

Managing Redundancy Effectively

As the daily headlines attest, redundancy has already become a commonplace feature of this painful recession. With the rate of bankruptcies and the extent of economic disruption, many businesses feel it is simply not prudent to try and weather out the storm by maintaining existing business models. Costs need to be cut and the reality is that this often translates into reduced headcount. Eddie Kilkelly, Chief Operating



Officer, ILX Group plc, looks at how businesses can handle redundancies efficiently and effectively, in order to ensure the best possible outcome for all parties

By their very nature, successful companies are accustomed to change. In normal circumstances, the business environment is in a state of constant change: new technologies, new competitors, new ideas, new markets – and the typical economic cycle recession. All of these contribute to the normal state of flux. What makes this recession different, and so severe, is that it is fuelled by a credit crisis. Many businesses are now faced with the prospect of making swift and wide ranging redundancies in order to survive.

Redundancies are difficult for all parties involved, but to make the process as painless as possible, organisations need to take action quickly, decisively and

sensitively. For the employees that are being displaced, it is important that they are handled with compassion and given practical help that may help them find other employment. It is important for organisations to continue to value and

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support their employees until the day they leave. The ultimate goal is for employees that have been made redundant to feel

that working for the organisation was a positive experience. It is worth remembering that these will be good employees for organisations to rehire when the economy inevitably picks up.

The remaining workforce must also be carefully considered. Redundancies are unsettling and potentially disruptive periods that can have a long-term damaging effect on the business. Organisations need to take action swiftly to counter the 'sinking ship effect' where non-redundant employees jump ship, fearing that they may be the next to go. This can set off a

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chain reaction leaving no one at the helm. Therefore it needs to be made absolutely clear to the employees that were retained that they are *essential* to the success of the business moving forward, and that redundancies were made to safeguard their long term future.

Given that all of these factors need to be taken into consideration; that action needs to be taken quickly, decisively and sensitively; and that redundancies will lead to significant business change; the redundancy process should be handled as a business project. The staff reduction should be carefully planned and carried out professionally to ensure the least possible disruption to the remaining staff and business operations. There should be a structure in place to help displaced staff to evaluate their career opportunities, implement a job search and manage the transition to new employment.

Although redundancy management plans will be individual to each organisation, there are a set of five common areas that should be taken into consideration in the planning phase.

The first cut is the deepest

Based on the existing situation, organisations should make the redundancy cut as deep as necessary to solve the current problem. While subsequent rounds of redundancies may be necessary to address changing circumstances, businesses shouldn't hang on to unprofitable areas of the business on the off chance things will get better. If they don't, successive rounds of lay offs can have a massive effect on morale, be highly disruptive and spark off the sinking ship effect. Redundancy creates strong feelings of insecurity for everyone and to minimise this, organisations need to define the problem, create the redundancy management plan to address it and act decisively.

Consider all of your options by consulting with staff

There are legalities to be considered in the redundancy process, one of which is a period of consultation. Organisations need to use this as a valuable opportunity to discuss options with staff. Perhaps a management buy out on a certain section of the business can be considered? Perhaps some of the services can be contracted out

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to the people that are leaving on a consultative basis? Organisations should create a forum where ideas and suggestions can be considered. If ultimately these ideas are unworkable, then at the very least the displaced workers will appreciate having been involved in the process.

Over communicate

It is critical to avoid rumours as they drive instability and conflict. Consistent, clear and continuing communications should be built into the redundancy management

REDUNDANCY MANAGEMENT PLAN CHECKLIST

- **Manage the redundancy process as a project to ensure the least possible disruption to the remaining staff and business operations**
- **Take action quickly, decisively and sensitively**
- **Consult, and consider all options**
- **Provide support – beyond the financial package**
- **Over communicate**
- **Provide relevant training to exiting employees**

plan and rolled out as soon as possible, ensuring that employees are aware of the situation at all times and that any positives can be promoted.

Support beyond a financial package

Employers should support their displaced employees to evaluate their career opportunities and begin to look for another job. This may be handled in several ways – perhaps an agency can be contracted to provide practical support to help displaced employees find a job, or the organisation can make referrals within its own network, including suppliers and other organisations, for example.

Train for Change

Training and development is an essential part of helping displaced employees transition to new employment. Employees should be given the opportunity to brush up on existing skills, or retrain in new ones that give them the best chance to find new employment. For example, with the amount of change the business environment is experiencing, project managers are currently in demand and project management skills and

qualifications are useful tools for displaced employees to have.

Conclusion

Redundancy is unpalatable at the best of times and managing the process is never going to be easy. However, the long term negative effects can be mitigated by creating a redundancy management plan that allows for timely intervention, excellent communication, compassion, and appropriate support and assistance. For employees that are remaining it is important to maintain stability and for them to understand their (increased) value to the company. Exiting employees need to feel that their leaving the company was handled in a positive fashion and that they were given all of the practical support possible to transition into a new job.

For further information about ILX's Train for Change programmes, designed to rapidly equip employees with project management skills and qualifications, please visit www.ilxgroup.com or contact eddie.kilkelly@ilxgroup.com.