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## Employing People Through A Recession

Irenicon's hotline team are advising their way through their third recession since 1980. As business owners as well as advisors, we thought we would share some legal and practical tips that have helped our clients.

- Plan your business. If you add another month or two to your sales payment cycle and assume a 20% bad debt rate, where does that leave you? Set your budgets to survive on this basis.
- Don't just downsize. Explore opportunities to change your products/prices/services and sell more.
- Match your employment contracts to your business and make sure you build in the flexibility you need. If you don't, you will find yourself having to pay out more than you think.
- Use flexible and outsourced individuals to deal with variable and 'may be' requirements. Be careful, you may still be liable for tax and NI on self employed individuals, and they may be accruing the right to paid holiday. Make sure your arrangements are properly set up so you don't get a big bill at the end for back holiday or tax and NI.
- If you are taking over new contracts (particularly if they are at cheaper prices) be aware that you may inherit your competitor's staff at their original contractual entitlement and service (TUPE).
- You may need to run the business with less staff. Make sure that any redundancy exercises are properly designed and implemented, or they will end up costing you far more money than you hoped to save.
- Make sure that you are not overloading retained staff. If you overload people you can find yourself dealing with stress and bullying and harassment claims – that only leads to more stress, and a lot of financial problems.
- Make sure you keep your customer service levels high – find out why people do business with you, and make sure you keep delivering that.
- Make a plan to get through 2009 and let your staff know what it is. If no one knows what is happening, worry will kill your business.

### Irenicon Ltd

Airport House  
Purley Way  
Croydon  
Surrey  
CR0 0XZ

**Tel:** 08452 3030 50

**Fax:** 08452 3030 60

**e-mail:** [info@irenicon.co.uk](mailto:info@irenicon.co.uk)

[www.irenicon.co.uk](http://www.irenicon.co.uk)

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- Make sure you regularly update staff on how you are doing against plan and adjust your plans.
- Don't splash out on conspicuous luxuries while you are talking about economies. It will make everyone hate you and they won't forget it.
- Take the opportunity to redesign your business so it works for you too. So many business owners just work long hours to do what their team used to do. This may be an opportunity to work more profitably – work smarter, not harder.
- Do not ask your staff to work excessive hours for long periods of time – we all accept long hours in a crisis, but you can't have a crisis for months!
- Your ability to set goals and manage performance is increasingly critical. A small team needs to be as productive as possible and you can't afford the slack. Make sure you are setting realistic goals for your staff. If they didn't sell a million before the recession they probably won't now!
- If you need to make redundancies, don't leave it too late. You need to allow time for consultation, planning and to make sure you can actually make the payments when they fall due.
- Make sure you have up to date figures (profit and loss and cashflow) at all times. If you are working on the basis of 3 months or even 3 week old figures you are not on top of the situation.

Irenicon Limited offer an initial 20 minutes free advice - telephone 08452 303050 for your free 20 minute call with one of our consultants.

All advice is given subject to our [terms of trade](#)

**Irenicon Limited, Airport House, Purley Way, Croydon, CR0 OXZ**

Tel : 08452 303050 Fax : 08452 303060 Email : [info@irenicon.co.uk](mailto:info@irenicon.co.uk) Website : [www.irenicon.co.uk](http://www.irenicon.co.uk)

**Irenicon Ltd**

Airport House  
Purley Way  
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Surrey  
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**Fax:** 08452 3030 60

**e- mail:** [info@irenicon.co.uk](mailto:info@irenicon.co.uk)

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