



### **“The Personnel Section of a Business Turnaround Plan”**

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In this section of the Business Turnaround Plan, you will provide an overview of all those positions you will be keeping and why they will be retained in the post-turnaround period. You will also discuss those positions that will be terminated and why.

It has been my experience that the most significant cost savings you will realize during a business turnaround procedure will be in the personnel area. This is simply because the cost of personnel is very high and usually, there are a lot of nonproductive people associated with a company that is in distress.

Cutting staff and employee positions can bring significant savings in a very short period of time. In comparison, transforming and streamlining business processes, and realizing the associated expense reductions, is a much more detailed and drawn out process.

For example, if you know that a particular department is losing a tremendous amount of money, and this department could be transformed into one that is slightly profitable, but this transformation will take a year to complete, then do you really want to expend the resources to do this? I think for any business manager that is facing a bankruptcy or a complete business failure, the choice is obvious. It would be nice to keep these people, but it is not cost-justifiable or sustainable, especially given the dangerous situation the business is in.

As a result of this fundamental principle, the Personnel section of the business turnaround plan will likely contain a lot of information about terminating positions. This is an inherent part of the process.

Include an overview of the cost savings that will result. Again, list the



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time lines for the turnaround changes with enough detail to create a formal project plan.