



Managing the Aftermath of a Corporate Downsizing and Restructuring Exercise - Olusegun Mojeed, FCIPM

The two greatest tasks of an organisation's Strategic Leadership Team after a rightsizing, downsizing or restructuring exercise are – 1. 'Healing' the people who survived the exercise, and 2. Getting productivity up again

This article is about an end-to-end process of 'survivors' engagement, heightening productivity and energizing the corporation to meet set objectives. The question is how do we achieve this? How do we overcome the trauma of layoffs? Surprisingly, the trauma is not about those laid off but about those remaining, those who still have jobs at the organisation, yes, those who survived the 'Tsunami'.

In his classic, *"Healing the Wounds"* (© Jossey-Bass, Inc; 1993), author David M. Noer identified a peculiar ailment suffered by those who remained with an organisation after a downsizing, rightsizing or restructuring exercise. He calls it 'survivor sicknesses'. Managing this sickness and moving the company forward is the core of this essay.

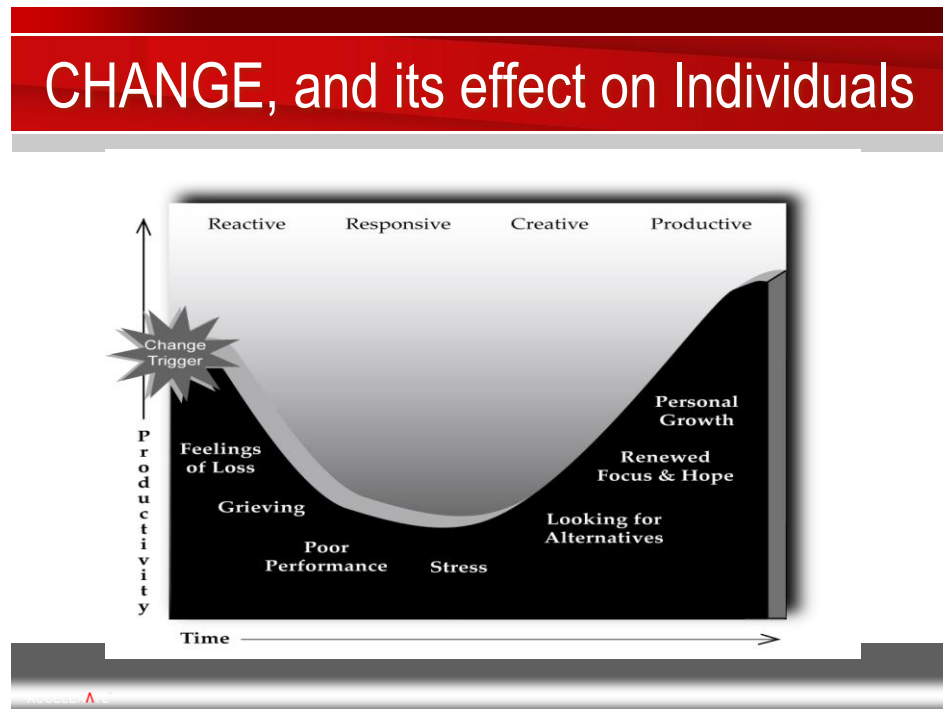
In my twenty years as an HR practitioner spanning manufacturing, banking, consulting services and telecommunications, I have seen restructuring projects back firing, failing to accomplish intended objectives thus becoming a liability. One of the main reasons for this is while a lot of companies do a great job exiting people, a very few help those who remain after the layoff exercise is completed, leaving employees to manifest symptoms of "survivor sickness".

For the avoidance of doubt, there is absolutely nothing wrong with downsizing or whichever name one chooses to call it. It is inevitable and often necessary for the long-term health of many companies. New economic and social forces demand it. The global economic meltdown (GEM) forces it. Fat, marginally productive companies must slim down or go out of business.

Rightsizing or restructuring triggers a change process – sometimes it is a massive one, other times, they are minor. Change happens, and it is constant. Every change is a loss and it is legitimate for those

concerned to grieve their loss. An individual goes through phases of emotions and productivity levels during a change process.

The change curve (Fig.1 - Courtesy of Accelerate Inc. USA) depicts these phases and levels of productivity



The task of every leader and manager therefore is first to appreciate those phases especially the initial ones and the accompanying trauma, and quickly cross over using engagement, counseling and healing. This is the path to recovery that will enable productivity to climb.

Leaders must be transparent and audacious. They must be able to say it the way it is. They must earn trust and display integrity in time of change. Gone are the days of the old 'permanent' employment contract which implied that high performing employees are guaranteed life time employment. It is replaced with a new contract which says jobs are situational, even the best or most loyal performer cannot count on long-term employment, employees must therefore replace loyalty to an organization with loyalty to one's work and life mission, and to the customer. Leaders and coaches must therefore help people to become less dependent on the organisation for their security and self-esteem.

In this essay, I attempted an explanation of "survivor sickness" while identifying those emotionally crippling symptoms, and how we can keep the goal of the restructuring in focus always. Attempts will also be made to encourage the leadership team or its organs like the HR to conduct rightsizing in a humane way. In the final analysis, our aim is to restore energy, up productivity and encourage risk and passion in a downsized environment.

Understanding “Survivor Sickness”

A downsizing begins with a sense of violation and ends with angry, sad and depressed employees. Fearing the future, they lose the joy, spontaneity, and relevance they once found in their jobs. There is a feeling that those gone are better off, after all they have moved on. Survivors get short shrift from management team who often underestimate the extent of the trauma. Treating survivors as if we have done something extraordinary for them by keeping them leaves much to be desired, it is ignorance on the part of the leadership team.

We need to know that layoff survivors do share common reactions with survivors of other disasters like death camps, airline hijackings, armed robbery attack, hostage taking, etc. These reactions include depression, fatigue, stress, insecurity and fear, feeling of distrust and betrayal, dissatisfaction, anger over layoff process, deep sensed unfairness, etc.

Let me drive home my drift with this tale by the moon light - imagine a family with dad, mum and four children. The family has lived together for years in a loving environment, and the children have come to believe that in return for being of good behavior, the parents will take care of them. Then one day at the breakfast table, the parents seem agitated and mum speaks: “your dad and I have reviewed the budget, we don’t have enough money to make ends meet... we can’t feed you all.” She composed herself and pointed towards the end of the table and said: “you two must go!”

Next morning, two chairs have been removed from the dining, and evidence of the two banished siblings is gone. No one talks about them, and the parents tell the surviving two that they should be grateful they still have places at the table. The mother concludes: “this will make us all closer”. How wrong! It is not just the banished children that feel hurt, guilty, and sad. The remaining two siblings not only lost their appetite, they lost the trust and respect, at least for now. That is what survivors feel, and their parents, too.

Path to healing starts with an acceptance of the fact that it is legitimate for employees to feel bad in this situation and for leadership to help. Communication, honest communication is crucial. We also need to understand why survivors feel sick. For example, the forty-something year old manager who has worked for the firm since the youth service programme (NYSC), he’s been conditioned to rely on the organisation to meet his social, financial, and self-esteem needs. A downsizing and the threat that he could be released into the labour market damages his sense of personal relevance and value.

Symptoms of survival sickness can be a barrier to gains in productivity. Why lower productivity? Survivors feel less secure about their futures and less confident in their ability to manage their careers. In addition to these two, a chunk of survivors feel the organisation is not a better place to work post-downsizing; they lose their motivation for work and creativity, albeit in the short run. A few reasons may be suggested for this productivity –limiting feelings. Survivors take fewer risks with such responses as “*I don’t go the extra mile any more.*” “*Why should I take on the new project with the risk of the project not*

being funded next year so that I'm exposed?" The most dangerous of these is not taking any risk at all, lying low. These feelings are not restricted by levels or cadre. It cuts across board.

We are in the era of the changing organisation. The term 'paradigm shift' is fully operational. People used to be celebrated as assets to develop; now they are seen as cost to cut. Organisations not too long ago took longer-term view of employees and the economic landscape, now leaders of corporations are obsessed with meeting Analysts' short term expectations. They now view work less in term of carriers and more as jobs, tasks and projects. Gone is the bigger-is-better thinking. Competition has forced slimmer and trimmer looks, doing more with less.

The Leadership Response

It is no use resisting these changes which are themselves a consequence of broad global forces but the reality for the individual and his/her responses can be managed. Employees must become increasingly reliant on their own skills and take responsibility for their future. Admittedly, they can no longer look up to the firm for long-term security and self-esteem; however leaders in a downsized organisation are responsible for rekindling the work spirit and the creativity of the workforce. This is crucial. You ignore survivor sickness at your peril. Organisations that institute layoffs to cut cost and promote competitiveness often find that all they have gained is a depressed, anxious, rumour-infested and angry workforce. Just when the company needs to meet challenges, the team turns risk-averse and demotivated.

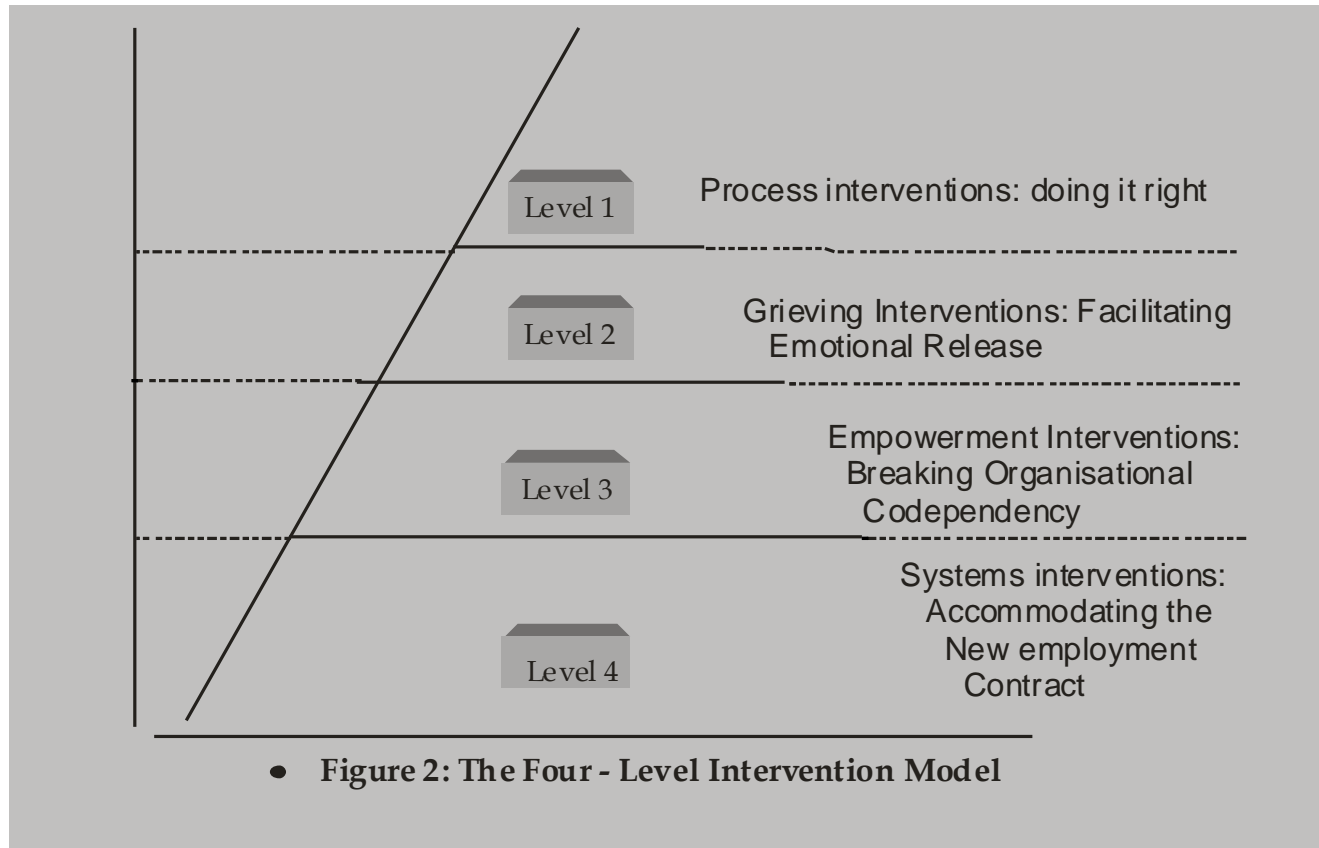
The leadership team's responsibility of rekindling energy is often complicated because it runs hand-in-glove with the major task, that of struggling to compete in a global market-place at the same time. Leaders need to let go of the past. This means confronting the same inner demons experienced by survivors. You must first come to grips with your own survivor status; you cannot be of much help to others until you have helped yourself. It is called leading the change within the change. The problem is managers often deny their symptoms. In the denial, survivors at all levels often feel anxiety, fear, depression, etc. It is advisable not to bottle up these feelings; share them with other survivors. Sharing will start you thinking about a new work relationship in which you and your associates and team members are more autonomous and less likely to be victims.

Cases abound of what damages layoff turnaround experts who are only interested in cutting costs and people could cause. They underestimate the depth of survivors' pain which leaves the remaining employees paralysed with survivor sickness. Dealing with the aftermath is most crucial and very essential. No doubt, in times of deep economic recession like we are in right now, downsizing remains one of the options for organisational survival; it is the way such restructuring is done that will determine if the goals we set out to achieve will be accomplished.

Survivor sickness is an issue worthy of group discussions and off-site strategy sessions with highly experienced facilitators engaged to coordinate and keep discussions on track. The key message is put yourself in the survivors' shoes and let us talk about it. Survivors feel fear, anger, depression and a sense of being violated. Sessions like these would help in the healing process. For this healing to take place and thus get the organisation revitalized, people must look beyond the traditional employer-employee

relations pattern and be willing to do new things. This paradigm shift, though intensely personal in nature does not happen by itself.

David Noer has proposed a four-level intervention model that could be creatively modified to suit local relevance (see Figure 2). The model makes use of powerful acts, attention-grabbing forces, policies and systems that attract people to embrace change and choose growth rather than despair in a time like this.



Level one is the process. It deals with the way layoffs take place from the survivors' perspective. It is not a cure, but prevents survivors from sinking further into symptoms. Level two intervention deals with repressed feelings and emotions. Energies are released to reenergize the corporation. Level three interventions are used to break the chain of organisational dependency, abolish codependency, and help survivors recapture their sense of control and self esteem, and break away from heavy reliance on the organisation as 'Santa Clause'. Level four is an organisation-wide systems intervention to immunize people against survivor sickness both in the short and the long runs.

These interventions are not cast in stones. It is not that easy in real life; it is more of a conceptual model, not a road map. Each phase is different depending on the skill of the facilitator, temperament of the group, and the culture of the organisation. To manage the aftermath in a convincing manner so as to enjoy the benefits of the downsizing exercise, the layoff process must be seen to be fair, clear and compassionate. Therefore, one of the prerequisite is to conduct layoffs with a human face. You don't

have to be a 'hard man', just be professional and lead from the heart, not from the head. In other words, when communicating the reasons for the layoff, speak like a human being, and not like a balance sheet.

What to say, do, and act

I do not have a compendium of do's and don'ts, what to communicate and what not to communicate, but having been personally involved as a facilitator in at least two downsizing projects; one a success, and the other not so successful (and almost a 'victim' in two other downsizings), I can safely say I know statements that build and those that pull down. Managers should be sensitive to the impact their communication would have on survivors. A statement like the following should go a long way in stopping the bleeding and preparing the ground for the healing process: "I know you're feeling sad and concerned about friends who have had to leave. It is really hard to see people who have helped build this organisation laid off! I have talked to some of you, and I know you are anxious about your own future. I would to be able to assure you that nothing will happen. The fact that I can't honestly make that commitment makes me even sadder. These are tough times and things are not easy for any one of us. We are all going to have to struggle through. It helps if we can be honest and share our feelings, ultimately, it will help if we can make the company leaner, more flexible, and more market-focused".

With this kind of opening remarks or paragraph, one can then go into the financials, etc. Leaders should avoid the temptation of overpromise. Yes; tell the truth. However, telling the truth takes tremendous courage, foresight, and tough love. The truth may not be what survivors want to hear, managers must nonetheless get layoff survivors to take responsibility for their own job security.

In conducting layoffs, do not walk them out of the door, and do not hurry them off your premises except you have not done your homework well, do not be in a hurry to disconnect them from the network. Do not humiliate your employees or ex-employees as they are now known. It is your fault you hired too many. Do not forget, your greatest testimonial out there, are your ex-people, in word and in appearance.

Recent experiences and tales of employers stationing ambulances, medics, and security personnel on their campuses during layoffs are signs of love gone sour. Survivors will be appalled and faint hearted. They fantasize about same fate befalling them in the future.

Here are few needs survivors would want the leadership to pay attention to in a compassionate downsizing:

Fairness – There is a compelling need to explain why the layoff. Equally important is how you selected those to go. As ever, communicate clearly, consistently, and honestly. In fact, there are three rules to getting this right. Rule no. 1: communicate; rule no. 2: communicate; and rule no. 3: if in doubt, refer to rule no. 1 above.

Equity – Do layoffs include those at the top? How does the lower cadre exit pay compare with those of the middle management? Large and disproportionate payouts to top executives leave survivors feeling abandoned and outraged on behalf of their friends. There is worldwide outcry over huge bonuses paid to leaders who presided over world’s collapsed institutions. In the same vein, even in Nigeria, right thinking people and investors also query the sense in retaining a Chief Executive who led a company to the shores of non-profitability and hence the downsizing.

Participation – Is downsizing your first action to counter recession? Leaders and managers have become lazy and arrogant to the extent that with a little dent on the balance sheet, they go after the workforce. Why not involve your employees in seeking alternatives to downsizing in a bid to save some jobs? Early retirement and pay cuts are options to explore. People are more satisfied with the outcome if they are involved and their ideas respected. This is also employee engagement in action.

Respect – Yes, they have been released. They no longer add value to your organisation, but how were they released? Do not rob those laid off of their dignity. Respect layoff victims.

Prior notification – The longer the notice of a layoff, the better.

Beyond the Headlines

Electronic and print media headlines: “Company XYZ to cut 300 jobs and outsource additional 450”; source: CEO of Company XYZ. The report that followed detailed the financial benefits accruing next quarter as a result of the downsizing, realignment, and reduction-in-force (RIF); gave economic reasons justifying the layoff and what the restructuring would mean to customers in terms of more efficient service, and to the company’s future as a whole.

But beyond these dry impersonal ‘business’ issues, the story failed to communicate the headline’s additional impact:

- 300 families thrust into uncertainty, may be 750 families
- 300 dreams crushed
- 300 men and women who will question how they will pay the rent or mortgage and other bills
- 300 families who will hope and pray their savings (if any) will sustain them until they find work again
- 300 men and women who regret not saving enough for a rainy day
- 300 people who must now face their loved ones to explain that they won’t be going to work again, and when the 7-year-old in their household ask the next morning “are you not going to work today?” The answer becomes a big struggle, the easiest being “I’m on vacation”.

Help layoff survivors grieve

Some said every change is a loss and it is okay to grieve a loss. Survivors who feel violated must release their feelings before they can once again become productive employees. This is the purpose of level two interventions.

We are not unaware of situations where corporate leadership tries to force its way through this level and as such, it is an abomination for survivors to talk about the layoff, mum is the word. Some

categories of survivors are even forbidden to have contact with ex-employees. To resolve this, I have good news and bad news. The bad news, repressed survivors' symptoms are widespread in the organisation even after management's assurances. The good news is creative interventions bring these feelings out fast. There is wide range of creative ways to allow survivors air their views. For instance, we can use unbiased facilitators and consultants in the short and medium terms. In the long run, the company should integrate means of venting feelings in its employee engagement programme because consultants will go and you will still need to engage your people.

Commission your line managers

This is a process of developing helping skills for the new workplace. I remember then in our University days, and lately at Business Schools, the manager's role was tersely defined using the acronym 'POSCORD' – planning, organizing, staffing, controlling; etc. Things have changed. The role of the line manager in the new work place would be to help, empower, coach, give and receive feedback, respond appropriately to people's feelings, and listen. It is no surprise that these are the skills needed to help a demoralised workforce get beyond the trauma of a layoff, and move on to a workforce focused on serving the customer and moving up the productivity ladder.

The secret is to train the line managers first, and not a handful of hand picked favourites, to avoid credibility issues. Hold a line managers workshop to first confront their own survivor symptoms, and then refresh their knowledge of the basic helping skills needed to help those they manage. Your hand picked favourites may not have the clout, pedigree and the sincerity of purpose to reach the people and achieve the objective.

Experience has shown that one of the major issues that derail well intentioned restructuring is lack of credibility or what some have identified as clique mentality. In restructuring, leadership must avoid the *'if-you-are-not-at-the-table-you-are-on-the-menu'* syndrome. This tends to make people gravitate towards the table by hook or by crook. Avoid a situation whereby you will need to lock up a group of favourites in a room dubbed 'the cold room' for whatever reasons, to compile the list of the 'victors' and the 'victims'.

You do not need a soothsayer to tell you that everyone already knows ninety-nine percent of the time, 'roommates' of the 'cold room' are the untouchables; they are safe, at least for the foreseeable future. They can not be evicted; they have immunity against the impending 'tsunami' by the virtue of being at the table (the cold room), and not necessarily by the quality of their contributions or the strength of their ideas to company goals and profitability. You perceive this privileged immunity in their attitude, public and private discussions, etc. All tending towards arrogance, standoffishness and the 'holier-than-thou' mentality.

Train all available line managers, and not a privileged few, and despite their original lack of professional experience in dealing with survivor pain, any discussion of symptoms, regardless of how clumsy, is better than no discussion or discussions smeared crisis of confidence owing to lack of credibility. The line is the most qualified and credible source to spread the message once they are equipped.

Codependency versus Independence

An identified root cause of survivor sickness is the 'virus' called codependency. It is a natural outcome of the organisation that has promised or implied life-long security and personal development. Codependent employees who survived the layoff think they have invested so much energy into pleasing the corporation, their sense of worth is based on organisational approval, so they become angry and depressed if the organisation can no longer promise them a secured future.

Organisational codependents must be helped to detach for the sake of self and the company's health. This requires courage and focus:

- Focus on doing excellent work. This is short term and task-oriented. It is goal-driven (not relationship driven). It means results, that is, task accomplishment, not excuses or pleasing the boss any other way. It is the manifestation of the employee's gifts and talents. It is a way to excel and to please yourself.
- The organisation becomes free of codependents, employees become vibrant, open and productive.
- Employees value themselves based on the quality of their work and skills, and not on organisational approval.
- With employees becoming spontaneous, creative and energetic doing excellent work, the company may have no need for layoffs again.

My counsel over the years to employees is to be free from day one and make sure their experience and skills are as up-to-date as possible so that if the inevitable happens, you are able to go out there and make meaning of your lives. Do not expect any kind of security from your employers, be it private or public or not-for-profit organisations. As an employee, in fact, as a human being, connect to a purpose. Why do you exist? Write a personal mission and commit to it. What do you want to accomplish? Be what John Maxwell calls an all-out person – commit to your goals and go all the way to accomplish them. Pay the price. Your job or career or profession is too narrow to describe your essence in life. There is more to you than that job or career.

Conclusions

Consequently therefore, a new workplace and employment relationship have emerged in some economies while it is emerging in others. Layoffs, rightsizing and restructuring will continue to happen. As much as we counsel organisations to be humane and professional in their approach to exits and survivors, we owe it a duty also to encourage employees to imbibe the new mindset of '*no permanent jobs any more*' and therefore be receptive to the new workplace, work contracts, and work relationships. The new contract holds sway – employment is situational, jobs come and go, managers empower associates and expect results, and not excuses.

The new work order and its by-products immunize your people against survivor sickness; expect loyalty to companies to be replaced by loyalty to customers and jobs; long service awards ceremonies will no longer be relevant because in this new world of work, employees should be encouraged to move into and out of organisations as their needs and the company's needs dictate. Departures are celebrated rather than mourned. It becomes an organizationally sanctioned rite of passage.

It is commonplace in the old order that something else apart from performance is often rewarded. For instance, promotions often rewarded loyalty or fitting-in, and not necessarily excellence or talent. In the new organisation, performance is rewarded by enriching jobs, that is, giving employees the opportunity to do good and meaningful work and letting them achieve set goals working in self-directed and cross-functional teams.

There would be no room for paternalism in the new world of work. An empowered workforce enables the leaders replace controlling with coaching. They show tough love by demonstrating that healthy, detached individuals have the capacity to take care of themselves and get results rather than those dependent on 'godfather' and 'mother-hens'.

Just a note of caution - the new workplace may see some employee wellbeing initiatives as promoting dependency and therefore would not encourage such.

The new work order would encourage employee contracting and outsourcing. These are no new concepts. It works well in sports, the art, and academia. It brings out true quality. Quality is about empowered employees performing excellent work that serves both internal and external customers.

The idea that people should be free to serve others with good work is the underlying strength in the new world of work and employment covenant.

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Intellectual resources used as reference materials

1. Experience: My over 22 years of quality work experience in the field of HR and Consultancy covering multi-sectoral fields including manufacturing, banking, consulting and services, telecommunications, and the public service.
2. David Noer: *Healing the Wounds* - Jossey-Bass Inc; 1993
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Thank you.