



Ask for a copy of DBM's "Checklist for Organizational Readiness" to assess your organization's current state of readiness to plan and implement reductions-in-force and avoid the affects of unintended consequences.

Downsizing: Business Process or Business Disruption?

- Nearly half of all reductions in force fail to meet their financial objectives, according to American Management Association.
- McKinsey & Company found that productivity typically decreases by 45% during a major transition.
- Harvard Business Review reports that voluntary turnover increased by an average of 31% following even a small lay-off.
- Bill Gates: "Take my 20 best people and, virtually overnight, Microsoft becomes a mediocre company."

Despite the best of intentions, episodic downsizings have a poor track record of achieving their objectives. The event itself is often so disruptive that productivity significantly decreases. Unexpected turnover frequently means that organizations lose the very talent pool they had targeted for retention. This "perfect storm" of diminished productivity and talent loss can damage an organization beyond their ability to achieve performance targets.

7 Practices for Implementing Downsizings Without Everything Grinding to a Halt

From our 40-year history, and engagements with hundreds of customers, we believe that there are a number of best practices that, if followed, will enable reductions with minimum disruption and maximum result. These are practices that position organizations to approach a downsizing as an ongoing business process, rather than a disruptive episode or event. Each best practice includes common mistakes that organizations make and the unintended consequences that flow from those missteps.

1. Stress Strategic Focus; Tactical Implementation

Common Mistakes

- Too secretive, too selective
- Disconnect: desired future vs. immediate actions
- Over-emphasize one at the expense of the other (tactical or strategic)

The Unintended Consequences

- Lapses in planning betray objectives and jeopardize business results
- Damage brand, decrease resiliency

2. Select and Involve an Experienced Resource

Common Mistakes

- Too insular in planning
- Apply vendor/project management, rather than collaborating with experts in organizational change
- Miss opportunities to benchmark, integrate ideas

The Unintended Consequences

- Increase exposure to failure; poor results
- Unnecessary energy "reinventing the wheel"
- Extremely difficult to reverse plans once in progress

3. Project Your Strategy in the Selection Process

Common Mistakes

- "Last in, first out" is easy; rarely strategic
- Neglect linking selection criteria to future needs
- Assessors and decision makers too far removed from impacted group

The Unintended Consequences

- Unwanted turnover
- Decreased productivity

4. Train and Support Notification Teams

Common Mistakes

- Misjudge competence and confidence of notifiers
- Under-estimate difficulty and variability of termination conversations
- Neglect training investment

The Unintended Consequences

- Damaging messages delivered with the company name behind them
- Erodes employer brand, creates negative exposure
- Jeopardizes results

5. Communicate Frequently, Purposefully, Consistently

Common Mistakes

- Overlook some stakeholders; external groups
- Internal resources misaligned on message
- Underestimate most trusted communication source
- Falsely rely on one major communication

The Unintended Consequences

- Garbled messages create confusion, stall resiliency
- Employees, vendors, customers, investors are unclear of company's status, future; act wary
- People create and act on their own message

6. Preserve Dignity in Notification and Separation Practices

Common Mistakes

- Choose strict measures to guard against a small minority of reactions
- Disregard impact on retained employees
- Incorrectly correlate tough decisions with tough messages

The Unintended Consequences

- Tarnished employer brand; difficulty attracting and retaining talent
- Jeopardizes relationships with external groups, including customers

7. Attend to the Retained Employees

Common Mistakes

- Wrongly assume that employees consider themselves fortunate and will do whatever it takes to succeed
- Fail to realize the impact when jobs go away at a greater rate than the work does

The Unintended Consequences

- Performance and productivity suffer
- Unwanted turnover increases

While these practices may be straight-forward and time-tested, in our experience, there are details behind each that if not properly addressed, can derail a downsizing and jeopardize objectives. We have found that organizations that attend to the details are more likely to accomplish their objectives, enhance employer brand and build a change-hardy organization.

About DBM

DBM (www.dbm.com) is a leading global outplacement, coaching, and career management firm providing services to private and public companies, not-for-profits and governments. When companies make decisions that impact careers, DBM provides services to support the organization, the employees who stay and the employees who need to leave. DBM also helps organizations and leaders improve their performance through coaching. DBM has a 40-year legacy of creating innovative best practice solutions, most of which have become industry standards. DBM has 200 locations around the globe serving 85 countries and has partnered with 70 percent of the Fortune 500 and 80 percent of the Global 500 companies.

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