

LAYOFF LINGO

What's the next worst thing to being laid off? Having to deliver the bad news to your own employees. Here, learn how to talk with workers about restructuring and job loss.

By Jenny Schade

"I still have my job, but who knows how long that will last?" confided a mid-level manager recently. "In the meantime, nothing around here is getting done while we all wait to hear who's in the next round of job cuts. They don't tell us anything. Even the guy who gave us a seminar on 'change management' got axed."

Reorganization and accompanying layoffs are difficult for everybody. For each individual who loses his or her job, there's someone responsible for delivering the bad news. The way that information is conveyed has a significant impact on both departing employees and those who remain with the organization.

Every exit has an audience that includes both dismissed employees, who will join other companies, as well as colleagues who stay and draw their own conclusions about how the company values its team members. If you demoralize your workforce through poor communication, you're going to be left with the "working wounded."

The next worst thing to being laid off is having the responsibility for delivering the bad news. Here are six essentials for talking with employees about reorganizations and staff reductions.

Tell employees about layoffs first, working in collaboration with your legal department to insure regulatory compliance. Show respect for employees by informing them about layoffs directly. No one wants to learn about job losses from the media. When it comes time to dismiss individual employees, deliver that news personally. Radio Shack made headlines in 2006 when it sent an email message to 400 employees that said, "The work-force reduction notification is currently in progress. Unfortunately your position is one that has been eliminated."

Communicate on an ongoing basis, focusing on two kinds of information. Have senior management provide information about the organization's "big picture." It's important to tell the whole story – why is this happening now? In addition, instruct supervisors to give employees more personal information about what the announcement means for their jobs.

Take responsibility for the underperforming business. Starbucks CEO Howard Schultz's letter to employees about pending layoffs last July attributed the company's difficulties to "poor real estate decisions that were made, coupled with a very troubled economy." Bravo to Starbucks for acknowledging that its quest for expansion clouded its judgement in site selection.

Ditch the PowerPoint and show your human side. This is not a time for formal presentations. It's a time for roll-up-your-sleeves candid conversations, including Q&A, about how the organization is handling the downturn. Encourage leadership to get out from behind the podium and in front of employees. The Carat media agency learned this the hard way in September when its chief people officer mistakenly emailed an internal "right-sizing messages" PowerPoint, intended only for senior managers, to all employees. Rank-and-file employees learned of impending layoffs when they read the exit scripts that had been prepared for them.

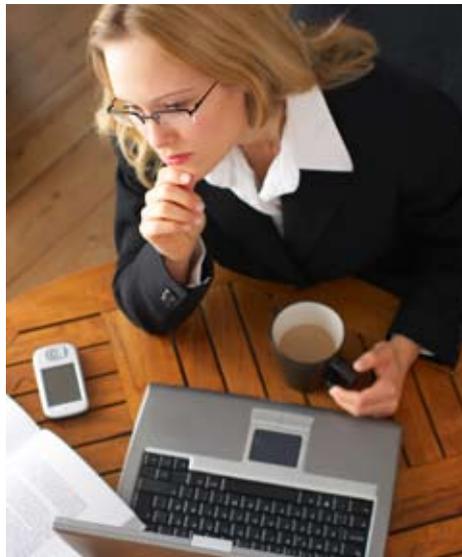
Put some leadership skin in the game. When there are problems with the business, employees are the first to go. Demonstrate that "the buck stops here" by announcing how company leadership is also sacrificing. In December, Motorola's announcement of a temporary halt to matching 401(k) contributions and a permanent freeze on U.S. pension plans was accompanied by news that that Co-Chief Executives Greg Grown and Sanjay Jha were taking 25 percent cuts to their 2009 base salaries. In addition, FedEx has announced base-salary cuts to CEO Frederick Smith's pay along with that of additional senior executives.

Re-engage employees who remain with your organization. Reorganizations are hard on all involved. Employees feel depressed, numb and guilty about having made it through the chaos of reorganization – classic symptoms of survivor's guilt.

Everyone expects employees whose jobs are eliminated to go through an emotionally traumatic experience. However, employees who remain with the organization share many of the same feelings of their departed colleagues.

Providing employees with the opportunity to voice their uncertainty and give input into the "new" organization is critical to re-engagement. This can be done by holding Town Hall meetings at which company leadership responds to employees' questions, as well as encouraging managers to talk with their employees and listen to questions and concerns.

Cutting costs by reorganizing and laying off employees isn't going to be enough to fix a troubled organization. It's critical to motivate employees to get the business back on track. Engaging team members through effective communication is the first step in that direction. ■



JRS Consulting President Jenny Schade has interviewed more than 1,000 employees while guiding organizations through turbulent change. Get additional tips from the free JRS newsletter at www.JRSconsulting.net.