

Why are there  
so many layoffs  
at public  
companies –  
especially tech  
companies?

- In 2025 – it was “overhiring during the pandemic” targeting tech
- In 2026 – it was AI is cutting jobs
  - Except no evidence that it is doing so
- Then it was – AI WILL cut jobs
  - Except it would be dumb to cut capability before no evidence that i
- Now it is – we need the savings to fund AI:  
*“Meta CEO Mark Zuckerberg has said the Facebook parent firm's planned layoffs are the consequence of increased capital spending for AI,”*
  - Except no evidence that this is true, either

# Cash on hand

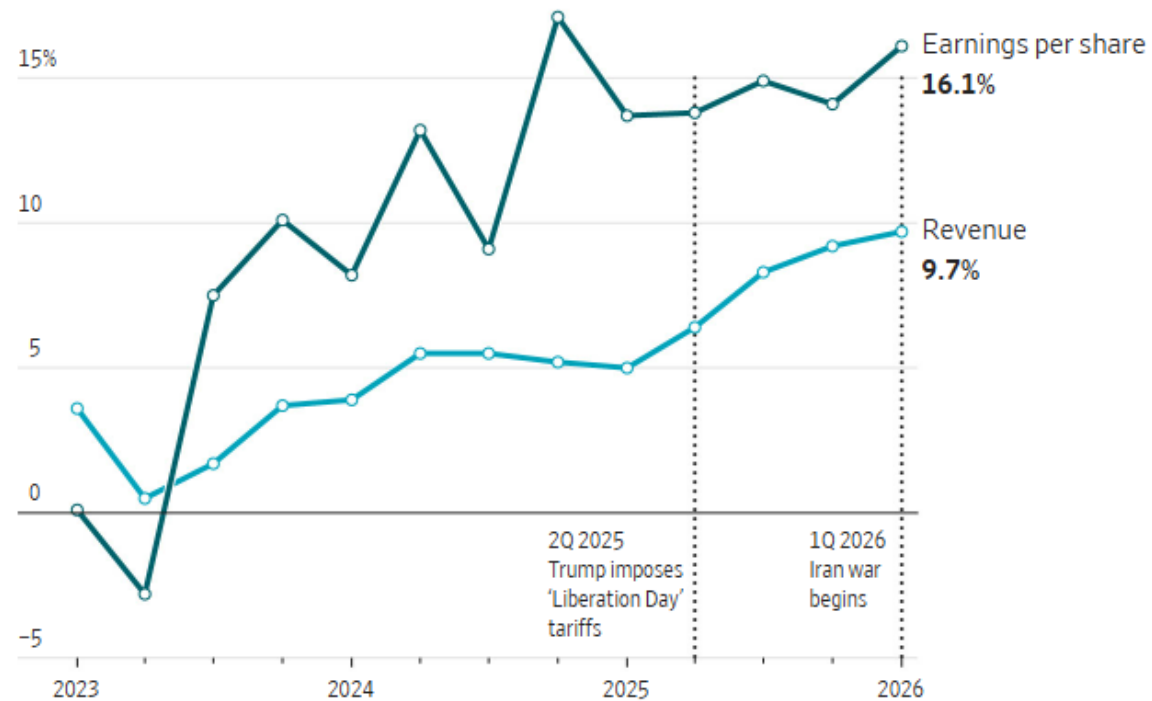
- Microsoft has \$90 Bill in cash and \$3.2 Trill market cap \$22 Bill in share buybacks end of 2025. Meta has \$82 bill and \$1.7 trill market cap
- Alphabet has \$126 billion and \$4.2 Trillion market cap: Amazon has \$123 bill and \$2.8 Trillion Market cap
- Investments in AI:
  - Alphabet \$175 billion investment in AI – funding it from cash flow: Cloud is up 48% this year:
  - Microsoft spending \$115 billion out of record-high profits:
  - Meta \$120 billion funding through record revenue growth

# This week -

- “Earnings growth has been exceptional,” said Parag Thatte, an equity strategist for [Deutsche Bank](#). “We’re seeing the broadening of earnings growth beyond just tech and financial” firms.” WSJ.

# Business is going well

Quarterly results for S&P 500 companies, change from a year earlier



Note: Through April 24; 1Q 2026 includes reported results for 139 companies and analyst estimates for the remainder.

Source: LSEG

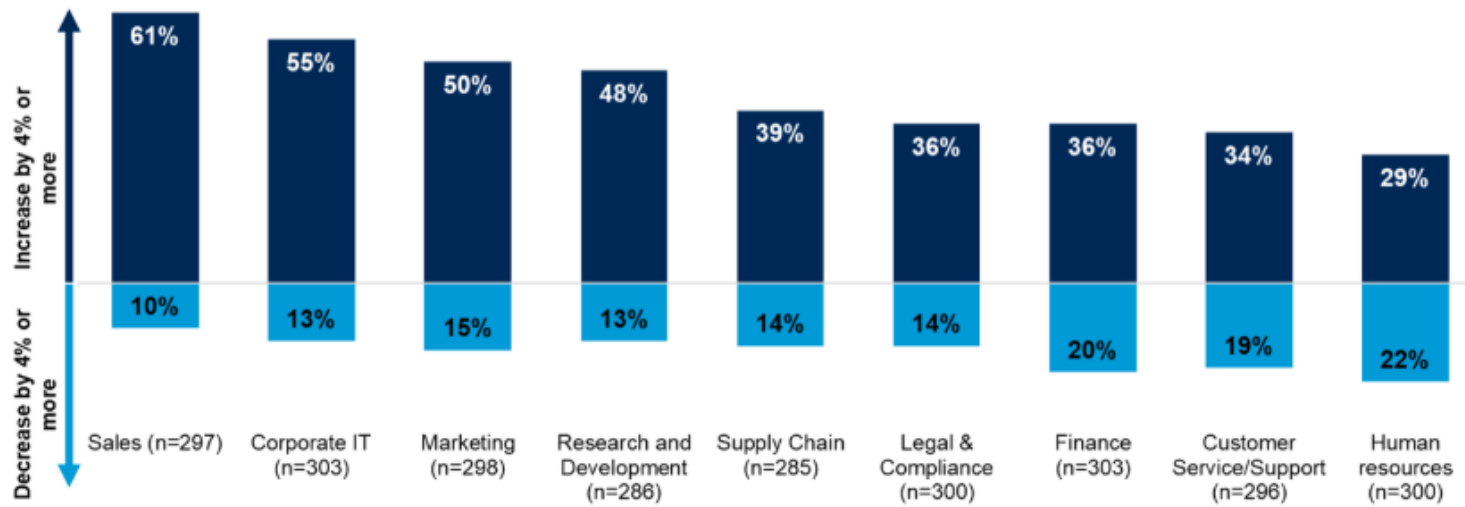
# What savings would layoffs generate?

- Cutting 10,000 managers would save \$2 billion although upfront costs of doing so (severance, etc.) is \$1 billion –
- It is drop in the bucket compared to the other resources

# It's not just cutting jobs, it's everything HR

Figure 1: Planned Changes to Functional Budgets in 2026

Percentage of respondents



n varies; CFOs and senior finance leaders

Q. How do you expect the budget of the following corporate functions to change in 2026 compared to your total expected 2025 spend?

Note: Percentages don't add up to 100 due to the exclusion of options 'I don't know' and 'Nominal Change'

Source: Gartner (February 2026)

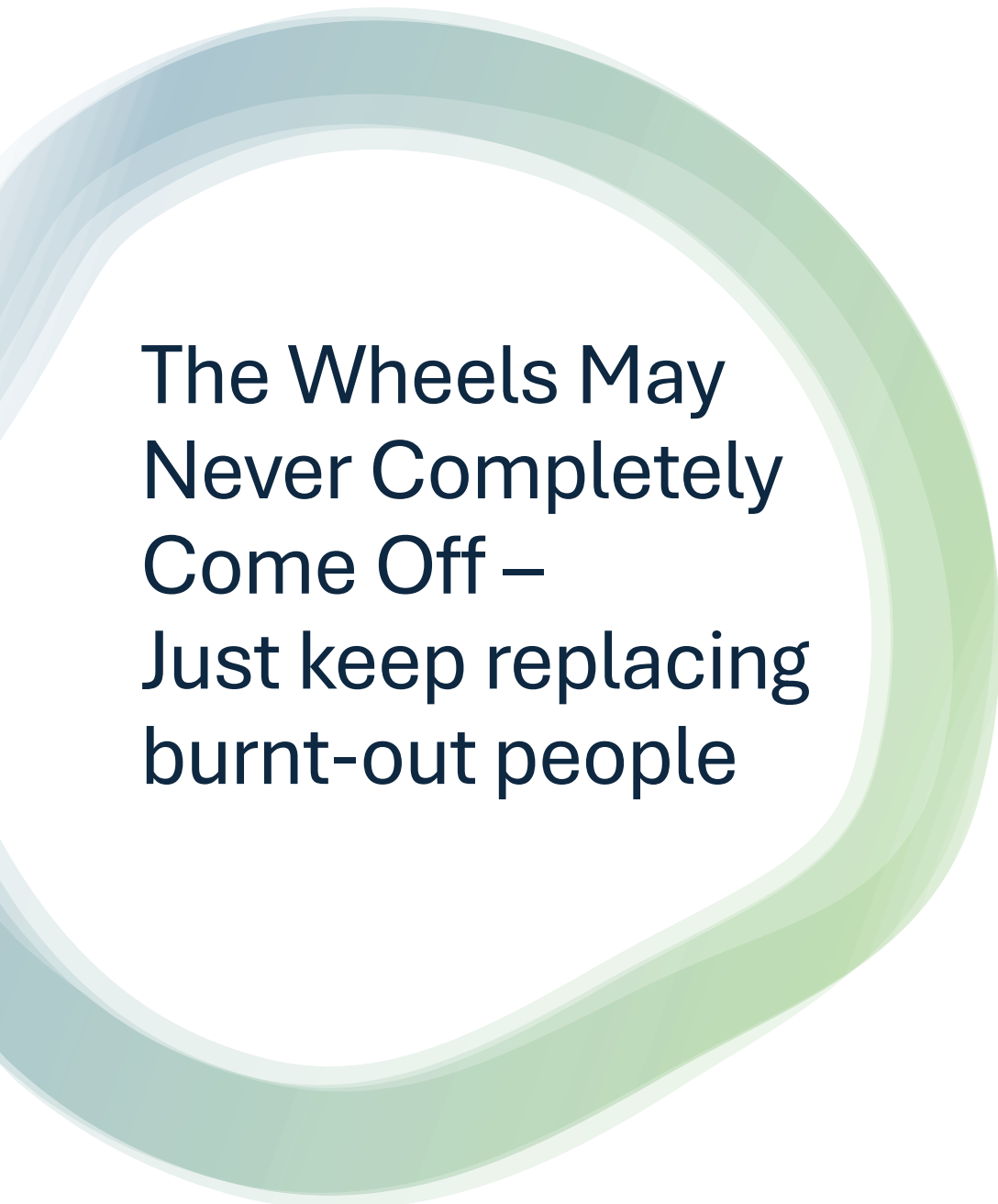


Vacation time, parental leave, everything that is expensive is on the block

**Deloitte, Zoom cutting PTO**



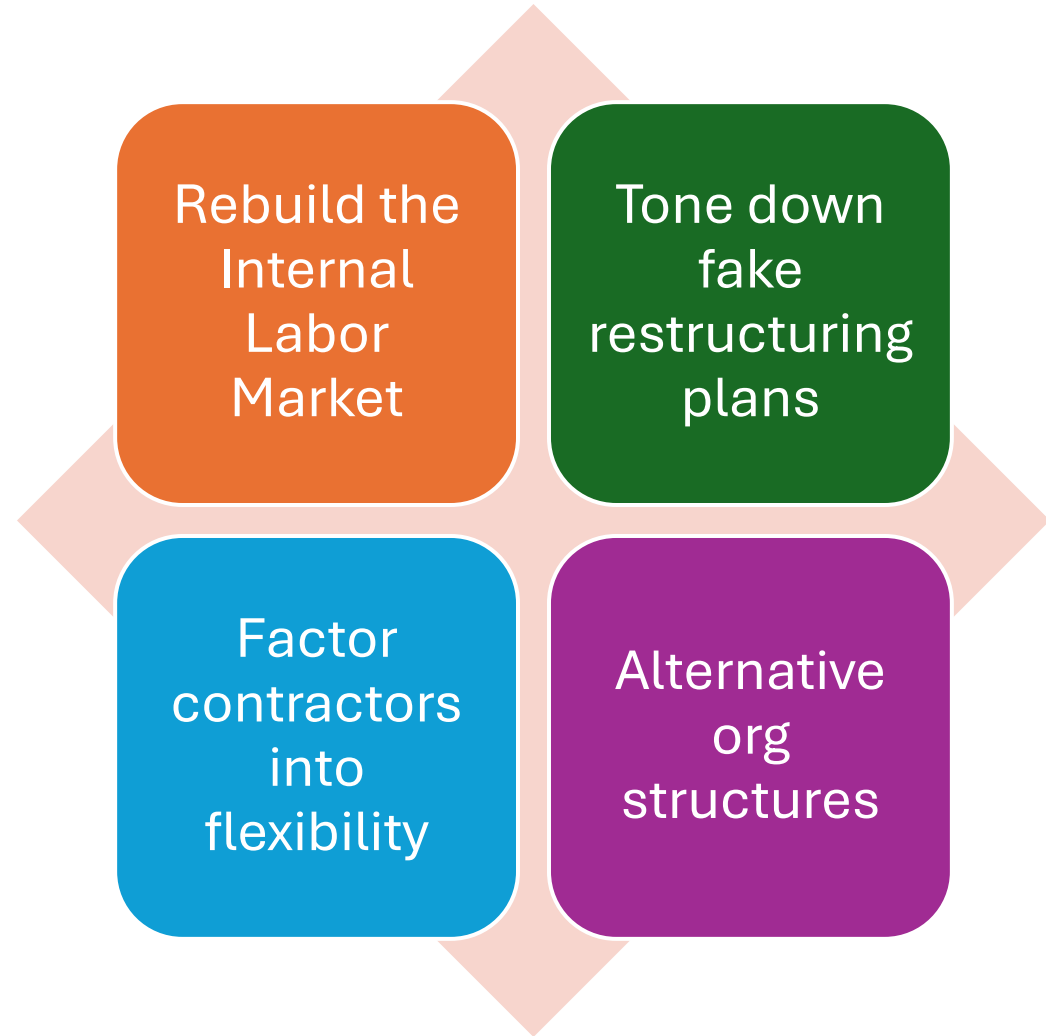
Why?



## The Wheels May Never Completely Come Off – Just keep replacing burnt-out people

- How do we persuade top leaders to do something about it?
  - *E.g., How do we get people back in the office when CFOs cut office space, moved us to open offices and then hoteling, which people hate.*
- CEOs need to know the real costs of turnover: layoffs and hiring replacements doesn't look so smart if we think turnover costs = \$40k per person rather than \$4k
- Know the real costs of stress on illness and healthcare costs, then on productivity: Decision Fatigue
  - *Employees are becoming cynical about wellness programs: “chair yoga” to help you deal with the stress we’re creating*

# What are the Options for HR?



But mainly, we have to educate the CEO's about the real costs of managing employees poorly.

CEOs do care about internal accounting



# All costs matter to CEOs



Turnover costs



Costs of leaving vacancies open



Costs of outside hiring vs. promotion from within



Benefits of better employees