

Employees that survive a downsizing are a company's future.

Here are some guidelines on how to treat survivors

to ensure their well-being and the company's success.

The Care of the Un-Downsized

BY NOW, we all know the sad tale of downsizing:

- ▶ Apple Computer, down 1,300 jobs
- ▶ AT&T, down 78,000 managerial positions
- ▶ Kimberly Clark, down 2,700 jobs.

We could go on. Instead, let's ask whether layoffs are really needed to get organizations back on the right track. Maybe not.

According to a recent study by Watson Wyatt Worldwide, a pension and profit sharing company located in Washington, D.C., only 46 percent of the companies surveyed met their expense-reduction goals after downsizing, less than 33 percent met profit objectives, and only 21 percent enhanced shareholders' return-on-investment.

In another study, the American Management Association found that fewer than half of the firms downsized since 1988 had increased their profits after layoffs; only one-third reported

an increase in productivity. Worse, the study revealed that downsizing seems to beget more downsizing. Two-thirds of firms that cut jobs do it again the next year.

Kim Cameron, a University of Michigan professor and an expert in downsizing, sees layoffs as a quick fix that usually doesn't work. Cameron studied 30 auto-industry companies that had been through layoffs. "Only five or six had a marked increase in productivity," he says. "In all other cases, performance went down."

Downsizing, however, may not be the true culprit. The real problem is that many companies don't plan for downsizing. They just reduce head count, neglecting to figure out how they're going to move forward in their new "leaner and meaner" environments.

In such cases, the most important element of downsizing is ignored—the survivors. As downsizing analyst David Noer points out, "Survivors are

BY BOB NELSON

THE MISCONCEPTIONS OF DOWNSIZING

Here are some common myths about downsizing:

- ▶ Downsizing occurs quickly and centers around a definitive event.
- ▶ Survivors are glad to still have jobs.
- ▶ Time heals all wounds.
- ▶ The weak people are the ones who leave.
- ▶ Survivors that seem to be OK really are.
- ▶ People take what management tells them at face value.

Source: Drake Beam Morin, New York

left to fend for themselves, to somehow manage on their own.”

From guilt to growth

Downsizing is a traumatic experience—not only for terminated employees, but also for those who remain. Joel Brockner—a professor of management at Columbia University and an expert in survivor guilt—says, “When people react negatively to change—such as downsizing—it shows up in reduced productivity and low morale. The real cause is that people’s self-esteem is threatened.”

Ironically, survivors are perhaps the most critical factor in determining the future success of a downsized company. They are expected to assume additional workloads, work more efficiently, and adapt quickly to the new work environment in order to attain company goals.

Managers must anticipate survivors’ reactions to downsizing and help them grow in spite of the situation. Management must find ways to help survivors cope with concerns that they might lose their jobs, with guilt about the termination of co-workers, and with resentment and burnout because of pressure to work harder.

Though the steps below aren’t a panacea, they can help management channel its energies and efforts in the right direction.

Lead by vision and values, not commands. In a downsized company, it’s increasingly difficult for management to tell employees exactly what they should be doing to be most effective in

Survivors are a critical factor in the future success of a downsized company ■

their jobs. That’s because their jobs—and their work environ-

ment—are changing so fast. In fact, in many cases, employees are in the best position to know how to solve problems or serve their customers because they are closest to the situations.

It is more important for management to help employees focus on a larger vision of what is needed, emphasizing the strategies and values that will help make the vision attainable. For example, instead of telling people what to do (and risk being wrong), management should encourage workers to take the initiative when appropriate. Managers should meet regularly with employees to map goals and to seek ideas on how they can work together to meet the goals.

Managers and employees should agree on goals, both big and small. In addition, management should identify the kinds of rewards and recognition that motivate employees to try to attain goals. Having the end in sight and empowering employees to be creative and to develop their own skills and abilities can tap into a tremendous reserve of energy, ideas, and initiative.

Communicate more, not less. During times of change and downsizing, communication should be uppermost. Surviving workers need to talk to managers and co-workers about their guilt, anger, and concerns. They also need information about what’s going on in the company. Immediately following a downsizing, management should hold a companywide meeting to explain the reasons for layoffs, to outline the changes and their impact on survivors, to spell out the company’s future, and

to discuss what’s needed from those employees who remain.

Management must communicate to employees what is expected of them in order to keep the company profitable and avoid more layoffs. Management should update employees regularly about the possibility of future layoffs. Never let employees read it first in the newspapers. Rumors must be addressed so that survivors understand what lies ahead.

Management must realize that it’s impossible to “overcommunicate” with employees during turbulent times. That’s when the quality and quantity of communications should be greater than usual. One reason is that more distortion occurs in a rapidly changing environment. The lines of communication that worked well in the past may be inadequate now. Past communication channels may be overloaded, too formal, or too slow to provide employees with information when they need it most.

To enhance communication, management may choose to experiment with new ways of talking with employees, including

- ▶ informal sessions between management and small groups
- ▶ message boards in the restrooms or lunchroom
- ▶ department visits by top managers
- ▶ electronic displays of announcements and updates
- ▶ chat sessions on the organization’s intranet
- ▶ hotlines for employees’ questions and concerns.

Some of the suggestions will work; some won’t. By experimenting, an organization can discover what meets employees’ needs best. In return for the efforts, survivors will respect and continue to serve the organization well.

Involve people early on. Managing is what you do *with* people, not *to* them. To get the most from employees and obtain their commitment, start with them: who they are, what they want, and what they need. Then, build on that foundation by putting the best interests of employees first. Let them take part in decisions that affect their workloads and work environment. That can make them feel important and reassure them that they are truly making a contribution.

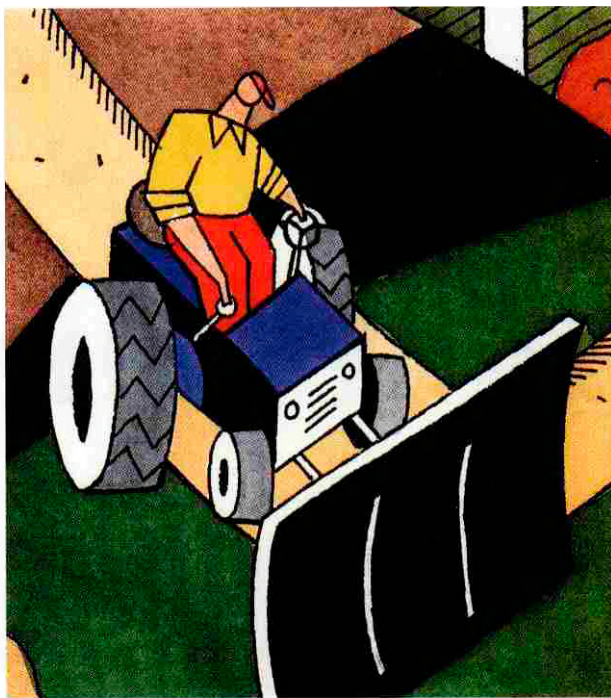
One way to involve employees in decision making is to let them assist with a downsizing. Noer recommends that employees be involved in preliminary discussions so they can help shape the criteria on who will go and who will stay: "If you can involve people in the process and give them options such as job-sharing or part-time work—you'll be better off." Then, lay-off survivors are less likely to experience feelings of guilt and depression.

Another way to involve survivors in decision making is to have them help management determine how they all can work together in the leaner organization. After downsizing, peoples' roles and responsibilities will be new, and they may seem overwhelming. Involving employees in crucial decisions will help secure their commitment. They will have a better understanding of what is expected of them, and they will see how their support and hard work fit into the overall picture.

Involving employees in decisions also builds trust—vital to sparking their motivation and enthusiasm to do their best. By working through issues as a team, management is telling survivors, "We're in this together." The way employees are treated during stressful times of change says a lot about how they're regarded by management. Are they pawns in a game? Or, are they individuals to be treated with respect? Involving employees in decisions will demonstrate that even when times are rough, management has their best interests—and those of the company—in mind.

Recognize and reward performance. Many companies fail to recognize and reward the performance of survivors—thinking, perhaps, that they will be criticized for spending tight dollars foolishly. Nothing could be further from the truth.

After downsizing, management should recognize and reward performance that makes a difference. Employees feel ambiguous and unclear in times of flux, and they are likely to be skeptical about their future with the company. So that vital employees don't jump ship, they need to feel that their hard work and devotion are appreciated. Now, more than ever, management must reward them. Rewards



■ *One way to build trust is to involve employees in decision making* ■

- ▶ Conduct morning chat sessions to update employees on the status of projects and to highlight desired performance by team members.
- ▶ Hold weekly team lunches so employees can share with co-workers and managers their ideas on how things are going.
- ▶ Write about employees' accomplishments in the company newsletter. Circulate companywide bulletins of outstanding results.
- ▶ Institute and encourage an open-door policy—from lower-level workers to people at the top. Encourage employees to talk about their

THE REALITIES OF DOWNSIZING

Here are some truisms about downsizing:

- ▶ When survivors are more involved in changes in the workplace, their reactions become less negative.
- ▶ The intensity of survivors' emotional reactions is proportionate to the speed of change.
- ▶ The longer an employee has been in a position, the greater his or her resistance to change.
- ▶ Though rewards and incentives may not lessen survivors' feelings of loss, they can motivate people and help them react positively to change.

Source: Drake Beam Morin, New York

and recognition go a long way to keeping employees motivated, satisfied, and committed.

Management should recognize employees for both their progress toward and achievement of desired performance goals. It should show appreciation for small accomplishments as well as big ones. The recognition must be ongoing to reinforce employees' need to feel that they're doing a good job.

Moreover, the best forms of recognition typically have little or no cost.

Here are some suggestions for managers:

- ▶ Thank each employee personally for his or her hard work.

concerns and their ideas for new approaches.

Above all else, management must treat employees with trust and respect. Because survivors are likely to feel that their career paths are unclear, management must reassure them that it cares about them and their future with the company. ■

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