# Keeping Culture at the Center: How to navigate economic uncertainty with your organization's values intact

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# Contents

# Introduction

With a steady barrage of high-profile layoffs, hiring freezes, and budget cuts currently dominating headlines, one thing is clear: Many organizations are feeling the effects of an economic slowdown. Leaders tasked with shaping and elevating company culture have understandably viewed these announcements with apprehension. Does this round of belt-tightening mean cuts to culture are coming down the pipe?

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It doesn't have to.

This playbook will help people leaders make the case for a continued organizational focus on culture even during an economic downturn. We'll cover the most urgent risks to culture and accompanying tactics for mitigating those risks, focusing on four key stakeholders: company leadership, managers, current employees, and potential employees.

But first: What is culture?

An organization's culture is made up of the set of values, philosophies, priorities, and behaviors that shape interactions, relationships, and work at the company. Put simply, culture is "the north star that guides an employee—regardless of where they sit—in terms of how they do their job, what their role is, or how they engage with others," says Al Dea, founder of Betterwork Labs.

When it comes to defining and shaping culture, the foundational step is defining your organization's values, advises Chloe Hamman, director of product people science at Culture Amp. "That's a core part: being deliberate about what kind of values, beliefs, or shared assumptions you need to have, and then making sure that the experiences, the strategies, the systems, and the process that you put in place all reflect that."

When macroeconomic conditions force companies to make tough decisions about budgets and talent management, the values and priorities that comprise culture are put to the test, as reductions in force, team reorganization, and cuts to compensation, benefits, and perks become real possibilities.

But according to Dr. Kenneth Matos, global director of people science at Culture Amp, one of the most important threats to culture isn't layoffs, budget cuts, or policy changes: It's neglect. When attention to culture is deprioritized, so are the practices that undergird it. Without continued care and attention, transparency can give way to a lack of clarity, a sense of community can dissolve into mistrust, and care for workers' whole lives can erode as overload and burnout take over. For those leaders who believe that their teams don't have the time and resources necessary to tend to their culture, Matos has a warning: "It's going to come back to bite you later on."

Matos compares shaping culture to cultivating a bonsai tree. "It could grow in a lot of wild ways," he says, "but if you really want to have it accomplish the particular goal you're setting out for, you have to prune it."

This playbook was written to help you do just that. In the following chapters, you'll find a blueprint for navigating and reducing each of these threats, organized by culture stakeholders. Each section covers what to prioritize, how to communicate and make the case for protecting those priorities, and examples of best practices, along with worksheets, scripts, and checklists to guide your efforts.

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**CHLOE HAMMAN**

Director of product people science at Culture Amp

# Stakeholders: Organizational Leaders

What's the opposite of neglecting culture? Codifying it.

While every single employee within an organization—
from c-level executives to middle managers to the newest
intern—plays a role in shaping your organization's culture,
it's the responsibility of leadership to equip them with a
clear understanding of how to do so, so that they can
remain culture carriers even during times of upheaval. If
layoffs are on the table, codifying your culture also helps
ensure that any cuts are carried out in a way that aligns
with your stated values.

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## Risk to culture: A lack of clarity.

So many things can change in periods of economic uncertainty: your budget, your workforce, your roadmap. Your culture doesn't have to—but preserving it is a near-impossible task if you can't say precisely what it is that you're preserving. "If you can't articulate it and put it onto a piece of paper, it doesn't really exist, or it exists in ways that you don't understand," says entrepreneur Jeff Wald, founder of the talent-management platform Workmarket and author of The End of Jobs.

Matos notes that an organization without a crisp definition of its culture runs a greater risk of becoming unmoored as economic pressures increase. "People are making decisions, but they're not making them within a cultural philosophy, and so the inconsistencies begin to creep up and people start calling them out," he says.

**PRIORITIZE: CREATING A CULTURE DOCUMENT.**

Ideally, your organization already operates from a shared definition of its culture. If not, though, right now is the time to put one in place.

This doesn't necessarily have to be an extensive undertaking like Netflix's famed—and lengthy—culture deck. Kieran Luke, COO of Lunchbox, notes that over time, his team has winnowed its culture statement from eight pages down to one. In fact, brevity can be a helpful tool, forcing you to focus on the most important elements.

Wald recommends starting with a four-question framework to build an overarching statement of culture:

**Who are we?**

Distill your organizational identity down to its most essential components. "What is that one sentence?" Wald says. "Can everybody at the company say that one sentence?"

**Why are we here?**

This is the place to articulate your organization's mission.

**Where are we going?**

This is a company's vision for its future, Wald says: "What is everyone oriented toward?"

**What do we stand for?**

Consider both the way you work (for example, do you put a premium on collaboration? Inclusivity? Creativity?) and your organization's place in the greater community and world (what are the societal issues your organization is willing to take a public stand on?).

**EXERCISE: CULTURE DEFINITION.**

Once you have this overarching statement in place, you can begin to drill down more directly on how it translates to the day to day. Make a list of the values that undergird your culture statement: Are you focused on the customer first? Transparent? Committed to continuous learning?

Culture Amp's Hamman recommends breaking each of those values down into its component parts: the organizational policies, company- and team-level rituals, and individual behaviors that the value comprises. Also consider each value's "shadow side," or the ways in which it could go awry. As an example, Hamman invokes the Culture Amp value of "learning faster through feedback"; a shadow side might be over-indexing on feedback to the point that it more closely resembles venting.

Below is a chart to help you pinpoint your organization's cultural values, seeded with Hamman's example:

| Value | What are the policies and rituals that support this value? | What are the behaviors that support this value? | What are the shadow sides to watch out for? |
|---|---|---|---|
| Learning faster through feedback | Building feedback phases into workflows | Soliciting feedback, willingness to embrace and act on feedback | Giving unwarranted or unconstructive feedback |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**EXERCISE: CULTURE TRADEOFFS**

Also key to defining a culture is defining what it isn't. An organization may want to emphasize both speed and quality, for instance. But at a certain point, those two are going to conflict with one another. And when they do, only one can win out.

Your culture document should identify and address those potential conflicts, so that when hard decisions arise—as they inevitably do in periods of belt-tightening—employees know how to make the culture-aligned choice. Below is a table to get you started, building on the previous example:

| Value | Conflicts | What gets sacrificed? |
|---|---|---|
| Learning faster through feedback | Autonomy to make quick decisions without waiting for feedback | |
| | | |
| | | |
| | | |

_____ "If you can't articulate it and put it onto a piece of paper, it doesn't really exist, or it exists in ways that you don't understand."

**JEFF WALD**

Founder of the talent-management platform Workmarket and author of The End of Jobs.

## Risk to culture: Misunderstandings around how cuts do (or don't) impact culture.

A scenario Wald poses: Let's say one of your values is being client-focused, with a policy that stipulates every client should get an in-person visit at least once per quarter. Now let's say you've had to pause those quarterly trips to keep costs down. It would be easy for employees who receive that information to interpret it as a change in cultural priorities: If regular visits were how you put the value into practice, then eliminating the practice must mean the value is no longer important, right?

**PRIORITIZE: PROACTIVELY REVISING YOUR CULTURE DOCUMENT.**
Make your culture document a living one. At regular intervals, revisit it, make changes as needed to reflect your organization's current reality, and communicate those changes to your staff. Maybe clients now get regularly scheduled Zoom meetings instead of face-to-face visits; codify that adjustment and share the update, along with the why, in your internal messaging.

## Risk to culture: Poorly handled layoffs undermine stated values and lead to lack of trust.

Inevitably, even the most compassionately executed layoffs will cause some loss of trust among remaining employees. Using data from employee engagement surveys at more than 400 companies over a three-year period, Culture Amp researchers compared changes in employee attitudes at organizations that conducted mass layoffs to those that didn't.

They found that the companies that laid off employees saw major hits to company confidence, commitment to the organization, and confidence in leadership, while those that retained their employees over the three-year period saw no change or modest improvements in the same categories. It was only after employers began hiring again that they saw these engagement figures begin to improve—one of several reasons why cutting jobs should always be a last resort after all other options, such as furloughs and reassignments, are exhausted. (We'll cover more on one such reassignment program in the chapter on current employees.)

If you do have to let people go, make sure your organization's commitment to upholding its cultural values doesn't end with your outgoing employees' tenure, both for those departing and because how those workers are treated sends a strong message to those left behind.

## PRIORITIZE: EXECUTING CUTS IN A WAY THAT ALIGNS WITH CULTURE.

In any internal communication, be explicit in mapping your decision-making process to the tenets of your culture. If courage in doing hard things is one of your organization's core values, for instance, point that out when sharing difficult information. If your culture is one that emphasizes employees taking care of one another, call attention to the ways in which your organization is caring for those affected by cuts—not only because it's the humane thing to do, but because your culture demands nothing less.

The message to convey is one of organizational integrity even in tough moments, reminding surviving employees that the culture they know—and that may have been a retention lever for them in the past—isn't going anywhere.

## TALKING POINT: EMPHASIZE SHARED SACRIFICE.

Somewhat unsurprisingly, research has shown that when leaders demonstrate that they're also impacted by cost-cutting, they can more effectively maintain employee trust and respect. Zoom CEO Eric Yuan's recent memo announcing the company's cuts is an example to emulate for its specificity:

> *"As the CEO and founder of Zoom, I am accountable for these mistakes and the actions we take today– and I want to show accountability not just in words but in my own actions. To that end, I am reducing my salary for the coming fiscal year by 98% and foregoing my FY23 corporate bonus. Members of my executive leadership team will reduce their base salaries by 20% for the coming fiscal year while also forfeiting their FY23 corporate bonuses."*

"When people see that their senior leaders are taking pay cuts, they don't get their bonuses, they're like, 'Okay, this is hitting all of us. This is real,'" Matos says. 'It's not just you sacrificing me in order to make your number.' That's really powerful.'"

## ACTION ITEM: A CULTURE POST-MORTEM.

"When a shock to the system happens," Dea says, "that can really spur a leader to level-set or reset—to reflect and think about, 'As a result of this, what do we need to do differently?'"

In whatever way makes sense for your organization—maybe a meeting of senior leaders, maybe an open employee town hall—gather together to discuss where your culture could be strengthened to avoid this same scenario happening down the road. Share a readout from your session company-wide, along with any concrete next steps that arose from the conversation.

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**AL DEA**
Founder of Betterwork Labs

# Stakeholders: Managers

Leaders may be the ones who define an organization's culture in theory, but managers are the ones who define it in practice. The ways in which managers coach their reports, motivate their teams, allocate and prioritize work, and assess performance—all are choices that can strengthen or undermine culture.

When it comes to culture, the manager level "is where the proverbial rubber meets the road," Wald says. "Making sure that the policies and behaviors are being reflected every day... If your middle-management team is not doing those things, you're losing the thread of your organization." Here are steps managers can take to effectively support their teams through economic uncertainty by helping their reports to maintain motivation, find clarity, and balance their workloads.

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## Risk to culture: Stress and uncertainty leave employees feeling unmotivated and disengaged.

Culture Amp research has shown that when an organization undergoes a major change—including some of the changes that often come with economic uncertainty, such as reorganizations, layoffs, and strategy shifts—employee motivation dips by an average of 6%. A more difficult economic climate can further exacerbate a lack of motivation in two ways: one, by pushing engagement down the list of manager concerns as more urgent challenges surface, and two, by worsening the personal financial stress employees carry with them to work (we'll cover more on that in the next chapter).

### PRIORITIZE: CULTURE-ALIGNED RECOGNITION AND REWARD.

Of all the levers managers have at their disposal to actively shape culture, "the most basic is reward and punishment," Matos notes. "What do you praise people for? What do you censure them for?" When more concrete forms of praise, such as a bonus or compensation increase, are out of reach, focus on rewarding culture-aligned behaviors in a lower-cost way: with recognition.

Workers who regularly receive recognition at work are significantly less likely to report feeling burned out and disengaged, research from Gallup and Workhuman has shown. At the same time, managers often overestimate how effectively they're communicating gratitude to employees. Communications to managers should highlight the importance of building recognition into regular workflows, and manager trainings should equip them with the tools to do so, whether through dedicated space in team meetings or by expressing gratitude in one-on-one conversations with reports.

**ACTION ITEM: IMPLEMENT FORMAL PROCESSES FOR RECOGNITION.**

One way to do this is to have regular culture carrier awards. Once a month or once a quarter, managers can pick an organizational value and invite their teams to nominate a colleague who embodies it. The benefits of this approach are twofold, Dea notes: "This is a nice way internally to boost morale, but also to serve as a very explicit reminder of, 'These values are a part of our culture,'" he says. "Make that public and visible so that other people know, 'If I want to be seen as someone who's successful here, this is something I can do.'"

Another option is for managers to encourage their employees to share this praise with one another directly. This could look like an icebreaker in meetings, for example, or a prompt for asynchronous shoutouts in a dedicated internal communications channel. Here's one sample prompt:

**Tell us about someone who lived one of our values today.**

**How did it show up?**

**What do you appreciate about the way they work?**

**PRIORITIZE: BEING PURPOSEFUL AROUND RITUALS.**

Workplace rituals are another low-cost, high-reward way to bolster engagement, productivity, and belonging. In her book Rituals Roadmap, workplace strategist Erica Keswin explains that a ritual has three components:

**1. It's intentional.**

**2. It repeats regularly, whether once a day or once a year.**

**3. It has an assigned meaning.**

"So if I am sitting here in my office and the lights go out and I light a candle, that's not a ritual," Keswin explained to Charter in 2021. "But if I light a candle every day at six o'clock to signify the end of the workday and the beginning of my time at home with my kids, I'm not lighting that candle to see anything. There's meaning and intention around it."

**ACTION ITEM: RITUALS READOUT.**

For managers, the job to be done is identifying and leveraging what's already there—an existing ritual may be a moment during the workday, a recurring moment of collaboration, a unique way of ending meetings, or a regular social break, for example.

Ask employees to share their answers to Keswin's self-described "magic question" for pinpointing rituals: When do you feel most [company name]-ish? The answer may be part of your organization's work or something outside of it: Leaders at Chipotle, for example, told Keswin that employees felt most Chipotle-ish during early-morning food prep, before the doors opened to customers, while Allbirds employees felt most Allbirds-ish at 4:00, the time when workers had a daily custom of doing push-ups together.

Look for themes and codify the most common answers.

Model participation in team rituals to encourage widespread buy-in.

## Risk to culture: Lack of clarity around expectations.

When organizational priorities shift and resources shrink, you run the risk of leaving your employees confused about what good work now looks like. Your culture is a safeguard against that confusion. By positioning it as an inextricable element of success, you can maintain a sense of consistency around expectations and norms. Put another way: If employees know they're evaluated in part on how well they embody your culture, they know what to aim for even when economic volatility changes the demands of the work itself.

**PRIORITIZE: PERFORMANCE FEEDBACK THAT ALIGNS WITH CULTURE.**

When it comes to scaling culture, "this is the holy grail," Dea says. "How do you line it up to actual performance-management mechanisms?" Building culture into your performance-management process is the clearest way to signal both its value to your organization and your commitment to maintaining it.
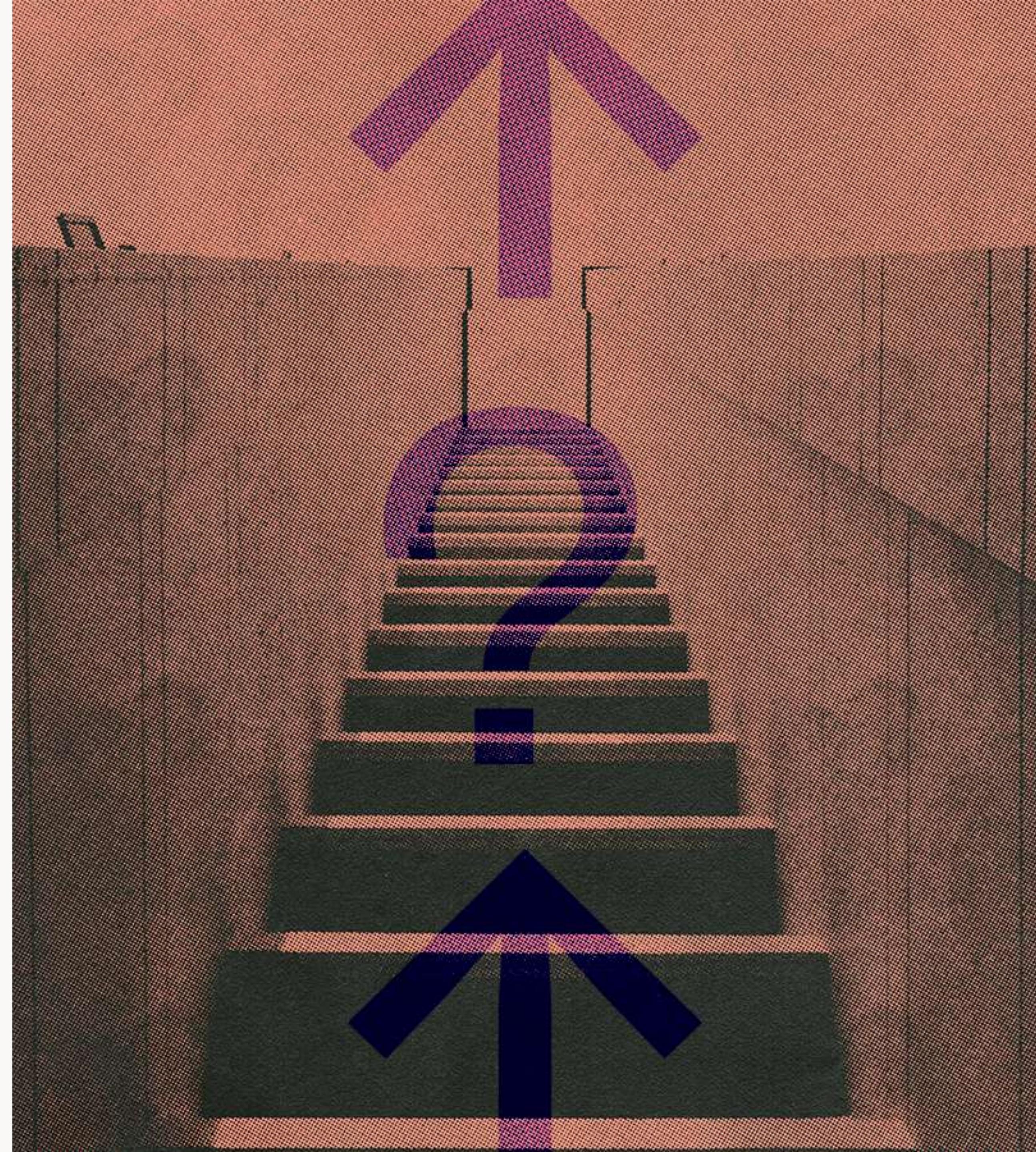
**ACTION ITEM: CREATE CULTURE-FOCUSED FEEDBACK QUESTIONS.**

"Having a questionnaire to open the door is incredibly helpful as a manager," Hamman says. "Depending on the structure of your performance interview questions, hopefully there's an area for how this person might develop. That's a great place to talk about value-aligned or -misaligned behaviors."

Two questions to work into your evaluation structure, whether they're for managers, part of a 360 review, or questions for the employee to answer of themselves:

**Which of our values does this person exemplify?**

**Which value would you recommend this person focus on for the next three to six months?**

**SCRIPT: CULTURE-FOCUSED CONSTRUCTIVE FEEDBACK.**

In your performance conversations with reports, build on the feedback you've collected with the questions above by tying it to concrete examples of how they interact with your cultural values. Some questions to address directly as part of those conversations, both with your observations and by inviting reports to weigh in with their own reflections:

**What is this person doing in their role day to day to support this value?**

**How has this person used this value to solve a problem or make a decision?**

**In what ways does this person demonstrate the shadow side of this value, and what steps can they take to refocus on expressing it productively?**

## Risk to culture: Reorganizations, extra work, and post-layoff institutional knowledge gaps lead to burnout.

"We do see this in a lot of organizations, and it's part of our advice for what not to do, is to expect more with less," Hamman says. "In any circumstance, we don't need to do research to say that's not going to have a good effect."

As cuts threaten to disrupt teams, workflows, and processes, it's also important to note that managers play a complicated role in helping employees successfully navigate the transition unscathed: While they're responsible for preventing and treating burnout on their teams, many are also suffering from the same thing they're trying to stave off in others. Middle managers are at increased risk of burnout compared to employees of other levels. Equipping them to lead through economic uncertainty means empowering them to recognize risk factors for burnout in themselves as well as in the people they manage.
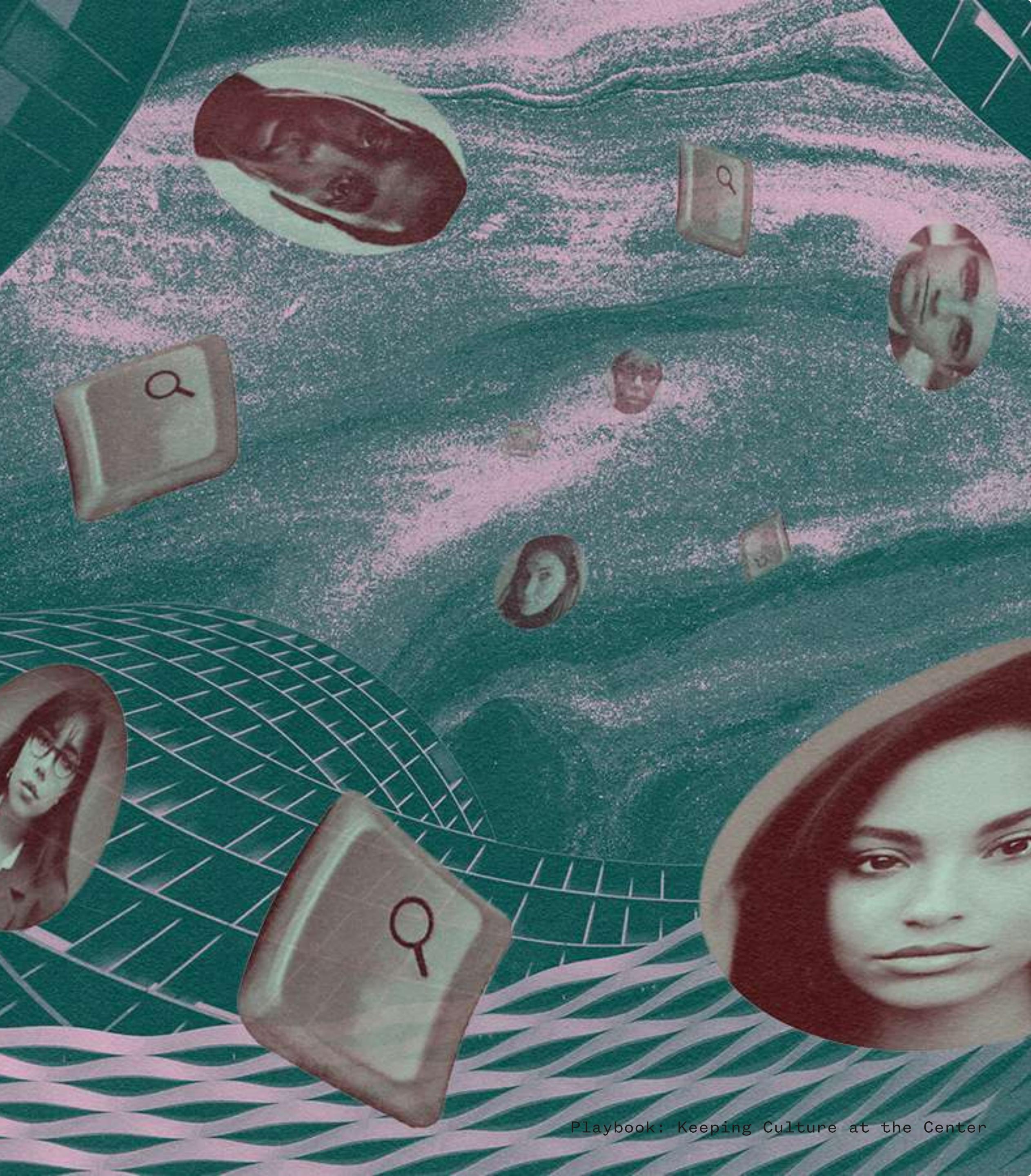
## PRIORITIZE: A FAIR ALLOCATION OF WORK.

"Fair" has two meanings here. One is making sure the workload is genuinely distributed in an equitable way across the team. The other is giving employees transparency around how work is allocated to make sure they feel the distribution is equitable, that their concerns are being heard, and that managers are actively monitoring each employee's work burden to ensure no one is overloaded.

Both of these goals can be accomplished with a task-tracking exercise developed by Charter research manager Melissa Zwolinski to unburden middle managers. How it works: Managers should pick a time period—say, two weeks—and ask their reports to keep a log of every task they worked on during that time, including administrative tasks that often go unnoticed or uncredited. At the end of the designated time period, managers should sit down with their employees to review the log and discuss where to focus and what can be paused or deprioritized. Critically, they should also perform this exercise themselves.

## EXERCISE: TASK-TRACKING LOG.

Below is a template task tracker to circulate. As managers explain the exercise to their reports, it's worth emphasizing that this isn't about keeping tabs on how they spend their time, but rather about helping them reshape their role for maximum effectiveness.

| Category | Task description | Frequency | How long does this task take to complete? | What are the blockers that make this task more difficult? |
|---|---|---|---|---|
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

## PRIORITIZE: A COACHING MANAGEMENT STYLE.

When managers assume a coaching posture, they can empower their employees to exercise greater autonomy while alleviating some of their own burden. "A lot of times, organizations get so focused on doing a thing that they lose track of the development and processes that enable people to do those things without being micromanaged," Matos says. But coaching-focused management "ultimately allows you to spend less time managing them, because they're like, 'Well, I understand how this decision gets made. I have all the information.'" It's on managers to ensure in their interactions with their employees that those moments for development don't fall by the wayside.

## SCRIPT: INITIATING COACHING CONVERSATIONS.

When helping an employee work through a challenge, Matos recommends managers pose the question:

> *"What do you need right now? Do you want me to advise you, so that you can just get through this? Or do you want me to coach you?"*

Matos cautions that there may be times when coaching isn't the right answer, such as when there's a time crunch to contend with or a short-term target to hit. When the moment allows, he suggests beginning a coaching conversation this way:

> *"This is what we want to accomplish. How do you think we get there?"*

# Stakeholders:
# Current Employees

Economic uncertainty can often force tough decisions that reshape employee experience, whether through budget cuts, personnel changes, or reprioritization.

And while the perks, benefits, and programming that make up an individual's employee experience are distinct from culture, says Culture Amp's Chloe Hamman, "they can either reinforce [culture] or they can go against it." Learning and development; diversity, equity, and inclusion; and benefits are often three of the aspects of employee experience that get cut first during economic slowdowns.

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# Risk to culture: Learning and development are deemphasized.

Learning and development programs often are among the first to go when budgets start shrinking, posing a risk to organizations who prize continuous learning and having a growth mindset as part of their culture.

At the same time, development opportunities become more important than ever, says Rashim Mogha, general manager of the leadership and business portfolio at Skillsoft. "There would be opportunities that would arise for existing employees to take on new roles, to take on additional responsibilities, and essentially opportunities for growth" due to staffing cuts, hiring freezes, and ambitious growth plans, she explains. "However, with these opportunities arising, the skills gap is going to become more evident."

## PRIORITIZE: CULTURE-ALIGNED RECOGNITION AND REWARD.

To avoid stagnancy, burnout, and disengagement, "if you're prioritizing mentorship and peer development efforts, any spare time can go into developing people using time rather than budget," Hamman says.

"You have to reduce the workload a bit of your top performers so they have time to mentor and direct," she says, "but net you should end up with more productivity if they're making five to 10 other people much more effective and enabling them to do things that top performer was previously the only person that could do, which made them a bottleneck."

Use the chart on the following page to tailor your own approach to learning and development and make the case for continual investments in learning at your organization.

| | Description | Pros | Cons |
|---|---|---|---|
| Peer development | Peer development programs like buddy systems or "peer circles" group coworkers at the same level and experience, either in the same department or in another part of the organization. | Soliciting feedback, willingness to embrace and act on feedback | • Don't create access to senior expertise or experience<br>• Without structured time or incentive structures in place, peer relationships may fall by the wayside during busy stretches |
| Mentorship and sponsorship | Mentorship and sponsorship programs usually pair more senior team members with less experienced coworkers. While mentors often come from formal programs, sponsorship tends to be more informal and leads to stronger relationships. For more on sponsorship, read Samantha Ross Saperstein's guide to finding a sponsor. | • Low or no-cost<br>• Effective for developing interpersonal skills like leadership, empathy, and resilience that are particularly important during economic slowdowns | • Can lack the rigor or attention necessary for developing new technical skills<br>• Time-intensive for both mentor and mentee<br>• Difficult to ensure that all mentor and mentee pairings are a strong fit |
| Formal learning programs | Formal learning programs take many forms, from workshops to class series to online modules, but they are often created by outside L&D experts and led by professional facilitators. | • Ideal for those who learn best in structured settings<br>• Brings in expertise that an organization may lack internally<br>• Can be the most effective way to upskill quickly, particularly in technical areas | • Often costly and time-intensive |
| Independent online learning | A budget-friendly alternative to formal trainings is free, online sessions like the Charter Skills Accelerator. | • Low or no cost<br>• Can often be done asynchronously<br>• Breadth of options | • Lacks continuity, usually can't be tailored to an organization's specific needs<br>• Often geared towards less advanced learners |

**The challenge**

With an economic slowdown on the horizon, Zapier's leadership team anticipated a corresponding slowdown in hiring, and therefore fewer responsibilities for its talent acquisition that had recently more than doubled in size. Meanwhile, fewer new employees and smaller budgets for contractors left other teams short staffed.

**The action:**

Rather than laying off members of the talent-acquisition team, Zapier built a secondments program, an internal learning program that placed members of the talent-acquisition team on medium-term projects in a different functional area based on a team member's individual skill sets and development goals.

**Why it worked:**

With the first cohort having started their secondment assignments earlier this year, Zapier is looking to expand it across the organization. The secondments program was a culture win for three reasons. First, it helped them avoid the hits to culture that layoffs can have. Second, it created new learning opportunities for team members, in line with its own value of "growth through feedback." And finally, it demonstrated their value of "empathy over ego" by showing their "commitment to the talent we bring into the company," says Bonnie Dilber, head of Zapier's talent-acquisition team.

## Risk to culture: Diversity, equity, and inclusion initiatives take a backseat.

As Charter columnist S. Mitra Kalita noted earlier this year, "During an economic downturn, employers often feel their main tool to show commitment to DEI—hiring—has been hindered. They are wrong."

She notes that personnel decisions like layoffs and hiring freezes, as well as tighter budgets and reduced scrutiny on corporate DEI efforts, have resulted in many organizations backing off from promises made in the wake of George Floyd's murder in 2020. An analysis by Revelio Labs of layoffs since 2020 found that DEI-focused teams are disproportionately affected by cuts, often with entire teams being gutted—and, at the same time, that companies with DEI teams in place score measurably higher in employee ratings of culture and values.

**PRIORITIZE: BUILDING DEI COMMITMENTS AND GOALS INTO YOUR COMPANY CALENDAR.**

As Stephanie Pinder-Amaker and Lauren Wadsworth have previously written for Charter, one of the best ways to reinforce values of diversity, equity, and inclusion in a company's culture is through ongoing effort and evaluation on a scheduled cadence.

They suggest the following measures, done on a weekly, monthly, or quarterly basis:

☐ **Conduct annual DEI and/or climate assessments.**

☐ **Draft and circulate company guidelines for receiving identity-related feedback and having identity-related conversations.**

☐ **Commit to ongoing required leadership DEI training and company-wide DEI workshops.**

☐ **Coordinate regular company readings and discussions on DEI topics.**

**CASE STUDY: LAYOFFS AT NETFLIX.**

**The challenge**

Last spring, Netflix looked to cut spending after a period of sluggish growth and falling subscriber numbers.

**The action:**

The streaming company cut 150 employees, or about 2% of its workforce, along with accompanying cuts to its contractor workforce. Soon after, several outlets, including Charter, reported that many of the cuts took place in its diversity communications initiatives, including Black community-focused Strong Black Lead, Latinx-focused Con Todo, Asian American-focused Golden, and LBTQ-focused Most. The company faced swift blowback from former employees and consumers concerned about the company's commitments to DEI.

**Try instead:**

Before making personnel, programming, or product cuts, do an equity analysis, similar to one you might do during a round of performance reviews and promotions. From the results, make any calibrations to ensure that cuts or layoffs fall equitably across different demographics.

## Risk to culture: Perks and benefits are cut.

Another area in which cuts can challenge stated values and priorities is employee perks and benefits. Through their benefits packages, employers signal what they believe is worth investing in with regards to their employees. Is it education and ongoing learning? Support for caregivers? Health and wellbeing? Flexibility? Financial health?

When employers invest less in their perks and benefits, they risk sending a signal that they are also investing less in their employees. Even more, the specific cuts they make may fall differently on different groups of employees, challenging values of fairness and equity.

**PRIORITIZE: MAINTAINING EMPLOYEE VOICE.**

Instead, honor commitments to employees and company values by including employee voice and control whenever possible, from polling employees on their attitudes towards benefits to creating listening sessions once the cuts are rolled out.

"We want everybody to see and understand, empathize, and take a sense of ownership," Lunchbox's Luke said at the Charter Workplace Summit in fall of 2022 when asked about the company's recent budget cuts. "You can then make the pitch that, 'Okay, these are the things that we can afford to do.' Because we've polled the employees, and these are the things that are important to keep and these are the things that don't really make sense." Lunchbox ultimately replaced its $75 work-from-home stipend with a fund providing employees up to $1,000 for professional development. "From the company's perspective, there will be some cost savings because not everyone will utilize it," Luke explained at the event, "but those who self-select in will find a tremendous benefit that then returns back to the company in their increased skill level."
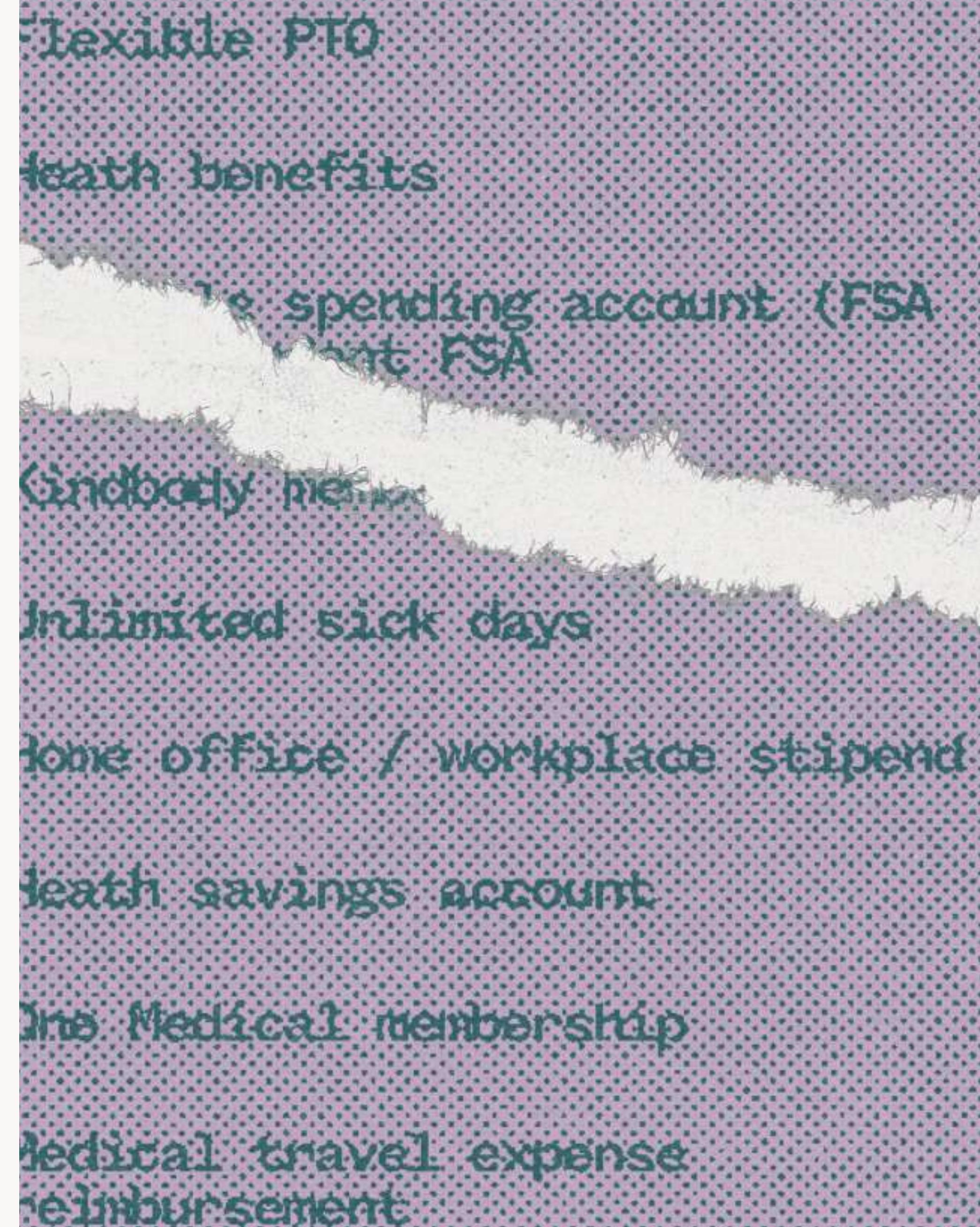
**ACTION ITEM: 4 STEPS FOR CUTTING BENEFITS WITH EMPLOYEE VOICE IN MIND**

## 1. Poll employees

Develop a survey that assesses employee attitudes towards existing benefits. Sample questions below.

How would you rate [organization's] benefits and perks?

Terrible                                    Terrific

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|

Compared to companies of our size and stage, how do you think our health insurance coverage/PTO/paid family leave/401k program compares?

Our coverage is worse          Our coverage is better

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|

What would you most like to change about your benefits at [organization]?

Overall, how satisfied are you with your benefits?

Which benefits & perks are most and least important to you?

| | I value this highly | I'm unlikely to use this |
|---|---|---|
| Flexible PTO | ○ | ○ |
| Heath benefits | ○ | ○ |
| Flexible spending account (FSA and dependent FSA) | ○ | ○ |
| Kindbody membership | ○ | ○ |
| Unlimited sick days | ○ | ○ |
| Home office / workplace stipend | ○ | ○ |
| Heath savings account | ○ | ○ |
| One Medical membership | ○ | ○ |
| Medical travel expense reimbursement | ○ | ○ |
| Professional development | ○ | ○ |
| Company swag | ○ | ○ |
| 24/7 employee assistance program | ○ | ○ |
| Training | ○ | ○ |
| 24/7 teledoc virtual care | ○ | ○ |
| Parental leave | ○ | ○ |
| Co-working credits | ○ | ○ |
| 401k plan | ○ | ○ |
| Mental Health & Wellbeing days | ○ | ○ |

Thanks for your thoughts. If we have any follow up questions, do you mind sharing your name? This is completely optional.

## 2. Make the case to leaders

Secure buy-in from leaders to make cuts in line with employee preferences. Emphasize any consensus that came from the survey, connection between highly valued benefits and company values, and potential impacts on employee engagement and retention.

## 3. Announce and roll out the cuts

After finalizing which benefits to cut and how deeply, craft your internal communications around the reductions. A few things to emphasize:

a. Be clear on the broader context that led to budget cuts.

b. Clearly and succinctly describe the changes to benefits package.

c. Explain why those were the right benefits to cut using usage rates or employee survey results.

d. Highlight continued investment in highly valued benefits and potential alternatives for those that were cut.

## 4. Evaluate impacts of the cuts and create ongoing opportunities for employee voice

Feedback shouldn't stop once the cuts are made. Create opportunities for employees to ask questions about changes to company policies through town halls, manager 1:1s, and digital forums.

**PRIORITIZE: FINANCIAL WELLNESS.**

It's an intuitive conclusion to draw: When people are stressed about money, they can't do their best work. Various studies have linked employees' economic stress to, among other things, higher rates of <u>absenteeism</u>, lower innovation, and greater <u>distraction</u>. If your organization already offers benefits to support workers' financial well-being, managers should make sure their teams are aware of and know how to access those benefits. And if any part of your benefits program is on the chopping block—more on that in the next chapter—the case for continuing to support employees' financial health is clear.

**CASE STUDY: PAYPAL'S FINANCIAL-WELLNESS PROGRAM.**

### The challenge

After PayPal established an employee emergency-relief fund in 2017, leaders noticed that many of the requests it received were to handle ordinary expenses like medical bills and student-loan payments. Employee surveys the following year surfaced that the majority of its entry-level and low-wage workers ran into financial hardship between paychecks.

### The action:

In 2019, PayPal <u>introduced</u> a four-part initiative aimed at increasing every employee's net disposable income, or NDI—a metric the company developed to capture the funds left over once taxes and essential living expenses were taken care of—to at least 20%. In addition to raising wages, lowering healthcare premiums, and giving all employees stock grants, PayPal also introduced financial-wellness education, a benefit that encompassed personal financial coaching, a subscription to a budgeting app, and the ability to use funds from forthcoming paychecks in advance.

### Why it worked:

Over the following year, employee engagement, productivity, and intent to stay <u>rose</u>, as turnover fell.

# Stakeholders:
# Future Employees

As discussed earlier, layoffs have cascading negative effects on culture that often persist until organizations hire again. But what happens if, at the moment hiring begins again, potential employees are scared off by the tenor and execution of past layoffs and hiring freezes?

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## Risk to culture: Potential candidates are discouraged by previous cuts.

One of the best ways to remain an attractive employer in spite of layoffs is to execute layoffs with empathy, transparency, and an emphasis on shared sacrifice, as described in the leadership section of this playbook. But even the most carefully managed layoffs can come as a shock to laid-off employees, who may air their grievances online in a way that spooks potential job seekers.

**PRIORITIZE: MESSAGING THAT ALIGNS HIRING DECISIONS WITH CULTURE AND VALUES.**

To remain an attractive employer to potential employees in the future, it's important to manage external communications in a way that emphasizes the company's values and culture. That means leaning on the same principles used to craft internal messaging around layoffs.

External communication should also reflect what actually happened internally in the company. In the era of social media, "it is foolish to think of these as two separate zones. You only get to have one persona these days," says Matos. "Whatever you tell your employees, someone's going to copy and paste and put it online." Or as Tami Simon, global corporate business leader at the benefits and human-resources consulting firm The Segal Group, told Charter last year: "HR is definitely PR, and vice versa."
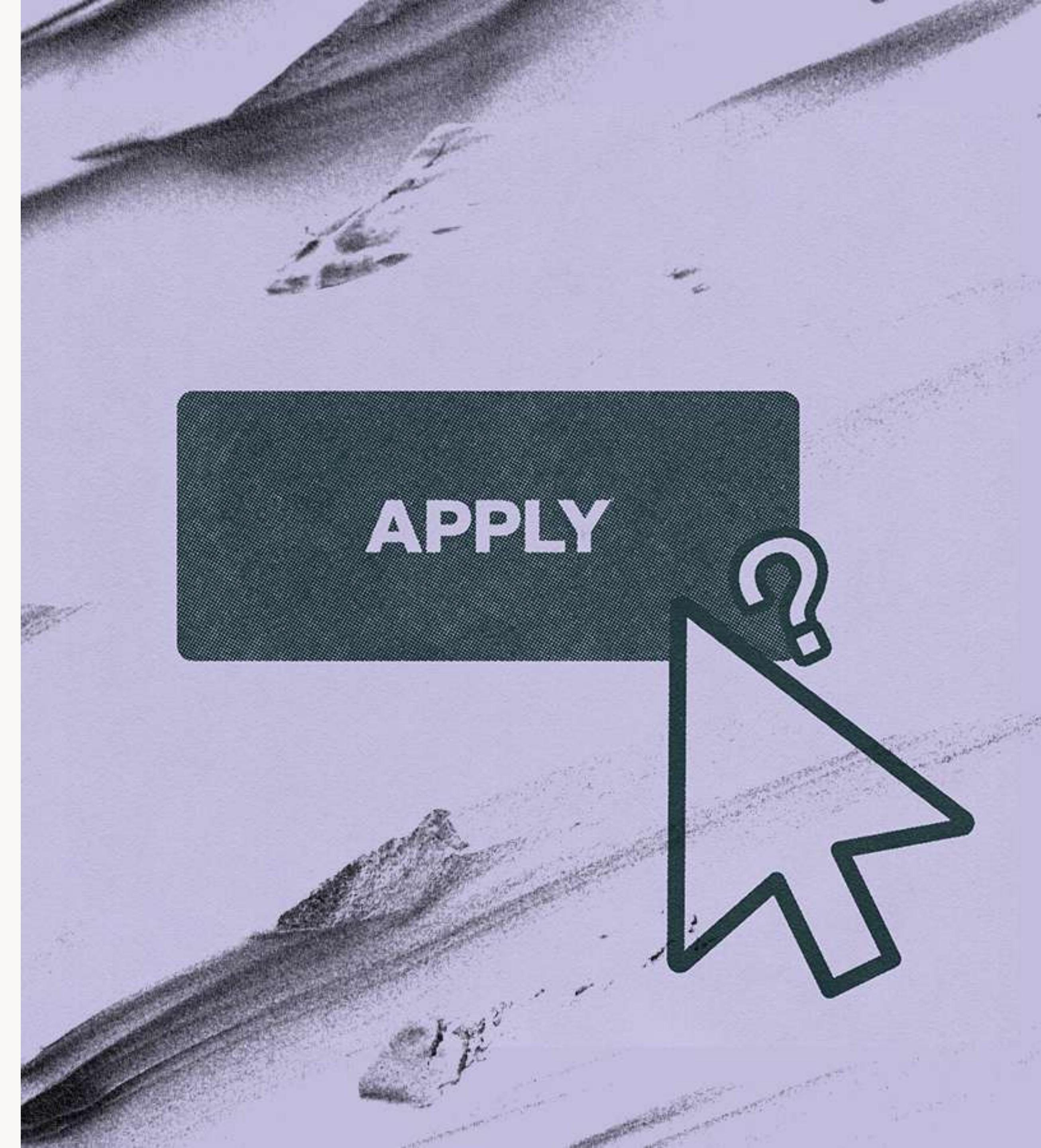
**ACTION ITEM: PROACTIVELY ADDRESS
BAD GLASSDOOR REVIEWS WITH INFORMATION.**

For many employers, one of the biggest headaches in recruiting is bad Glassdoor reviews, which tend to multiply after a large round of layoffs. Unfortunately, "There's not really a ton you can do about the results," says Lunchbox's Luke. Instead, "you have to focus on what you can control, which is what you're putting out there," he advises.

As a start, consider the following public-facing artifacts:

### Culture document

Make sure your culture document is easily accessible to potential job seekers. Link to it in each job description.

### LinkedIn and other social feeds

If your leaders have established social followings, use their platforms to send a message about the company's culture and approach to talent management. The goal, says Luke, should be to communicate "the type of company you're trying to build and the type of candidate you're trying to attract."

### Employee ambassadors

Amplifying current employees' voices can be a powerful way to manage employer reputation. "Give the keys to employees and say, 'When it makes sense, we want you to talk about what it's like to work here. We want you to talk about your own work. We want you to talk about the kind of opportunities in the market for the industry that we're in,'" says Dea.

### The recruiting process

Once you start hiring again, don't shy away from the elephant in the room. Prep recruiters and hiring managers to answer questions about past layoffs, potential future layoffs, and context around how talent-management decisions are made.
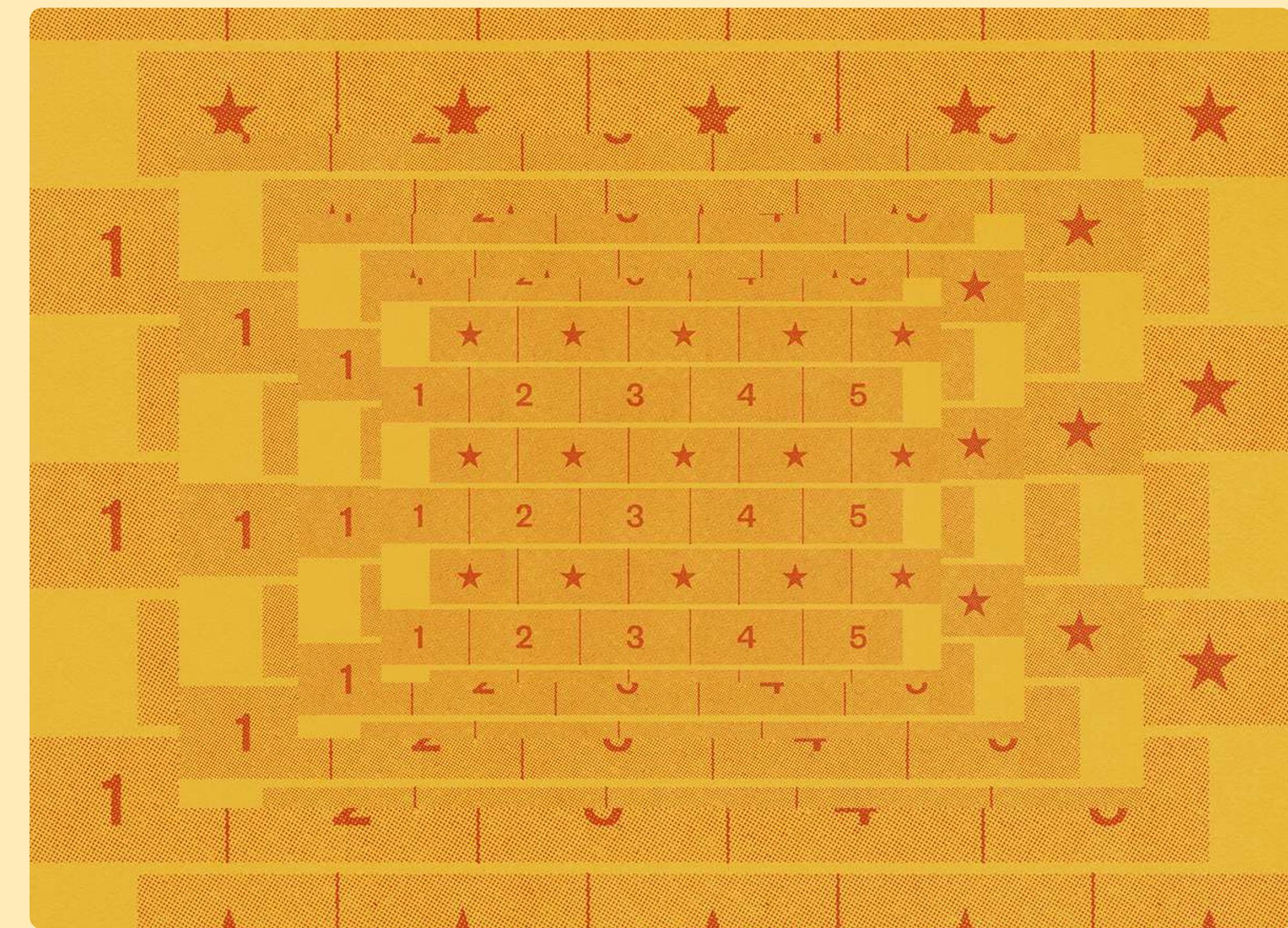
Ultimately, it can also be helpful to zoom out and contextualize the importance of Glassdoor reviews. For Luke, being in food tech has helped put the anonymous reviews into perspective. "Yelp and Google reviews are so hard to use at this point because it's hard to know what's reliable and what's not," he says. "Glassdoor probably suffers from the same issue, where you read it and ask, 'How do I interpret this information and this scoring? It's not the whole story.'" The work for employers, then, is to use culture documents, social feeds, and the recruitment process to fill in some of those gaps.

# Conclusion

While the priorities identified in each chapter are essential areas of focus during moments of economic uncertainty, when culture is often most at risk, they're also the foundation for shaping and maintaining a positive culture during less difficult times. When circumstances allow, they're a foundation to build upon.

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**With that in mind, we've created a checklist to help you guide your organization through both the near future and whatever comes next.**

By keeping these core tenets top of mind, you can keep culture at the center of the way work gets done—and ensure it's the culture you want —for the long term.

**FOR COMPANY LEADERS, PRIORITIZE:**

☐ Creating a culture document

☐ A system for proactively revising your culture document

☐ Executing cuts in a way that aligns with culture

**FOR MIDDLE MANAGERS, PRIORITIZE:**

☐ Culture-aligned recognition and reward

☐ Being purposeful around rituals

☐ Performance feedback that addresses impact on culture

☐ A fair allocation of work

☐ A coaching management style

**FOR CURRENT EMPLOYEE, PRIORITIZE:**

☐ Employee-based learning and development initiatives

☐ Building DEI commitments and goals into your company calendar

☐ Maintaining employee voice in decision-making

☐ Financial wellness

**FOR FUTURE EMPLOYEES, PRIORITIZE:**

☐ Messaging that aligns hiring decisions with culture and values

# About

This playbook was brought to you by <u>Charter</u> and <u>Culture Amp</u>. You can find out more about us below.

Thank you for reading.

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# charter —

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