

“Rightsizing” the current downsizing model

By James E. Lukaszewski

It usually starts with a phone call that goes something like this: “Are there any best practices when it comes to laying off a couple thousand people? We are about to undertake a major restructuring and would like to find a way to do it without looking too bad.”



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If there’s one thing I learned about the management actions that people fear most, it’s those dreaded words that strike the most terror: layoffs, downsizing, rightsizing, restructuring, change initiatives, and culture modification. These management decisions and actions are usually clumsy, goofy, unplanned and inhumane. At the same time, I also know that whenever these words are mentioned and the company is public, the company’s stock usually takes a positive jump. Shareholders love to see people cut. What is a manager to do?

Taking people’s jobs away is among the most misunderstood or callously ignored management scenarios. Every workforce reduction action I’ve ever seen (half dozen per year for the last 30 years) was an exercise in stumble, fumble, bumble and mumble.

Despite all the optimistic language written by bosses and put out by communicators, no boss ever knows what’s really going to happen when people are fired until the first batch of fired employees is actually gone. Change always means beginning with a stumble. Mistakes are almost immediately recognized. Along with the “surplus,” a lot of good people get sacrificed as well, or leave for their own reasons. There will be problems. That’s the fumble part.

So, there has to be a second round of layoffs, this time to catch those who should have gone in the first round, and others just to make the numbers work. More good people will go. Management is now faced with having

to launch a recruiting program to replace those who left. That’s the bumble part — hiring while still firing. It’s about this time when a lot of people have been needlessly hurt and management has said some really goofy things, yet the organization actually begins to have a shot at stability. As managers and management struggle to explain how all of this could have been done so clumsily and callously, the big question always is, “Don’t they teach you how to do this in management school?” That’s when the mumbling starts.

There are some really crucial things to remember while the corporate capsizing is going on:

1. Taking someone’s job away, whatever the reason for doing so, is a huge personal injury with lifetime implications. If you have never lost a job involuntarily, you may not understand this statement. If you have lost a job, you know that you will relive the circumstances of that loss almost every day for the rest of your life.

2. Maybe there can be a rationale and a strategy for removing 25 to 50 employees. Beyond that number, it’s impossible to get it right. When the numbers get into the hundreds and thousands, it’s management by a dull meat ax.

3. Communication is the first casualty when managers act badly or have really tough stuff to do. Employee trust is broken almost immediately because crucial information is stalled or withheld, and the clichés begin to flow. “The perfect combination of two great companies,” and “The power of one.” A lot of important people are meeting behind closed doors that are usually open. Fear is in the air. When management does talk publicly, it seems the only audience is those on Wall Street or investors in the business. Their next audience is their industry, peers, or their circle of acquaintances. The words chosen are careless and callous: redundancy, waste reduction, and rationalization. This kind of language is what transforms a business process into victimization. Be complimentary.

4. Employee behavior during these times is also quite predictable. While management fears that quality, productivity, effectiveness, and function will suffer once people know there are going to be cutbacks, management may

fail to notice that there are significant increases in all of those areas. I liken it to the “naughty child syndrome.” In organizations where cutbacks are about to occur, employees may act as though their super good behavior might change management’s mind. This sometimes leads to the highest productivity levels ever achieved . . . just before the business is transformed or closes.

While there may be few, if any, best practices in layoffs, cutbacks, and restructuring, there are some humane behaviors that can count for a lot:

Candor. Talk about what’s going to happen as quickly as the information can be made available. People come and go for their own reasons. Those who are going to leave are going to leave. What often happens is that everyone knows about the cut, no one is talking out loud, but everyone is making up their minds.

Answer all the questions as promptly as you can. Answer questions people should be asking, but have yet to recognize. Trust is about advance information. Talk continuously and answer questions relentlessly. Will the lawyers like it? No, but whose company is it? Will there be lawsuits? Probably; be ready to hire more lawyers. If you let trust slip to fear, it may turn out that you or your boss may not be around to repair or remediate the situation.

Avoid phony and impossible characterizations. In acquisitions and restructuring, those with power, connections, and 51% share will prevail. Help those who have lost leave with as much dignity as possible.

Be compassionate. If there are going to be packages and benefits, announce them as promptly as possible. Do more than you have to. Be compassionate, even towards those you are happy to see leave. Act with integrity.

In the coming months, you will probably get a chance to practice these concepts a lot more than you ever thought you would.

And remember, there but for the grace of God (and some luck) go you.

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