

FRIENDLY'S LAYS OFF 1,260 OVERNIGHT



As it turns out Friendly's is not such a Friendly place to work after all. The Friendly's Ice Cream Corp. decided to lay off 1,260 members of its restaurant staff with virtually no notice at all. When you consider that Friendly's only has a staff of roughly 10,300 people this is a significant loss. The restaurant chain, which filed for bankruptcy court on Wednesday, decided that its best course of action was to simply shut down operations at 63 of its locations. Some states will be hit harder than others, with 30 of the store closing in the chain's home state. The layoffs, which represent more than 12% of the company's workforce, were given with alarmingly swift notice. The employees were given notice on Tuesday night that the next day of work would be their last one. The employees spent their last day cleaning out the stores that had once been their places of employment. According to a representative of the company none of the employees of the company will be given a severance benefit of any kind. When a location closed everyone from the dishwashers to the manager were laid off. Though, according to the same representative of Friendly's, some accommodations will be made for the managers of the close locations. Specifics on what kind of accommodations can be expected were not given. According to the motion that was filed in the U.S. Bankruptcy Court in Delaware on Wednesday, Friendly's listed its total employee wages were costing the company about \$2.95 million every week. That means that the loss of 21% of its work force should represent a savings of about \$18.4 million in employee wages. According to the company many, if not all, of the locations they chose to close were unprofitable, though this likely gives little solace to the employees who were left without jobs and without time to plan for their futures. While there is a federal law designed to help prevent these kinds of large-scale sudden layoffs, Worker Adjustment and Retraining Notification Act (WARN) it did not apply in this case. The WARN act only applies when the site that is closing down has more than 50 workers in a single location. Since all of the restaurant chain's individual locations did not have more than 50 workers at them they were able to lay people off without warning. The theory behind this law is that a community will not be as heavily impacted by a small site shut down, as it would be when a large employer leaves people without work. This system does not work well in the case of regional employers, like Friendly's, who have multiple locations. While several states are taking steps to shore up the holes in these laws none have currently been enacted at the time of the layoffs. What will the company do now? Well, according to a representative they will continue to operate areas of the business that are profitable, including individual franchising and the retail sales of ice creams.

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