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The Opposite of Layoffs: Ties of Loyalty

By MELINDA LIGOS

AT most other companies, Susan Seidman probably would have been let go by now.

In this economy, there just isn't much room on company payrolls for someone like Ms. Seidman. Her job is administering a healing treatment called Reiki to employees at Patrice Tanaka & Company, a public relations firm in Manhattan. She also provides counseling and meditation sessions to relieve their stress. "If I worked at another company, I'd be the first to go," said Ms. Seidman, who has been with the company for just over two years.

Last June, even though the company had just lost a few major clients, its chief, Patrice Tanaka, vowed to all 45 staff members that she would lay off people only as a last resort. She repeated the pledge in December, even though business was flat. "The only way to preserve the sense of community we've worked hard to foster here is to make a commitment to our employees through thick and thin," she said.

With New York City's unemployment rate surging to 6.8 percent in November from a recent low of 4.6 percent last April, many companies hard hit by the recession and terrorist attacks are trimming their staffs as profits falter. But a minority, including Ms. Tanaka's company, refuse to dismiss anyone, even as business suffers. For many, it is an issue of preserving the company's culture and keeping morale high.

"A no-layoffs policy is usually not a stand-alone decision," said Bill Coleman, senior vice president for compensation at Salary.com, a Web site in Wellesley, Mass., that publishes salary information. "It's consistent with organizations that already have a sort of 'we're all a big family' mentality."

A big family is how Eric Villency, president of Maurice Villency, a furniture chain in the New York metropolitan area, describes his 200-member work force. Though profits are down 10 percent from last year, Mr. Villency has promised not to deliver any pink slips.

"For us, firing people would be like committing suicide," he said. "Cutting somebody would be like getting rid of a mother or an uncle. We just can't do it."

Indeed, many members of Mr. Villency's staff are family members. In the last few years, he says, one woman referred her mother to the company; nephews have hired uncles, and siblings have recommended one another. Dismissing even one employee, Mr. Villency says, could erode his



Frances Roberts for The New York Times

Eric Villency, president of Maurice Villency, has pledged to retain his 200 employees.

company's retention rate, which is higher than that at most retail outlets.

"I stay loyal because the company has been loyal to me," said Norman Tenenbaum, an associate manager of Maurice Villency's Madison Avenue store, who has been with the company for 20 years. His fellow employees, he says, are "almost unmoved by the recession."

While maintaining staff loyalty is one reason Ms. Tanaka will not cut personnel, she also enjoys a practical benefit: Her employee turnover rate is 11 percent, compared with more than 30 percent in her field. She has advertised her policy in trade publications, quoting the author Thomas Moore and preaching the importance of "workplace as community." She said clients appreciate the fact that those who handle their accounts will probably still be working for the company tomorrow. "It's one of our strongest selling points," she said.

While smaller companies are more likely to have this kind of policy, several larger concerns known for their worker-friendly cultures, including Southwest Airlines and the Saturn Corporation, have also vowed not to cut workers. At Southwest Airlines, which employs more than 30 workers in Islip, N.Y., a no-layoffs policy has been in effect since the company began in 1971, even though most competitors have slashed payrolls since Sept. 11, according to Donna Conover, executive vice president for customer service for the Dallas-based company.

Job seekers looking for security should be forewarned, however: Most companies with no-layoffs policies are extremely cautious

about hiring, even in economic booms, says Mr. Coleman of Salary.com. "You can bet that these companies' human resource departments are always pulling back on the reins, even in good times," he said.

Certainly, that is the case at Southwest Airlines. "We've always maintained as low a head count as possible," Ms. Conover said. Besides keeping a leaner staff at all times, struggling companies reluctant to lay off workers have had to resort to some creative cost-cutting. At Southwest Airlines, for example, plans to purchase a new telephone switch for the company's reservation system have been on hold. "We're looking at every expense and asking, 'Do we absolutely have to have it?'" Ms. Conover said.

Mr. Villency has decided not to upgrade his company's computer system. And at Patrice Tanaka's firm, all sorts of company perks, from yoga classes every other Tuesday to free ice cream on Manhattan summer days if the temperature reaches 95 degrees or more, have been eliminated. But Lauree Ostrofsky, an account supervisor for the firm, says employees are just relieved to keep their jobs.

"We're all so appreciative just to have a paycheck that we're creating our own perks," Ms. Ostrofsky said. For instance, when the company stopped buying cakes for employees' birthdays, staff members started baking their own. "It's actually worked out great," she said. "Everybody likes homemade treats much better than store-bought ones anyway."