

# THE *PROGRESS REPORT*™

FROM THE FACILITATORS OF PROGRESS CONSULTING - (905) - 717 - 3242

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## COST REDUCTION EDITION

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**In the long run ...**

**You can't reduce your workforce  
unless you reduce the work.**

To maintain profitability and competitive pricing, many companies are constantly looking for means of taking costs out of their businesses. Quite likely, you are in a search for savings. Such adjustments may place unprecedented stress on the fabric of your organizational culture.

### **Reducing the workload**

Reducing the workforce without reducing the workload could constitute a direct attack on the needs of your customers and the capacity of your people to serve those needs.

### **Does eliminating people and departments eliminate the work they performed?**

Dismantling departments does not necessarily produce a proportionate reduction in workloads. If customers' needs remain after a department is dismantled, there will be unrelenting pressure on your organization for others to meet those needs. Yet those who remain may be less experienced and less qualified for those tasks than the department that was dismantled. The result – poorer customer service and greater employee stress. A destructive combination.

**You can't reduce the workload  
until you eliminate *the need* for the work in the first place.**

To achieve permanent reductions in the workload, you need a problem solving approach that eliminates *the need* for the work, through the identification of avoidable or low-payoff processes. In one company, we identified the potential for an 80% reduction in one type of paperwork only after their staff realized that much of their effort was in response to errors or shortcomings in *other* paperwork!

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## **Cost Reduction** *Continued ...*

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### **The need for an effective problem solving approach**

Sustainable cost saving opportunities seldom leap off the organization chart or financial statements.

They are revealed by an effective problem solving approach that creates a better understanding of how work is being done now and how it can be improved. Such an approach allows you to reduce costs without necessarily sacrificing the quality of the work employee's produce or their quality of worklife.

### **The impact of cost reductions on morale and productivity**

After the opportunities for workload reduction are identified, many firms can achieve some or most of the expected reductions through attrition or voluntary early retirement incentives. Even then, you face the turmoil of reassignment and retraining to match those who remain with the work that is left behind. That can be stressful on remaining staff. As one executive commented,

***Our downsizing is over. Where do we bury the survivors?***

By skillfully involving your people in the redesign and reallocation of work, you provide them with opportunities to accept, understand and adapt to their new roles, and then work *with* you rather than *against* you in launching the firm in its redesigned form.

***To find out how Progress Consulting can assist you  
in achieving permanent and workable reductions in costs,  
call us at (905) 717-3242***