

Rightsizing the Business in Times of Crisis

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Contents...

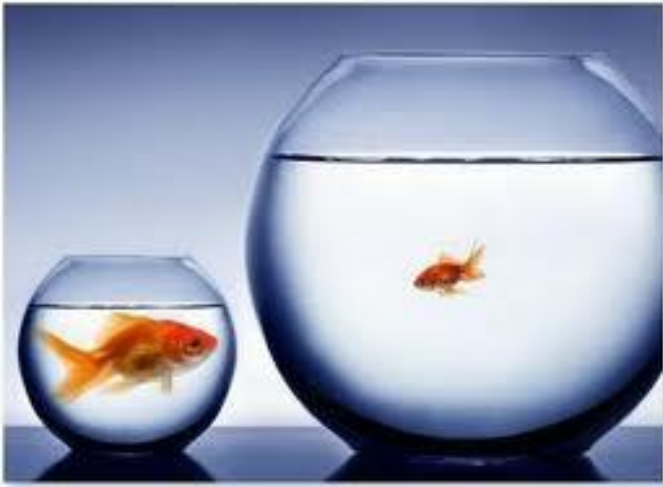
1. Rightsizing VS Downsizing...
2. Handling Layoffs / Redundancies.
3. Our own experience.
4. Dilemmas and Paradoxes for discussion.

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1. Rightsizing VS Downsizing



1. Rightsizing VS Downsizing cont...

Rightsizing is a *planned* and *deliberate* process of *adjusting* workforce to strategic priorities....it may include:

1. New Forms of Organizational Design
2. Job re – design
3. A new Performance Management & Rewards System
4. Access to new areas of Learning & Development
5. Process re – engineering and lean operating models
6. A new hiring philosophy
7. Mergers, acquisitions and/or outsourcing of departments, functions or whole companies

1. Rightsizing VS Downsizing cont...



2. Handling Layoffs / Redundancies – Issues to Consider

▶ Before Redundancies Take Place – Strategic Planning Stage

- Involve management
- Identify critical KSA, behaviors and attitudes that are needed in order to achieve strategic goals
- Conduct GAP Analysis and assess how you can develop them and/or attract people who have them
- Reassess talent mix with the focus on top performers, high potentials, irreplaceable employees and key positions
- Re – design jobs *as part of the workforce planning*
- Re – engineer core, supportive and management processes *in parallel with workforce planning*
- If possible, re – design the job grading system and new salary bands to fit the new roles
- Invest more in job *enlargement* than job *enrichment*
- Identify opportunities for less disruption (i.e. consider terminating fixed – term contracts)
- Start informing people about strategic priorities well in advance

2. Handling Layoffs / Redundancies – Issues to Consider cont...

- ▶ **Before Redundancies Take Place – Preparation for Execution**
 - Management involvement and preparation / ensure common rhetoric among managers
 - Participation / Consultation – involve people, offer voluntary departures where possible, prepare them
 - Design a short and efficient schedule for execution
 - Make sure to involve Unions early in the process / get them on board and, if possible, get them in the room
 - Prepare in detail all meetings, timing, wording, place, memos, handover lists and documents
 - Have “communicators” operate in pairs
 - Train “communicators” to be able to explain pay and legal processes / issues
 - Prepare all possible answers but leave the “impossible” to the exit interview
 - Identify employees of high risk of default and be ready to address them personally
 - If redundancies are massive, HR to be available for everyone, act as a help desk

2. Handling Layoffs / Redundancies – Issues to Consider cont...

▶ **During Execution**

- Ensure Distributive, Procedural and Interactional Justice
- All at once
- Send memos
- Be fair, say the important first

▶ **Post Execution**

- If possible, offer outplacement services and/or at least try to help those who leave and/or their family members. Promote this initiative internally
- Conduct exit interviews and provide more explanations, be transparent
- Intensify employee participation and access to higher – level information, design new institutions
- Frequent contact with staff, regular feedback
- Admit realities, be ready to inflict hope
- Be careful with promises but give a clear direction
- If possible, give assurances that new waves of massive layoffs are unlikely to happen
- Announce new initiatives, programs, schemes, events
- Monitor those who assume additional duties for burnout and other work – related diseases
- Evidence clearly indicates that firms whose training budgets increase following a restructuring are more likely to realize improved productivity, profits and quality...

3. Our own experience...

- ▶ Rightsizing the sales team at Unicars...
- ▶ Restructuring at Hermes...

4. Dilemmas and Paradoxes for Discussion...

1. “Planning includes massive redundancies AND recruitment at the same time....”
2. “We intend to make redundancies AND pay reductions, how can we have people on board the next day?”
3. “Redundancy is valid if conducted for reasons related to a restructuring. However, I am allowed to make a department “redundant” BUT I cannot make a single position redundant...”
4. “Why should I offer voluntary departures and risk losing my best employees?”
5. “How can I reward / retain those who perform better and those who assume additional duties after the downsizing?”
6. They say that “People need to believe in the organization to make it work, but they need to see that it works to believe in it...” How can this be?
7. Do we adjust structure to our people or the other way around? Or both?



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14/02/2014