

STRATEGIC WORKFORCE PLANNING: 5 SOLUTIONS TO STEER YOUR COMPANY THROUGH A RECESSION

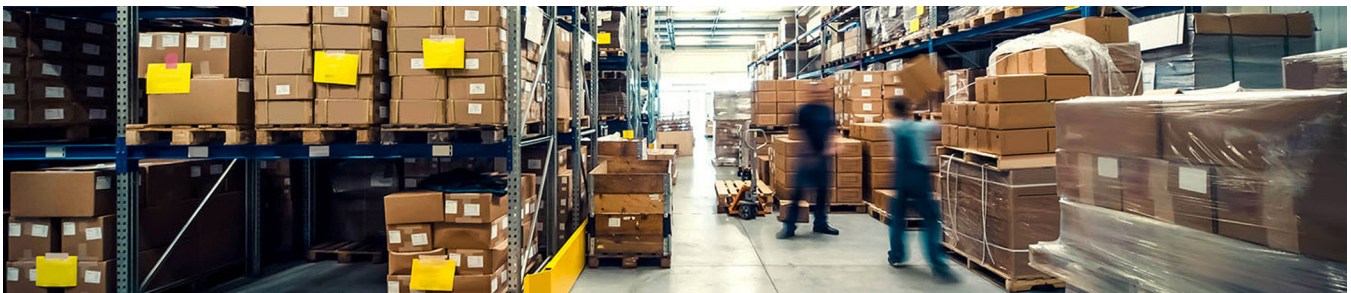
We've all heard talk of a recession. Many companies are tightening their belts as economic uncertainty remains, leading to hiring freezes, benefit cuts, and reduced payouts.

A recent [McKinsey](#) survey showed economic sentiments changing from positive to negative shortly after the [Silicon Valley bank closure](#). Moreover, mass layoffs are still plaguing companies. In a [survey](#) of 1,000 business leaders, 61% of respondents said they would likely have layoffs in 2023, while 70% said they are likely to implement a hiring freeze.

If companies aren't cutting back on jobs, then they're reducing perks such as benefits and 401k matching. According to a recent [survey](#), nearly half of employers want to cut back on their benefits packages, and 95% of leaders plan to reexamine their strategies. Although a recession is not certain, all signs certainly point in that direction. As an employer, you need to start planning ahead.

How Can You Prepare for a Recession?

- 1. Manage overhead costs.** You must be prepared to assess and manage overhead costs. As consumer spending decreases, there will be a reduced demand for products and services — and, naturally, less revenue overall. It will be important for you to know what your current financial landscape looks like and have a plan for adjustments moving forward.
- 2. Upskill your current talent.** With a decrease in revenue, you may not be able to hire as many employees as you may need. This is where developing your existing talent pool comes into play. You will need to learn how to not only upskill your current employees but prepare them to work across departments.



3. Streamline processes. It is likely your employees may be stretched thin during this time. This is where streamlining processes using artificial intelligence and digitization can be extremely beneficial. Using these tools to alleviate certain job tasks will give your employees more time and mental capacity to help in other areas, such as strategy, forecasting, and team collaboration.

4. Mitigate employee burnout. During a recession, you will need to work extra hard to reduce burnout. A recession will likely be hard on your employees personally and professionally. While it is important to create strong business plans, showing empathy and understanding to your current workforce must also be a priority.

5. Overcommunicate. During a recession, business plans and staffing structures may change quickly. The most important thing you can do for your employees is communicate with detail and clarity. It is better to overcommunicate during times of uncertainty so you don't risk leaving your employees in the dark.

While these may seem like daunting tasks, we can help you lead during a recession with confidence. Here are some solutions you can implement now.

Problem: High Overhead Costs

Assessing Overhead Costs

The first step to managing costs is to assess costs and take the pulse of where you are at as a company. You can assess overhead costs in the following three ways.



1. Calculate labor cost as a percentage of revenue. This involves dividing total labor costs by total revenue to calculate the percentage of revenue that goes toward labor costs. This metric can help you understand how much you spend on labor compared to your overall revenue and identify areas where you may need to adjust staffing levels or labor costs to improve profitability.

2. Conduct labor cost forecasting. You can use historical data and future projections to forecast your labor costs over time. This can help you plan for future labor costs and adjust your workforce as needed to meet business goals.

3. Analyze labor productivity. By measuring productivity metrics such as output per employee or revenue per employee, you can gain insights into how efficiently your workforce is operating. This can help identify opportunities to improve processes, streamline operations, or adjust staffing levels.



Managing Overhead Costs

Now that you know how much you are spending as a company, you can start managing costs more effectively. The following are some solutions to help you manage costs during a recession.

Temporary Staffing. By hiring seasonal staff during times of high demand, you can get the help you need without committing to the costs of hiring full-time employees.

Temp-to-Hire Staffing. This is similar to temporary staffing but takes things one step further. Temp-to-hire staffing is just what it sounds like. Through this process, you can qualify employees on the job as temps before bringing them on board full-time. This is also a great way to vet employees and train them for a job before they take on the position full-time.

High-Volume Staffing. This involves building a large-scale workforce that can scale up or down quickly and easily when needed.

Central and On-site Solutions. Many staffing companies have centralized hiring and support teams that can handle the bulk of the high-volume recruitment process and administrative work without adding additional headcount to your team. On-site teams can focus on getting qualified candidates started in your buildings and keeping them safe, engaged, and productive.

Problem: The Need for Skilled Employees

Upskilling Your Current Employees

While hiring new talent to bring fresh ideas and perspectives into your workforce is important, upskilling and cross-training existing staff is great during a recession. Ensuring individuals can step up in their roles as well as lean in and support other departments when needed will help you bridge the gap until you can hire new employees.

- 1. Plan your budget.** Budgeting for upskilling requires careful planning and prioritization to ensure that the organization can afford to provide training to its employees.
- 2. Allocate resources accordingly.** Once you have your budget, figure out how you will spend the money on training programs, workshops, certifications, and other educational resources.
- 3. Delegate.** Figure out who on your team is best equipped to facilitate these programs and maintain resources.



Problem: Inefficient Operations

Using Technology and Artificial Intelligence to Improve Operations

Digital tools and artificial intelligence-powered automation can streamline operations, reduce manual tasks, and speed up processes, resulting in increased efficiency and productivity. This can help reduce labor costs and optimize resource allocation. For companies, digital tools and AI are coming into play in the following areas.

Recruiting Automation. Many companies are exploring the use of AI and automation to streamline the recruiting process. AI-powered tools can help recruiters source and screen candidates more efficiently, identify potential biases in the hiring process, and improve the overall candidate experience.

Workforce Analytics. Workforce analytics tools are becoming increasingly sophisticated, allowing organizations to gain valuable insights into their workforces. These tools can help human resources professionals identify areas in the organization where skills gaps exist, monitor employee engagement and performance, and forecast future workforce needs.

Employee Wellness and Productivity Tools. Technology solutions, such as wellness apps, mindfulness programs, and virtual coaching tools, can help employees manage stress and improve their overall well-being.

Virtual Collaboration Tools. Video conferencing tools, collaboration platforms, and project management software can help teams work together efficiently and effectively, regardless of their location.

Problem: Burnout

Mitigating Employee Burnout

It is common for employees to lose motivation and feel burned out during economic uncertainty. These steps can help reduce turnover and increase employee loyalty, engagement, and well-being.

1. Communicate openly and regularly. You should communicate openly and transparently with employees about the state of the organization. Tell employees what steps you are taking to navigate the recession. This can help alleviate anxiety and uncertainty and foster a sense of trust and commitment.

2. Offer training and development opportunities. Training and development opportunities can help employees develop new skills and improve their job prospects.

3. Provide flexibility. You can offer flexible work arrangements, such as telecommuting or flexible schedules, to help employees manage their personal responsibilities and reduce stress. This can also demonstrate a commitment to work-life balance and employee well-being.

4. Recognize and reward employees. By recognizing and rewarding employees for their hard work and contributions, you can increase motivation and job satisfaction. This can be especially important during a recession when employees may feel undervalued or under-appreciated.

5. Provide employee assistance programs. You can offer employee assistance programs that provide resources and support for financial planning, mental health, and personal well-being.



Problem: Poor Communication

Communicating Effectively During a Recession

Effective communication systems can play a crucial role in reducing the impact of recessions on staffing. Here are some communication practices that you may want to implement:



Regular Company-Wide Updates. You can communicate regularly with all employees about the state of your organizations, the challenges you're facing, and the steps you're taking to mitigate the impact of the recession. This can help employees feel informed and involved in the process and reduce uncertainty and anxiety.

One-on-One Meetings. Meet with individual employees to discuss their concerns and provide personalized support. These meetings can help identify areas of concern and provide employees with the opportunity to discuss their worries, fears, and anxieties.

Open-Door Policy. You can maintain an open-door policy that encourages employees to share their concerns and seek support as needed. This can help build trust and foster a culture of open communication.

Transparent Communication. Communicate transparently about any staffing changes or potential layoffs, including the reasons for the decisions and the potential impact on employees. This can help employees understand the situation and prepare for any changes.



Whether an official recession is declared or not, it is clear that economic uncertainty is affecting businesses in many different ways.

And while staffing during a recession can be challenging, strategic preparation will help lessen the impact on your workforce.

Don't skip a beat. Contact us today to learn how contingent workforce planning can help keep your business moving in the face of a recession.

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