

NewsFlash

by Linda Swerling ■

April 2, 2013 – The weather and the economy seem to have a lot in common these days: not only is it hard to tell when the bad patch will end, no one knows what's going to happen next. With nothing certain and disruption almost a given, resiliency has become the path to surviving and thriving and to enabling businesses to succeed amid unpredictable disruptions.

Managing in an Imbalanced World

Situation

The managing partner of a \$12 million engineering firm felt that the firm was at a crossroads. Founded in 1992, the firm had 110 employees. Given the unexpected length of the down economy coupled with the highly competitive marketplace, he wanted to look more closely at the firm's operations and financials to make smart decisions about how to change the workforce and technology infrastructure to become a more nimble and resilient company – one capable of thriving whatever the environment.

Problem

The managing partner engaged Level II Solutions to help in the assessment and recommendations in two key areas.

- **Workforce** – The firm had not laid off any staff for fear that they might be needed for new business. This resulted in high fixed overhead, including payroll and taxes, benefits, workers' compensation insurance, rent, computers, and phones.
- **Technology** – With the size of the staff and needs of an engineering firm, the investment in hardware, software, Internet, communication tools, and maintenance was enormous. The firm kept servers and maintained the data in the main office.

Solution

Working with the managing partner and several key staff from different areas of the firm, we analyzed workflow, sales statistics, and their use of technology,

discussed several options and recommended the following:

Workforce

- Reduce the staff by 15 percent, which would be sufficient to meet the current contracted work.
- As new work comes in, use either overtime or subcontractors to meet commitments until the firm has enough consistent work to warrant new hires.
- Keep a marketing coordinator on staff and outsource higher-level marketing efforts to a consultant or part-time marketing director.
- Outsource certain human resources functions or consider using a PEO (professional employer organization).
- Change the sales compensation package to a draw against commission so that it ties directly to revenue.

Technology

- Move servers and data storage offsite to a service company to enable reduction in office space and improve security and reliability.
- Assess moving software and program access to a cloud-based system to enable easy access for all employees wherever they are.
- Optimize use of the current accounting system and online banking capabilities to reduce accounting staff.

Results

- With the reduction in staff, the firm will move to a smaller space when the lease expires.
- Once the move is complete, the firm profits should return to pre-2008 levels.
- The change in the sales compensation package resulted in a higher ROI for the department.
- The firm will now be able to meet expanding or contracting business opportunities without adversely affecting the bottom line.

Would you like help becoming a more resilient company? Please contact us at 617-277-0222 or linda@level2solutions.com