice Presidents just a week after terminating over 1000 employees under the guise of cost cutting. What these folks in the executive suite don't quite understand is that there is a *cost* to cost reduction.

- Severance packages often provide continued salary and benefits for weeks if not months.
- The loss of hard to find skills and experience is costly and sometimes impossible to replace.
- The loss of loyalty to the company and its products usually extends beyond the employee to family members, business associates, and friends.
- The stress and emotional toll on the remaining employees, always wondering if you're next.
- The increased workload of the remaining workforce. The work isn't gone, only the people that once did it.
- The loss of talent to the competition. Where else are people likely find new jobs?
- The likelihood that terminated employees will sue the company.
- The likelihood that there will be a proxy backlash. Lot's of employees are also stockholders!

Now this is just a partial list, but it's easy to see that the true cost of tightening the belt can run into the millions of dollars... dollars that will be spent for all the wrong reasons. There is always waste in a large company, and yes there are always employees who do not perform at expected levels. These are for the most part middle management problems, and should be addressed at that level. However, when senior management takes up the axe in an effort to compensate for its own shortcomings, it clearly does so out of self-interest.

All employees are accountable for their actions, and all employees are expected to live up to the standards and responsibilities of their positions. Senior management is no exception. There is no shame in showing a CEO the door, especially when it just might be the smartest, most cost-effective decision the company ever made.