

Layoffs: How To Predict And Survive Them – Part II

Layoff: *A reduction in force because of lack of work, curtailment of funds, reorganization or other reasons that are not without cause.*

Last week I introduced the topic of layoffs and some of the signs that indicate the possibility of it happening. This week I will cover some of those signs in more detail:

Departing sales staff: Sales personnel most often have a good understanding of a company's financial problems. With information on whether sales quotas are being met they are quick to understand whether a company's revenue is enough to survive.

Departing accounting staff: Accounting personnel are involved in balancing the books. An exodus of accounting staff may be a sign that the company is in trouble.

Changing job duties: If your job responsibilities and focus change frequently, it may be a warning signal that management is still unclear about their business plans and strategies. However, in industries which thrive on change, like emerging technologies and information management, changes in job responsibilities is to be expected. However, if your job responsibilities change every week, it may be a sign of deeper problems with the company's business plans.

General restructuring: Major shifts in business strategy can mean that management is adjusting and positioning the company for long-term success. Such changes often include shifts in human resources as they plan for future goals. In many cases management will vote to "clean house" and get rid of people who are no longer essential to the new corporate strategy. By staying alert to such shifts, you can position yourself to stay on board when those changes are implemented. This may involve keeping a close eye on management decisions and searching for internal information.

Lost / Unsatisfied clients: Clients, or your target market make purchasing decisions based on the product itself but also on the support for that product over the long term. No matter how small the company, clients usually conduct their own research into a company before making a final purchase. How far that research goes, and to what depth is up to the client. If you notice that major clients are buying elsewhere after reviewing your products, it may indicate that their research doesn't provide them with a good picture of your company.

Over saturation of the market: If you notice your target market is already saturated with a competitor's product, or that pricing is cheaper from a competitor, it may be time to find a new job. By following the money trail, and researching where your company makes most of its revenue, you will be able to assess whether your company is a worthy competitor in the marketplace. This especially applies to new businesses in the technology sector.

Unpaid bills: Suppliers nearly always have a good idea of a particular companies financial struggles. When money is owed and not repaid within a 30-day time-frame things begin to get serious in the accounting department. Most people in management will try and keep such information as secret as possible in the hopes of recovering quickly. Having trouble paying suppliers often translates into trouble paying employees. Knowing whether your company is being pursued by a collection agency can help you organize your plans for finding a new job.

Burn rate: Financial data is what predicts your company's future. A company's stock price is not an indicator, although it may reflect a general industry trend rather than indicate your company's potential for survival. "Burn rate" is a term referring to the amount of money your company spends each financial quarter to maintain operations. Information about venture capital investments is usually available, and provides a quick benchmark to compare with operations spending. If your company has \$800,000 in funding and the "burn rate" is \$900,000 each quarter (3 months) – then there is a big problem - unless revenues are sufficient to make up the difference. In this case knowing the company's revenues becomes important too.

Competitors: There are often other companies focusing on the same target market. Knowing the competition allows you to provide better offerings to potential clients, and can also help you gauge the future of your own company. Over saturation of the market is one sign, but too many failed competitors may suggest that either clients or investors have lost interest in the market.

In conclusion, layoffs nearly always have clear signs and indicators. Being laid off is not usually a happy event, and for many means major disruptions in their lives. To avoid these problems you can gather the right information and better decisions about your career. This will affect other important decisions, like purchasing a car, taking out a mortgage on a house, planning a trip, planning a family, etc. etc.

In a way you are forced to write your own "career insurance policy" that requires you to constantly gather new information, and be aware of many aspects of your company plans, strategies, competitors, and target markets.

If you have any comments or feedback please feel free to e-mail me at jakes@pepjob.com.