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HOW TO MANAGE REDUNDANCIES

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We all accept that change is part of business life. If companies do not respond they cannot progress and survive in a dynamic marketplace. For any change project to be successful organisations need to prioritise the leadership and support of the people who will make it a success. This should include those who may not be staying within the organisation.

Too many change programmes fail to achieve their intended benefits because people are not engaged, morale falls and productivity suffers. The key to avoiding some of the common problems is to take a two-dimensional approach which considers:

1. The timeframe
2. The layers of activity

The timeframe examines the before, during and after of change and within each of these elements are the layers of activity involving the organisation, managers and individuals.

 Redundancy is a fact of life for most companies undergoing change and will affect all three layers within the timeframe. So how can you undertake this unpleasant task of terminating jobs whilst ensuring that the company remains an employer of choice?

Telling employees they must leave an organisation is likely to be a painful experience for everyone involved. However, once the business decision has been taken, it should be viewed objectively and managed professionally, sensitively and skilfully. Every employee deserves a high degree of compassion and consideration, whatever their circumstances. Therefore careful planning and preparation for well-structured meetings will go a long way towards ensuring that the departure of the employee takes place with dignity and respect.



The objectives are:

- To minimise stress and strain on the departing employees.
- To protect the employer brand by demonstrating genuine care and concern.
- To minimise the impact on morale and motivation of those remaining.

PLANNING STAGE

Although individual circumstances will vary, it is crucial that both the HR staff and the line managers know and fully understand the reasons for any termination and that the decision has the support of senior management and the ratification of legal advisers. The decision to impose redundancies could be due to any of the following:

- Internal re-organisation.
- Change of business emphasis.
- Withdrawal from a market or product.
- Cost cutting.
- A merger or acquisition.
- Technology development.

Whatever the reason, the criteria for selecting who is leaving must be fair and non-discriminatory. This is not just for legal reasons: it is important that whoever is delivering the message can explain the reasons confidently, clearly and concisely. The decision should be final and not negotiable. Making the process as transparent as possible will maximise the opportunity for the organisation to present itself in a professional and positive light to its employees and the market.

TRAINING

Running a termination meeting is extremely stressful for line managers and HR staff. It is essential that the meeting is run in a professional manner since the company's reputation is at stake. Preparing all the paperwork and knowing beforehand precisely what you are going to say and how you are going to say it will ensure that the meeting is under control at all times. If this is a manager's first time, some rehearsal beforehand would be beneficial. The tone of the meeting and how the message is conveyed will have an impact on how individuals react. Bear in mind that this meeting will be the employee's last impression of the organisation. It is a final chance to influence how a former employee will describe the organisation to outsiders.

It is essential to:

- Ensure that you understand the reason for termination.
- Write down the main things you intend to say.
- Think through possible reactions to the news – these could range from shock or anger to relief and happiness. Consider your response to any awkward questions.
- Write down the structure of the meeting.
- Set the scene.
- Deliver the news.
- Talk about the future.
- Bring the meeting to a close.

THE TERMINATION MEETING

Choose a neutral place, preferably away from the individual's working area, where the interview can be handled privately and without the risk of interruptions. Try to avoid meeting across a desk if possible. Arrange chairs in such a way that the individual has a feeling of space and can avoid constant eye contact – there may be some emotion to express. Ideally the meeting will take place on a one to one basis, although it is often acceptable for the line manager and the appropriate HR person to be present together. Consider having tea, coffee or water available. A box of tissues, out of sight, may also be useful.



THE 'DON'TS' OF THE MEETING

- Don't conduct the meeting without privately rehearsing exactly what you will say.
- Don't talk about your needs, feelings or problems.
- Don't criticise the organisation's business strategies or senior management.
- Don't shout, even if the employee does!
- Don't say, "I know how you feel", because you don't.
- Don't imply this news is a blessing in disguise.
- Don't rush through the meeting because you are feeling uncomfortable. Take time to answer questions - remember that this is the last impression of the company that the individual will have.
- Don't make promises you can't keep.

THE INDIVIDUAL

Good employers treat their employees as individuals, so you need to know about them. Basic information such as age, job title/position, length of service, address, salary and benefits should all be ascertained before the meeting takes place. It is also helpful to know their personal circumstances: are they married, partnered or single? Do they have any current health issues or any financial problems? These can affect how the individual will react once the news has been broken. If you are unsure, check the legal situation of pregnant women with maternity rights or employees who have been on long-term sickness absence and, in any case, treat them with sensitivity.

THE TIMING

This is a really important consideration. Be fair to the individual by choosing a day or time that will provide space for him/her to absorb and adjust to the news before going home to their family.

- Avoid Friday afternoon.
- Be sensitive to people who live alone or who might not have anyone with whom to share the news and feelings.
- Try to avoid lunchtime and the end of the working day.
- Consider when the individual will be able to return to the office/department, collect belongings and leave calmly and with dignity.
- Avoid significant dates: birthdays, anniversaries, even just before a holiday.
- When several individuals are affected at the same time, check that the relevant employees are all present. Resolve how to deal with absentees.
- Consider when you will notify relevant colleagues.

THE DOCUMENTATION

A prepared letter should be handed out at the meeting. The letter (checked by your legal advisers) should be addressed personally to the individual and might include the following:

- Confirmation of reason for the termination.
- The effective date of the termination of the contract of employment, i.e. the date on which the individual will be taken off the payroll.
- The date of departure – will the individual be leaving immediately or working through their notice period?
- Financial details, e.g. pay in lieu of notice, outstanding salary, accrued holiday pay, any bonus considerations, etc.
- Information about the provision of outplacement facilities and support.
- Information about how and when the separation payment will be made.
- Expectations and actions with regard to benefits such as company car, private medical insurance, pension and life cover, share option scheme.
- Action to be taken for the return of company property, e.g. laptop computer, mobile phone and security passes.

The individual should receive a duplicate of the letter for signature and return by an agreed date as acceptance of the terms and conditions regarding the termination of employment.

THE NEXT MEETING

Do not assume that the individual hears anything after being told that they have lost a job. It is important to plan a time and place for further discussion, perhaps a day or two later when emotions might have settled and thoughts have become clearer. This meeting will allow them to ask questions about the termination package, references and any other aspects of their departure.

THE DEPARTURE

Having concluded the meeting, the individual will need to know where to go next. Are they allowed to return to their desks? Should they be accompanied? If they cannot return, or do not want to, who will bring their personal belongings to the meeting room?

In some instances it is necessary to ask the individual to leave immediately. If so, be sensitive as to their emotional state. Are they, for example, fit enough to drive home?

INTERNAL/EXTERNAL COMMUNICATION

News of redundancies will quickly spread around the company and rumours will inevitably circulate.

It is advisable to communicate the news to immediate colleagues, associated departmental heads and any other people who need to know as soon as possible. Use the opportunity to confirm your appreciation of their contribution in these difficult times and let them know how to respond to business enquiries for individuals who have left without going into specific individual details or underlying reasons for their departure. Providing coherent information is an important way of communicating positive messages about how redundancies have been handled.

Depending on circumstances, the media might well show interest, and consideration should be given to a press release and arrangements for any enquiries to be handled by one appointed person. You may choose to approach the press proactively to clarify your position. It will enhance your image if you can publicise a responsible approach to those individuals affected by redundancies.

The staff left behind may show a variety of reactions about their colleagues including shock, anger, guilt, disbelief and even relief. They will also be anxious about their own future within the company and these issues must be addressed immediately. Their commitment to the business decision is essential for the company to achieve its objectives without a significant productivity dip.

Communication needs to be increased. Line managers should be available to talk through individual issues and be visible. This is no time to hide behind a closed door.

SUMMARY

But how do you measure a successful redundancy exercise? Very few people will tell you it has been a pleasant experience. But if they feel they were treated fairly and that the managers were well prepared, had all the documentation to hand and treated them as human beings they should leave the company with an understanding of the commercial reason for their departure, and a feeling that they have been shown respect by the organisation.



Too often during change we concentrate only on the casualties: we need to be aware of the effects on all our colleagues. Change is ever present and managing it without damaging productivity must be the constant concern of all managers.

SIX KEY FAILURES IN THE MANAGEMENT OF ORGANISATIONAL CHANGE

Redundancies are just one form of change. Change is a reality for almost every organisation, and yet the rate of failure indicates that there is still much to learn about making change successful. Too often, the “people aspect” of the process is overlooked – employees don’t buy in to the new organisation and performance suffers as a result.

By remembering six key areas of failure when engaged in a major transition process, and addressing them, staff remaining in the company will see departing employees treated with respect. And if quality outplacement is provided to help facilitate the transition, they will know that their company values people. The employer brand is protected internally, and externally the organisation’s reputation remains untarnished.

People planning comes last

The role of managers is disregarded

Communication fails to win hearts and minds

Individual agendas are ignored

Engagement isn’t measured

Lack of a project manager

