



Key Reduction in Force Considerations for Manufacturing Employers as Layoffs Mount

Insights

10.11.24

The strong jobs report recently released by the federal government included a surprising twist: it showed the manufacturing industry lost over 34,000 jobs in the past two months, standing now as one of the weakest industry sectors in the country. Bloomberg reported that manufacturing employment stands at a two-year low, thanks to paralyzing uncertainty in the face of the upcoming national elections, weak demand, high interest rates – and increasing automation. As industry layoffs continue to mount, it's critical that manufacturing employers have a solid plan in place as they consider implementing reductions in force (RIFs). This Insight provides manufacturing employers with key resources and concepts to keep in mind as you navigate RIFs.

Recent Labor Data

According to the Bureau of Labor Statistics report released on October 4, the employment news was almost universally sunny. Employers added over 250,000 jobs in September, an astonishingly higher tally than expected. It also blew away August's total of about 150,000. The report also showed the unemployment rate dipping from 4.2% to 4.1%.

But while the numbers were robust, the good news wasn't felt across the board. Manufacturers lost an additional 7,000 jobs after a rough August, and payrolls continued their downward trend felt all throughout the year. Some analysts expect the bad news to continue in the sector through the next several months – which means it's time for manufacturing employers to consider their next steps.

Reductions in Force

Before we dive into preparing for and handling RIFs, it's important to understand what that term means – and what it doesn't.

- A RIF is a broad, systemic reduction in your workforce involving permanent terminations of employment.
- In comparison, layoffs can involve temporary or permanent terminations and do not necessarily occur on a scale as large as a RIF.
- And furloughs may involve reducing employees' hours or requiring them to take unpaid while they remain employed.

These distinctions are significant because RIFs are subject to specific rules under federal, state, and local laws that need to be considered before you proceed. They include the North American Free Trade Act (NAFTA) and the Worker Adjustment and Retraining Notification (WARN) Act, among others. Requirements under these laws will impact your timing, your decision-making, your notification responsibilities, and other aspects of your action.

Additionally, it bears noting that RIFs, layoffs, and furloughs all may have other workplace law implications (for example, under federal employee benefits laws such as ERISA and COBRA, not to mention standard civil rights and EEO laws).

Key Resources and Considerations for RIFs in the Construction Industry

If at some point you must make the difficult decision to reduce your workforce, you'll need to be ready to follow a few best practices that will ensure transparency, employee morale, and legal compliance. Our Manufacturing Team offers several resources that cover best practices for handling RIFs and can help guide you through the tough choices related to reducing your workforce and how to handle them.

- Read our [7-Step RIF and Layoff Blueprint](#) applicable to employers in any industry.
- Check out this Q&A on [Effective Communication Strategies During a Reduction in Force](#).
- Contact any member of our [Reductions in Force Practice Group](#) and [Manufacturing Team](#) if you are planning a RIF or other layoffs.
- Consider our [RIF/WARN Toolkit](#), which provides essential resources to help employers plan and properly carry out mass layoffs.

In addition, look out for RIF issues specific to the construction industry. For example:

- **Union Considerations and Labor Contracts.** Manufacturing employers with unionized workforces should review collective bargaining agreements carefully before conducting a RIF, as these may contain specific procedures or protections around layoffs, seniority rights, and severance benefits. Breaching these terms could lead to grievances or unfair labor practice claims.
- **Supply Chain and Production Disruptions.** RIFs can have significant impacts on production timelines and customer commitments. Assess whether reducing your workforce will cause delays or interruptions that could affect your supply chain or delivery obligations. In some cases, temporary layoffs or reassigning workers to other shifts or production lines could help mitigate these effects.
- **Retention of Specialized Skills.** The manufacturing industry often relies on highly skilled workers for machine operation, assembly, and quality control processes. If planning a RIF, consider the long-term impact of losing workers with these unique skills or certifications. When

possible, prioritize alternatives such as temporary layoffs or furloughs for these roles, as they may be challenging to replace when demand increases.

- **Compliance with Safety and Environmental Regulations.** With fewer workers, remaining staff may need to take on additional responsibilities. Ensure that any workforce changes do not compromise adherence to safety protocols or environmental compliance standards. Cutting corners here could lead to increased risk of accidents, OSHA violations, or environmental fines, particularly as fewer workers manage critical tasks.

Conclusion

If you're contemplating a RIF or other layoff, your Fisher Phillips attorney is ready to help. You may reach out to authors of this Insight, any attorney in our [Reductions in Force \(RIFs\) Practice Group](#), or any attorney on our [Manufacturing Team](#). We will continue to monitor the latest developments related to this area and provide updates as warranted, so you should ensure you are subscribed to [Fisher Phillips' Insight System](#) to gather the most up-to-date information directly to your inbox.

Related People



Colin P. Calvert
Partner
949.798.2160
[Email](#)





Stephen C. Mitchell
Regional Managing Partner
803.255.0000
Email

Service Focus

Reductions in Force (RIFs)

Industry Focus

Manufacturing