

Commentary: Save jobs through shared sacrifice

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In August 2019, 181 CEOs belonging to the Business Roundtable committed to align their companies around delivering benefits to all stakeholders — customers, employees, suppliers, communities and shareholders. This new standard of corporate responsibility followed two decades of putting shareholder interests above all.

Four months later, early cases of Covid-19 were announced. How do these two historical events relate? As individuals and organizations, we have new decisions and how the decision is made and who it impacts, matters. Even the New England Journal of Medicine acknowledges that the ramifications of Covid-19 are not purely health-related: “Epidemics reveal what really matters to a population and whom they truly value.”

Throttled by the pandemic, business owners are wrestling with not only how to save their companies during the present upheaval, but also how to shape the “new normal” to come in its wake. For many, layoffs are the presumed interim solution. But there are alternatives that have a proven track record for helping companies weather the storm and thrive in its aftermath.

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In 2008-09, Barry-Wehmiller, a global manufacturer, adopted a model of shared sacrifice to weather what was, at the time, the biggest threat to the organization’s business. Having implemented a strong culture of both care and accountability, it was a natural decision that brought the company’s values to life.

Today, Barry-Wehmiller employs 12,000-plus team members working in 26 countries with annual revenue of \$3 billion. The business and human implications of its decision were a faster recovery in 2010 and record performance every year thereafter as well as increased levels of trust and empathy. Barry-Wehmiller is now applying the same playbook to navigate Covid-19 in ways that show care for all employees.



As business owners today consider their options, we advocate a guiding principle that recognizes, “It’s not about saving my company. It’s about saving each other.” As we’ve counseled more than 1,000 business leaders whose companies have been stopped or disrupted by the pandemic, we’ve worked with leaders who share our belief that caring for internal team members first will build the army needed to take care of customers, suppliers/vendors and investors.

Business leaders who want to emerge from the pandemic with intact and energized workforces must consider the impact of today’s decisions on tomorrow. Readiness post-recovery requires the creation of new value (products and service needed right now), more value (increased efficiency) and better value (enhanced relationships).

They’re pursuing relentless reduction, renegotiation or elimination of expenses, addressing bonuses, retirement fund matches, capital expenditures, nonessential maintenance, perks adopted in more abundant times and more. Leaders at higher levels of compensation are bearing a greater share of the sacrifice.

They’re also communicating with empathy about being a good steward of financial resources while also protecting a future for all team members. Like Barry-Wehmiller, they are asking themselves and their teams to consider how a caring family would respond and choosing the path by which everyone absorbs some pain so no one member must experience dramatic loss.

On the other side of this pandemic, these are the organizations that will not only survive but thrive because they have cared for their teams, created additional value for their customers and shaped more sustainable business models. At some point in time, COVID-19 will be a historical reference. Future leaders will look at the decisions made today as either a guide or as a vivid reminder of what not to do. We all have collective responsibility for which it will be.

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