

Reaction or Response: the Right way to be a Canadian Small Business, Right Now. #ohcanada #madeincanada

As a small business, sometimes the bumps aren't just bumps; they feel like massive earth-shattering crevices. Often, we can't control the road ahead; we only control how we react or respond to what is in front of us.

January 2025 came quickly. Trump was inaugurated, and we Canadians immediately went into reaction mode.

There is a profound difference between reacting and responding, whether in your communication, business plan, or how you show up on your team. It may also be how you navigate your business plan or adapt to what is happening in the world around you.

When your business relies on income generated from the US market and the elected leader announces that he will impose tariffs on all Canadian products imported into the US, it is hard not to panic. Perhaps you're reliant on US goods being imported into Canada, and Canada has responded with [retaliatory tariffs](#). Then, that decision gets delayed by 30 days! As a small business, navigating the curveballs can be terrifying.

The question we ask is whether you are reacting to a situation or responding. Reacting can be a knee-jerk decision, an immediate action taken in response to something that happens (like Trump announcing 25% tariffs on Canadian goods.) Responding is a measured response that (quickly) understands the whole picture and is considered in its approach, focusing on People, Processes, and Tools to ensure the right changes are made at the right time.

People:

Workforce Planning

Any business owner will tell you, “Cash is Key, “: in any downturn economy, you need to understand your cash flow and burn rate/runway well.

One of your most significant areas of spend will be your workforce. Therefore, understanding how you manage your workforce is critical. You need to ensure that you understand **who** in your company does **what** and that you have the “right people, sitting on the right seat, on the right bus, going in the right direction.” (Read more [here](#)) Below is a high-level guide to help you understand what managing your workforce actually means.

Assesses Talent Needs: Identify key roles, skills gaps, and future workforce requirements.

Optimize Workforce Size: Balancing staffing levels with budget constraints and business goals.

Succession Planning: Preparing for leadership transitions and critical role vacancies.

Upskilling & Reskilling: Training employees for evolving business demands.

Flexible Work Models: Implementing hybrid work, job sharing, or project-based teams.

Occasionally, we must respond quickly when something happens (Such as DJT and his Trade tariffs or a Global Pandemic.) If we deeply understand our workforce, we can respond logically if the need arises to make changes.

Workforce Restructuring

Restructuring happens when businesses need to change their workforce significantly due to economic conditions, market shifts, or strategic pivots. It includes:

Layoffs & Downsizing: Reducing staff to cut costs while ensuring compliance with labour laws. Each province in Canada has specific ways to execute short- and long-term layoffs. If you need to do this, contact [BLANKSLATE](#), and we can walk you through how to make these decisions and what they mean for your business.

Role Redesign: Merging, eliminating, or modifying roles to improve efficiency.

Redeployment: Moving employees to different departments or roles based on business needs.

Compensation Adjustments: Modifying salary structures, bonuses, or benefits to sustain financial health.

Payroll Optimization: HR may need to restructure compensation, implement temporary

salary reductions, or introduce flexible work schedules (e.g., reduced hours).

Expense Control: Benefits, bonuses, and training budgets may need reevaluation to meet financial constraints.

Beware of Constructive dismissal!

Constructive dismissal occurs when an employer unilaterally makes significant changes to an employee's job, such as reducing pay, changing job duties, or creating a toxic work environment, effectively forcing the employee to resign. Under BC employment law, this can be treated as a termination, entitling the employee to severance or damages.

Processes:

Clear, consistent messaging helps maintain trust and engagement. Despite harsh times, businesses should sustain DEI (Diversity, Equity, and Inclusion) initiatives to maintain an inclusive and resilient workforce. Focus on retention:

Employee Engagement & Retention

Employee Morale: Uncertainty can cause stress— your HR must focus on transparent communication, reassurance, and mental health support.

Upskilling & Internal Mobility: Retaining existing employees by reskilling them for new roles instead of hiring externally.

Performance Incentives: Instead of raises, offer non-monetary rewards (e.g., career development and flexible work arrangements).

Remote & Digital Workforces: If you're moving online to cut overhead, do you need to adapt policies for remote work, digital collaboration, and cybersecurity awareness?

Freelancers & Gig Workers: Instead of hiring full-time, consider more contract workers, requiring clear policies on engagement, payments, and compliance.

Lean HR Policies: HR may need to simplify processes (e.g., performance reviews onboarding) to reduce administrative overhead.

Tools:

In times of economic uncertainty, we want to make sure we use tools (software or hardware) to their best advantage to ensure we're saving time and money where possible and understanding where redundancies might exist and where we need to pivot our teams' attention.

Process Efficiency and Understanding: Automating tasks and streamlining HR operations to maintain productivity with fewer resources allows us to function most efficiently. Using HR tech for payroll, benefits, and employee communication saves costs and improves efficiency.

Technology Integration:

Consider using software to handle tasks in your business that may not be in the wheelhouse of any one team member. Our new tool, hannahHR ([Hey Hannah!](#)), was built to help small and medium-sized businesses prioritize transparency, communicate with their workforces efficiently, and understand workplace trends, all while confidentially answering basic HR queries that take up your time day to day. Consider joining our Beta program (running winter

2025) or booking a discovery call to learn more!

Conclusion:

Responding and not reacting in a moment of political or economic turmoil is difficult and next to impossible without a plan.

Workforce planning and restructuring involves strategically aligning a company's workforce with its current and future business needs. This process helps businesses remain agile, efficient, and financially sustainable, especially during economic uncertainty.

In our leadership training courses, BLANKSLATE discusses "above and below the line." (Find out more [here](#).) If you haven't heard this term before, follow the link and watch the video. We have relied on it personally for nearly twenty years.

Objectivity and preparedness are key. We always return to People, Processes, and Tools to ensure that we are focusing on the right things. From an HR and People Operations perspective, there are key ways that small business owners can alleviate stress and prepare for uncertainty.

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