

Chart: Preserving cash and talent

In all cases below, consistently review the assumptions made and used to build your models. Do this on an ongoing basis. It's essential to evaluate if they are proving correct and to change plans and pivot if not.

If you do need to reduce your headcount, remember to “treat everyone as you’d wish to be treated” and to connect with Invest Ottawa’s HR team. They may be able to support ex-employees through their talent programming. Also, keep in mind, a significant effort in team building and execution planning will be needed. During times like this, these practices will work to manage employee focus and minimize churn.

If your confidence in post-COVID-19 product-market fit is low, then regardless of the actions that you take, you will want to convene a strategy session immediately. For this session, focus on how to adjust your product fundamentally, leveraging whatever assets, customers and relationships you have as a springboard.

Note: The TIME identified below refers to when you need to make a decision, not when you run out of money.

TIME until you need to consider cost reductions	Product-Market Fit, Post COVID-19	Team Dynamics	Suggested Options to Consider
6+ Months	High	High performing	You have a product-market fit – excellent. You want to keep up the momentum but must still be aware of the cost structure. You may wish to take no action yet and to monitor your assumptions closely. Consider Light Cost Reduction Measures .
6+ Months	High	Well performing	You have a product-market fit - excellent. You want to keep up the momentum but still be aware of the cost structure. You may consider Light Cost Reduction Measures .
6+ Months	High	Underperforming	You have a product-market fit - excellent. The tough part: you will likely need to rebuild the team to succeed in the market and position yourself to ramp up efforts fast with the return of your market. To do this, you need to maintain the momentum. A large reduction would, therefore, be unwise. Consider Medium Cost Reduction Measures to be able to extend your runway. It's essential to fill the missing roles for you to successfully deliver on the potential you have with a good product-market fit. Consider replacing under-performers with a

			minimal number of new key employees and make significant efforts in team building and execution planning to manage employee churn.
6+ Months	Medium	Top performing	<p>You want to focus on confirming your product-market fit quickly. You want to keep up the momentum but still be aware of the cost structure.</p> <p>Consider Light Cost Reduction Measures. If you think you're a long way from confirming your product-market fit, consider some of the Medium Cost Reduction Measures. These measures are least likely to affect team morale (e.g., reduction of all salaries with increased reduction for high earners.)</p>
6+ Months	Medium	Well performing	<p>Focus on confirming your product-market fit quickly. You want to keep up the momentum but still be aware of the cost structure.</p> <p>At this time, consider Light Cost Reduction Measure. If you think you're a long way from confirming your product-market fit, consider some of the Medium Cost Reduction Measures. They are least likely to affect team morale (e.g., reduction of all salaries with increased reduction for high earners).</p>
6+ Months	Medium	Underperforming	<p>Since you are not sure of your market fit AND do not have a strong team, you will want to take action to confirm your product-market fit quickly. You may, however, not have the team with whom to do this.</p> <p>Consider Medium Cost Reduction Measures to be able to extend your runway and Severe Cost Reduction Measures with those who are unable to add value for the foreseeable future due to performance.</p> <p>Consider replacing roles that have been vacated but are urgent and key to success with high-performers in less essential roles currently. High performers can adapt and help prepare the business for expected growth when the market returns.</p> <p>Where that's not feasible, consider hiring talent that can fill skill gaps to develop a product-market fit.</p>

6+ Months	Low	Top performing	<p>If you think you may find a way to pivot your product to meet market demands, consider yourself an 'M' for product-market fit.</p> <p>If you can't see your way out of the current product-market situation but feel your team is strong, consider Medium Cost Reduction Measures to gain greater runway to pivot.</p>
6+ Months	Low	Well performing	<p>You need to buy yourself time to consider business pivot options.</p> <p>Consider as many Medium Cost Reduction Measures possible that will buy you time to pivot.</p>
6+ Months	Low	Underperforming	<p>You don't believe you have a product-market fit, so you need to buy yourself time to consider pivot options.</p> <p>Consider Medium Cost Reduction Measures for key strategic players, along with your strong performers. Consider Severe Cost Reduction Measures for the remainder.</p> <p>The priority needs to be developing a new business strategy. If you feel you're missing the skills internally to discover product-market fit, this is the time to hire critical skills externally.</p>
~ 3 months	High	Top performing	<p>You have a product-market fit - excellent. You want to keep up the momentum but still be aware of the cost structure. Consider several of the Medium Cost Reduction Measures to extend your runway so that you can jump back into the market when it returns.</p>
~ 3 months	High	Well performing	<p>You have a product-market fit – excellent. You want to maintain your momentum so that you can ramp up efforts quickly when the market returns. However, since you don't know when that will be, you also want to increase your runway.</p> <p>Consider Medium Cost Reduction Measures.</p>

~ 3 months	High	Underperforming	<p>You have a product-market – excellent. The tough part is you will likely need to rebuild the team to succeed in the market, and you do not have much time to do so.</p> <p>You want to maintain your momentum so you can ramp up efforts quickly when the market is back, but since you don't know when that will be, you also want to increase your runway.</p> <p>Consider Medium Cost Reduction Measures for some of the company.</p> <p>Consider Severe Cost Reduction Measures for those who are unable to add value for the foreseeable future due to performance or due to filling currently unnecessary roles.</p> <p>Where possible, consider backfilling urgent roles currently occupied by weak performers with top performers in less critical roles. Where this is impossible, consider filling those urgent roles with a minimal number of new employees. It's essential to fill the roles you're missing to successfully deliver on the potential you have with a good product-market fit.</p> <p>A significant effort of team building and execution planning is needed to manage employee churn.</p>
~ 3 months	Medium	Top performing	<p>Focus on confirming your product-market fit quickly. You want to keep up the momentum but still be aware of the cost structure.</p> <p>At this time, consider some of the Medium Cost Reduction Measures that are least likely to affect team morale (e.g., reduction of all salaries with increased reduction for high earners).</p>
~ 3 months	Medium	Well performing	<p>Focus on confirming your product-market fit quickly. You want to keep up the momentum but still be aware of the cost structure.</p> <p>Consider Medium Cost Reduction Measures that are least likely to affect team morale (e.g., reduction of all salaries with increased reduction for high earners).</p>

			<p>You're not sure of your market fit AND do not have a strong team, so you'll want to take action to confirm your product-market fit quickly. You may, however, not have the team with whom to do this.</p> <p>Consider Medium Cost Reduction Measures to be able to extend your runway.</p> <p>Consider Severe Cost Reduction Measures with those who are unable to add value for the foreseeable future due to performance. Consider Severe Cost Reduction Measures for any roles that are unlikely to be required in the near future.</p> <p>Consider replacing roles that have been vacated but are urgent and key to success with individuals who are high performers in roles that are less necessary at this time. High performers can adapt to new jobs and will help prepare the business for your expected growth when the market returns. Where this is not feasible, consider hiring exceptional people who will fill the skill gaps to develop a product-market fit.</p>
~ 3months	Medium	Underperforming	<p>A significant effort of team building and execution planning is needed to manage employee churn.</p>
~ 3 months	Low	Top performing	<p>If you think you may be able to find a way to pivot your product FAST to meet market demand, consider yourself an 'M' for product-market fit.</p> <p>If you cannot see your way out of the current product market situation but feel that you have a strong team, consider as many of the Medium Cost Reduction Measures as you can apply.</p> <p>You want to save yourself greater runway to pivot.</p>
~ 3 months	Low	Well performing	<p>You need to buy yourself time to consider business pivot options.</p> <p>Consider as many Medium Cost Reduction Measures possible that will buy you time to pivot. Consider Severe Cost Reduction Measures for obvious non-performers.</p>

~ 3 months	Low	Underperforming	<p>You have a limited opportunity to pivot your business to a better product-market fit and do not have a strong team to do this with.</p> <p>Consider keeping the strongest of your team through Medium Cost Reduction Measures and consider Severe Cost Reduction Measures for the remainder.</p> <p>You want to be in a position to hire key people with whom to adjust your product to better fit market demand.</p> <p>You will need to rebuild your company with time. You need to commit significant effort to team building and execution planning to manage employee churn.</p>
Now	High	Top performing	<p>You have a product-market fit and want to retain a strong team to build the company. You want to minimize the impact layoffs have on company morale.</p> <p>Consider keeping as many members of your team as possible via Medium Cost Reduction Measures.</p>
Now	High	Well performing	<p>You have a product-market fit and want to retain a strong team to build the company.</p> <p>Consider keeping the majority of your team via Medium Cost Reduction Measures. Consider Severe Cost Reduction Measures for low performers.</p>

			<p>You have a product-market fit - excellent. The tough part is you need to rebuild the team to succeed, and you don't have time to do so in your current situation.</p> <p>You need to increase your runway and get key employees in place to ensure that you can operate once the market returns.</p> <p>Consider Medium Cost Reduction Measures for those in the company who are most likely to help you jump start when the market returns. Consider Severe Cost Reduction Measures for people who are unable to add value for the foreseeable future due to performance or due to filling unnecessary roles.</p> <p>It's essential to fill the roles that are missing for you to deliver successfully. If any roles are urgent to fill, consider staffing them with strong performers in other less critical positions. Alternatively, consider bringing in exceptional contractors to help. Look at payment models with a small base and a large variable upside; offers contractors a great return, but it's contingent on delivering results based on your success criteria.</p> <p>A significant effort of team building and execution planning is needed to manage employee churn.</p>
Now	High	Underperforming	
			<p>Focus on confirming your product-market fit quickly. You want to keep up the momentum but still be aware of the cost structure.</p> <p>Consider keeping as many of your team members as possible to rebuild via Medium Cost Reduction Measures with significant Severe Cost Reduction Measures elsewhere.</p>
Now	Medium	Top performing	
			<p>Focus on confirming your product-market fit quickly.</p> <p>To buy yourself more runway to do so, consider keeping a strong subset of your team via Medium Cost Reduction Measures. Consider Severe Cost Reduction Measures elsewhere.</p>
Now	Medium	Well performing	

Now	Medium	Underperforming	<p>Since you are not sure of your market fit AND do not have a strong team, you will want to take action to confirm your product-market fit quickly. You have little time to do this under the current situation and may not have the team with whom to do this.</p> <p>Consider keeping the strongest of your team members, applying Medium Cost Reduction Measures for them. Consider Severe Cost Reduction Measures elsewhere.</p> <p>Consider replacing any roles that have been vacated but are urgent and key to success with high performers in less essential roles at this time.</p> <p>Consider bringing in contractors to help. Look at payment models with a small base and a large variable upside; this option allows for contractors to earn a great return based on delivery – they do well if they meet your predefined criteria of success.</p> <p>A significant effort of team building and execution planning is needed to manage employee churn.</p>
Now	Low	Top performing	<p>If you think that you may be able to find a way to pivot your product FAST to meet market demand, consider yourself an 'M' for product/market fit.</p> <p>Consider keeping as many of your team members as possible with whom to rebuild the company using Medium Cost Reduction Measures. You will need to apply Severe Cost Reduction Measures elsewhere.</p>
Now	Low	Well performing	<p>If you think that you may be able to find a way to pivot your business FAST to meet market demand, consider yourself an 'M' for product-market fit.</p> <p>If you cannot see your way out of the current product market situation, but you want to buy yourself time to test product-market fit further. Consider keeping the strongest of your team vide Medium Cost Reduction Measures and some Severe Cost Reduction Measures elsewhere.</p>

Now	Low	Underperforming	<p>You have a minimal opportunity to pivot your business to a better product-market fit, and don't have a strong team to do this with.</p> <p>Consider keeping the strongest of your team members to rebuild the company by applying Medium Cost Reduction Measures for them with significant Severe Cost Reduction Measures elsewhere.</p> <p>Consider bringing on contractors or hiring staff that have key knowledge and experience with which you can pivot your business.</p> <p>You will need to rebuild your company with time. A significant effort of team building and execution planning is required to manage employee churn.</p>
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