Minimizing the Impact of Layoffs on Your Corporate Culture



By Paula Santonocito

The management pressure associated with layoffs can be significant, but the fallout can be even worse. If not handled properly, layoffs have the potential to negatively impact productivity and morale, alter the bonds of trust between employees and management, affect corporate culture, and tarnish your employer brand.

Two Case Studies

The Hayes Group International, an organizational consulting firm, shares the story of a manufacturing firm that had to make layoffs and changes. The company's CEO sent a FedEx envelope to the plant manager with instructions that he should not open the envelope until the next day, when he was to call employees into the break room and share its contents. The envelope contained layoff notices.

Then there's another company with which The Hayes Group worked. The company realized it had to make cuts at one of its manufacturing plants. In order to convey the message, it divided the 600 employees at the location into groups of 50 and the CEO personally met with each group through the night, explaining why the company was downsizing. The CEO also shared that the company had started with salary cuts and that he had taken the first cut.

The first company's approach resulted in shock and anger. The second company's approach elicited nearly universal support and this comment: "We trust you to do the right thing."

While the first example may be extreme, unfortunately the second approach isn't widespread. Michael Comer, consulting partner for The Hayes Group International, which has worked with more than 1,500 companies in over 30 years, says it's surprising how often senior management doesn't think through the process.

Layoffs leave behind survivors, Comer explains, and there is literally a grieving period for people. "It can take up to a year for people to recover," he says.

Caring for the Survivors

With this in mind, the focus must be on the employees who remain – from the initial stage when layoffs are first deemed necessary through the period of transition, which

indeed may take a long time.

The objective is to restore productivity and rebuild morale after layoffs. In order to do this, The Hayes Group recommends a six-step approach.

1. **Plan.** It is important for management to have a plan as to how layoffs will be communicated and how the company will assist survivors. This plan should include redefined tasks and responsibilities; strategies to assist managers in helping surviving employees adjust to organizational changes; communications on why changes are necessary and how roles will change; and plans for how to improve morale after the grieving period.
2. **Communicate concisely, clearly, and frequently.** It is better to communicate bad news when it is known than to hold back, waiting for a more appropriate time. Also, don't "sandwich" the news – i.e., good news – bad news – good news. Most employees know if the company is not doing well, and want to hear the news directly. However, at the same time, the manager needs to communicate with survivors how the organization plans to recover, the employees' roles in that recovery, and why changes are necessary.
3. **Stay visible.** It is essential that HR and managers stay visible after announcing layoffs. Don't hunker down in your office while planning what to do next; workers want leaders who are accessible. Be seen more in the office and on the factory floor and answer questions. Go to where the workforce is, as opposed to bringing them to you for a meeting. Ongoing visibility is key.
4. **Apply empathetic listening.** Managers, including HR, may require pointers for empathetic listening. Listening involves trying to understand the ideas and feelings expressed by others. Good listeners use silence effectively. They postpone judgment about the other person's feelings, attitudes, and concerns until they have completely heard the person. Body language also factors in because it sends a strong message of whether someone is listening. Maintain eye contact, nod as appropriate, and *show* people you are listening. Choose your words carefully. Comer tells *HR Insider* that simply saying, "I understand, I understand" may be perceived as a blow-off.
5. **Maintain an environment of trust.** Department managers, with HR's support and coaching, must reinforce trust in the organization and its leadership. The three elements of trust emphasized by Robert Bruce Shaw in his book, "Trust in the Balance" apply here. Focus on achieving results, acting with integrity, and demonstrating concern. When it comes to acting with integrity, Comer says you must make sure the words match the walk.
6. **Develop survivor's skills.** "Keep in mind, there's probably a training piece that takes place, and probably a motivation piece," Comer says. In many cases, people will need to acquire new skills. People also need to understand what their new job entails in a downsized environment. In order to help people cope with change and become more productive, managers must let employees know they recognize the struggle. Saying things like, "I know there used to be five people and now there are three; I know you're working longer and harder; I see that. Let's talk about it," can make a difference.

The first six months are going to be more difficult, as the organization figures out how to do more with less, Comer says. During this time, examining processes for greater efficiencies and finding new ways to use technologies can make the transition easier. Involve employees in these discussions and decisions whenever possible.

The company should also seek ways to reward employees for their contribution.

Although you might not be able to reward monetarily, Comer advocates looking at substitutions, like work flexibility or telecommuting.

Following layoffs, morale takes a hit and the culture itself is shaken, Comer says. It is essential that management and leadership constantly reinforce the values, while acknowledging the culture has been shaken, he tells *HR Insider*.

It is also necessary to maintain a level of optimism. Not false optimism, mind you, but belief that, with the right approach, there are better days ahead. “I call it realistic optimism,” Comer says. “I think people like to follow realistic optimists.”