Downsizing

Posted On Dec 31, Posted by Barbara Bowes Category Uncategorized

It's not an easy decision to make. If you're someone who stays in tune with the work world, scanning the TV news and reading multiple newspapers, you can't possibly miss the many company announcements of massive layoffs. Everywhere you turn, news articles scream out and stun you with the increasingly high numbers of employees crossing the chopping block. The Excite News website, for instance, reports that more than 35,000 job cuts were made in the technology sector alone during the week of July 22-29th, 2001. Adding to a growing sense of anxiety, doom and gloom, we are also told that consumer spending has slowed significantly and the word recession is being bandied about.

This latest explosion of layoffs reminds me of a computer virus spreading like wildfire, viciously attacking one industry sector after another. On the simplistic side of thought, I sometimes wonder if some companies aren't falling into the common trap of group think, in other words, believing that if one company is downsizing so should they. On the other hand, more realistically, I recognize how tough it is to make the call to downsize; after all, will there ever be a good time to tell your employees they have lost their jobs?

Downsizing, restructuring, delayering, rightsizing.....I don't care what you call it, laying off employees should be the last resort following deep and careful consideration of all other options. A number of alternatives to layoffs have proven successful. These include voluntary salary reductions across the board, a shortened workweek, temporary layoffs, voluntary severance or retirements, plant closure for a longer period of time than normal, and hiring freezes. Human Resources Development Canada also offers a number of programs such as work sharing to assist employers to retain their employees during difficult times.

There is no one right way to implement a downsizing strategy that fits for each and every company, but my personal preference is to get it over with. Cut fast and cut deep so that you don't have to keep going back to trim more employees out of the system. In my mind, the slow death approach where employees are given notice and then expected to continue to work constitutes inhumane treatment. Let's face it, these targeted employees aren't going to be productive and neither will those who will be left behind.

A downsizing strategy is traumatic for everyone involved. The employer is faced with making decisions about which product lines to cut or which employees will stay and which will be asked to move on with their career. This is a hellish position to be in and I guarantee that stress levels will be high as managers toss and turn through many sleepless nights. It is a huge responsibility balancing the risk of losing corporate knowledge versus maintaining production and lowering costs. On the other hand, it is also a very unsettling, emotional and anxiety based event for employees, both for those who will move on and for those who will stay with the company.

You need to determine when, where and how to make the announcement. If an entire
department is being eliminated, conduct a group session. If selected individuals are being targeted throughout the company, then conduct a private meeting. If several employees are involved and time is of the essence, then use your management team to individually notify each employee of their fate. If you have multiple sites, deploy managers so that everyone hears the news at the same time.

When making the list of employees targeted for permanent layoff, take time to think about each individual’s personal situation and potential reaction. Contract with career transition consultants for onsite employee meetings immediately following your announcement and provide ongoing offsite career counseling to assist them to make the transition to retirement or to a new worklife.

Have the appropriate documentation and exit checklists ready as you meet with each employee. Provide a letter confirming termination of employment as well as outlining any severance package, benefit and holiday issues. Allow the employee a period of time to return a signed copy to you. Use an exit checklist to confirm that the employee has returned company property, door passkeys, phones and phone cards, etc.

One question that always arises when we assist with downsizing strategies is whether or not to let employees back to their workstations to clean out their personal belongings. This will probably depend on the extent of the downsizing as well as the emotional state of each individual. But, when your computer systems, programs and equipment are at risk, the answer is easy….no.

Offer, where possible, a fair severance package for your departing employees. Consider age and skill transferability, potential of getting another job and the number of years worked with your company. This goes a long way to smooth out the anger and hurt experienced by the displaced employee and helps to ensure they will continue to think highly of your company and speak well about how they were treated in difficult times. Be sure to comply with the provincial labour laws regarding notice periods.

Next, attention must be directed to the surviving employees. Provide shortterm onsite counseling because they, too, will be in emotional shock. Keep employee communication open, honest and frequent and don’t make promises you can’t keep. Be prepared for a variety of emotions ranging from anxiety to apathy and hostility. More often than not though, a group of employees will rally around you and help take the company through this dramatic event.

While I can’t argue with the fact that challenging economic times is creating a need for downsizing or layoffs, I do sincerely believe that a cost effective, fair and humanistic approach to managing such an emotional event is the best for all concerned.

Tags: downsizing