

Transitions in the Workplace: Creating an Implementation Strategy



TALENT DEVELOPMENT

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Introduction

The economic downturn at the end of the last decade changed the business landscape. Most organizations were forced to adapt to severe budget and resource cuts in order to survive, with many making hard decisions to shut down poor performing business units and dramatically reduce workforces. Such extraordinary, fundamental shifts in business have compelled us to re-evaluate not only our business models but how we manage our workforces in an environment that is constantly in flux.

As companies adapt and seek opportunities to succeed, they are finding workforce agility and flexibility key to maintaining a competitive edge. When facing continual change, organizations need to adopt a new perspective to managing transitions that demonstrates good will, a commitment to their workforce, ensures business continuity, the ability to respond to growth opportunities and sustains high levels of customer satisfaction.

This paper draws on the expertise of three professionals in the employee relations and career transition and outplacement management fields: Greg Simpson, Vice President of Career Transition Services for DBM in North America; Elizabeth Seigerman, Vice President of Employee Relations at American Express; and Lisa Gamble, Vice President of Career Transition Services for DBM in U.S. and Mexico. Simpson and Gamble have seen first-hand how companies have managed, or mismanaged, transition periods, while Seigerman helped American Express' employees weather economic turmoil and the uncertainty that came with it.

This paper will address:

- The new business reality created by the economic downturn
- Implications for managing talent and transitions in the “new normal”
- What companies are doing differently in the face of economic uncertainty
- Five best practices to create a transition implementation strategy for managing complex changes in the new business reality

Critical Lessons in the Face of Rapid Change

As a result of the economic downturn late last decade, companies were faced with the new challenge of becoming more flexible and fluid. Companies began planning and executing significant restructurings and reductions in staff with varying degrees of success.

In one year, there were more than 28,000 instances of layoffs involving 50 or more people at companies throughout the U.S., representing many sectors of the economy. With millions of people affected by the massive number of restructured companies, the U.S. saw record high unemployment claims. Organizations retrenched in order to drive costs down and refocus their efforts on improving service delivery and passing value along to customers. Moreover, due to the sudden nature and severity of downsizing, companies had to quickly respond to a multitude of new challenges and demands. “Many expressed surprise at what it took to survive moving forward,” Gamble said.

Faced with unprecedented write-offs totaling \$3.1 billion because people could not pay their credit card bills, American Express had to rethink its business model, Seigerman said. Financial losses forced American Express to restructure their workforce. The company had much at stake in managing talent effectively and preserving its brand.

In working with a number of organizations forced to restructure and reduce workforces, Simpson reports the most pronounced themes in the lessons learned were:

1. Due diligence across multiple constituencies is critical in planning and deploying restructurings.

According to Simpson, “Our customers and HR practitioners tell us the first critical lesson is addressing transition with a strategic approach to talent that includes thorough due diligence, especially regarding how to plan for, communicate with, and serve the multiple constituencies that surround their organizations. There’s so much at stake from the perspective of talent and brand management, as well as the ability to re-engage and foster productivity. Rushing to action without a strategic approach puts the organization at risk.

Leadership teams may understand the importance of staying on message with employees during a period of change, but how many have considered the importance of other stakeholders besides employees? In our experience, suppliers,

customers, investors are often overlooked. And yet, the organization needs them to understand the business rationale for change, the impact of the restructuring plan, and the leadership team's vision for the future.

2. Clear, compelling communication of the business case for change ensures understanding, accelerates acceptance and reduces typical morale/productivity lag.

Communication is imperative — it gives employees a clear rationale as to why the change is happening, how it impacts them and what the objectives are. This can be helpful in avoiding a drop in morale, engagement and productivity, which often results after a restructuring. Most recently, the business case was responding to shifts in market demand, but in any change the business case for downsizing has to be clearly articulated and easy to understand.

3. Providing relevant career transition support to exiting employees helps them move into new careers faster and allows remaining employees to re-engage faster.

A reduction in force, however large or small, is a traumatic event, and it can harm performance and company culture if not handled with care. Not only are the exiting employees affected, remaining employees feel the change as well. Naturally, terminations are emotional and tough for all involved. If not managed well, these types of events can result in fear, anxiety, stress and underperformance for those who remain. Effectively managing this kind of change is critical to achieving business objectives moving forward.

We have observed that smart organizations understand that the remaining employees are closely watching how the company treats their friends and former co-workers, and that they're drawing conclusions about how the organization values people.

Former employees are likely to remain in the community, and many may go to work for investors, customers or even competitors. A tarnished employer brand creates multiple challenges.

"When remaining employees know that their affected co-workers are being provided a trustworthy career transition partner who is providing expert assistance, relevant job leads, a proven methodology, and access to the resources and developmental tools they need to make a successful transition," explains Gamble, "it helps to demystify the process, boost morale and increase confidence, as well as provide a level of security that the organization is willing to make an investment to ensure employees whose jobs have been eliminated find new jobs quickly. Communicating the outplacement benefit to remaining employees serves to demonstrate the organization's commitment to both remaining and exiting employees so they can move forward with the new mission more quickly."

At American Express, Seigerman conducted a survey. "One of the things we asked employees was whether they felt their colleagues impacted by the reengineering were treated well in the process. We not only wanted to gauge employee morale but find out if employees understood what services were provided during a transition. The responses were positive".

Defining the New Business Reality

A Nielson study has reported that American consumer confidence will be slow to rebound to past levels, if at all. Many economists believe that consumer spending habits have changed forever. People have changed the way they think about how they manage their finances and are much more serious about building rainy day funds. Many were caught off guard and found themselves ill prepared for an uncertain and volatile job market when impacted by a downsizing.

This new business reality is impacting companies, as well, with many spending less and holding on to cash. Companies have been forced to do more with less, pushing their reduced workforces to produce more while holding the reins on hiring. To stay agile and competitive, organizations must continually monitor and adjust their staffing and budgets.

As one strategy, organizations are focusing more on their core, moving back to their primary products and services, removing costs and improving customer value. Many HR professionals say organizational performance standards have had to change to keep up with what is happening in the marketplace. The performance bar has also been raised for individuals in the workforce, who need to bring higher levels of skills and versatility to meet current and future business needs.

As a case in point, at American Express the economic downturn has left many managers with a bit of a hangover, although they are recovering in various ways. In order to reduce costs, they had to decrease employee perks such as 401(k) matching, merit increases, and learning and development. The company has now restored most of its benefits carefully and with much consideration, but employees are still wary about the work environment. American Express strives to rebuild its employment value proposition, and managers aim to ensure employees re-engage and understand what it means to operate in this “new normal,” Seigerman said.

Furthermore Seigerman believes businesses are moving away from the previous legacy-type mindset into a world where change is the new constant. “Companies are requiring more versatility from employees, seeking critical skill sets to tackle emerging challenges, and separating average and exceptional performers,” Seigerman said.

Implications for Managing Talent & Transition in the New Business Reality

Surprisingly, some of the most pronounced implications as a result of the economic turbulence have to do with acquiring talent in today’s market. Changing talent demands, threats to employer brands, a need to minimize hiring risks and better workforce alignment all require a new look at talent management strategies.

Meeting talent demands. Doing more with fewer employees requires having the right talent with the right skills in the right roles. Organizations have to look much more carefully at their human capital in terms of the skills each person offers and the functions

that are most important for the future of the business. In order to maximize efficiency and effectiveness, companies must ensure they have a highly skilled workforce that is aligned with current and future business needs.

Selections made during a reduction in force need to be driven by a careful assessment of the skills the organization needs in order to meet their restructuring objectives and secure their future.

In our work with successful organizations, we see that while those skill sets might be analyzed, identified and articulated by senior leaders, specific retention recommendations come from the leadership group closest to the individual employees, because those are the leaders in the best position to assess individual skills against the desired skill profile.

We find that for organizations who already actively manage their talent base for development and succession purposes, this comes easily and naturally to them. For organizations who primarily value and reward length of service, we find that they are much less prepared for this sort of skill-based selection process.

As HR practitioners, this is especially painful because when organizations fail to retain the strongest possible employee population, with the skills needed to take them into the future, it's the selection process itself that puts their restructuring objectives at risk.

Managing your employer brand. Employer brand has become more important than ever in attracting and retaining talent. Opinions of companies' brands are affected during a large-scale downsizing or restructuring. Mishandled, you risk losing high performers which impacts the company's ability to execute the business strategy. Mishandled, poor perceptions of the organization make it difficult to recruit needed talent. Organizations that properly managed their talent in the face of downsizing and restructuring have a better chance of protecting the perception of their brands in the eyes of impacted employees, remaining employees, the community, investors, customers and the prospective talent pool.

Fit for values and culture. In some ways, the challenge to acquire talent is harder than ever now that more people are in the job market. "While it's easier to find top talent, that's only half the battle," explains Seigerman. "While employers that have experienced massive layoffs are a bit gun shy about finding just the right candidates, 'superstar' job seekers are being more diligent in choosing a solid and profitable company." People in the workforce are now considering how a company treats its employees when deciding where to take their next step. A prospective employee is interested in a good "fit" with an organization whose culture and values reflect their own. Companies that have preserved their good reputations during hard times can recruit more easily than companies that have damaged reputations.

Aligning your workforce with business needs. Important to any talent management strategy is the proper alignment of employee skills and competencies with business needs. In many cases performance standards, skill sets and responsibilities have had to

change to meet new business objectives. People who have previously performed well in their role may not be able to meet the new standard. Many terminations are less about performance and more about changing business needs. And how those changes are handled creates a significant impact within the organization.

Gamble agrees. "We're seeing more managers inclined to utilize outplacement for a broader reasons. Whereas in the past managers may not have been inclined to provide career transition services for employees terminated for performance issues, today they realize the performance bar has been raised and not everyone is able to jump that high. They are realizing it's a different game and these people, too, need help when they leave the organization."

As stated earlier, one of the characteristics of the new business reality for organizations is a sharpened focus on removing cost and improving value. The same is true for an organization's workforce, which needs to stay focused on performance that translates into value for the organization and the customer.

Seigerman explains that American Express identified large opportunities to take waste and cost out of the organization through centralization, standardization and driving efficiencies around process improvement. They used the savings to reinvest in the growing areas of the company. Many other firms are using the same techniques of budgeting and allocating resources to translate human capital into value for customers.

Best Practices to Create a Transition Implementation Strategy for Managing Complex Changes in the New Business Reality

With an understanding of the implications of the new business reality and how they affect an organization, the following five best practices provide a roadmap to create an implementation strategy for managing transitions and put knowledge into action.

1. Conduct due diligence and develop a plan of action prior to a downsizing

Managers should enact a strategic plan of action that anticipates issues and addresses as much as possible ahead of the downsizing event. This is probably the most critical step in the process. Those affected in downsizing include not only employees losing their jobs but the remaining employees, customers, the community, investors and possibly the media. Taking these key constituents into consideration when planning will safeguard an organization's reputation as a respected corporate citizen. The HR department should play a lead role in developing and carrying out a plan that includes thinking through how the downsizing will impact employees and the community, as well as developing appropriate messages.

2. Strategically communicate to all constituents to protect consumer and employer brand

Having a communication plan is imperative. Communicating the business case for change and addressing all appropriate constituencies accelerates the pace of acceptance and re-engagement. Companies need to be more skilled in how they

present transition plans to employees.

Seigerman explains an internal communications strategy at American Express. “We went through three restructuring events. Before each one, all 58,000 employees received an e-mail from the CEO that talked about the importance of changing the business model and what it was going to take to survive the economic downturn. The e-mail was sent 30-60 days before employees were told if they would be impacted, and announced the new restructuring, explaining that it would be done appropriately with a very keen eye on demonstrating our commitment to our employees. The employees appreciated the early communication and the transparency in laying it out clearly, rather than surprising them with the news.”

3. Provide career transition services that put people into new jobs

Each employee’s transition is unique, requiring a personalized approach to achieve the goal of finding a new job. “People impacted by a downsizing want job leads, they need expert advice on developing a personal online brand, writing an effective resume, marketing themselves in a competitive environment and preparing for an interview. They want the option to access developmental tools and career resources in an office or virtually. They work and live differently than when legacy outplacement services were designed,” Gamble said. In today’s challenging job market, people can’t afford to waste time and want to get the earliest possible starts on their transitions. They need skills and tactics that will differentiate them in a crowded job market. Companies will earn a greater return on their investment if they partner with an outplacement firm that can get their former employees back into the job market quickly and with the least amount of disruption. By taking into account factors like job leads, access to consultants, office space, social media training, virtual learning, developmental training tools and career resources, companies can help impacted employees transition into new jobs faster, while protecting their brands.

4. Help remaining employee navigate change to ensure re-engagement

Many organizations mistakenly believe that since the remaining employees did not lose their jobs, they will be relieved and motivated to work harder. However, those employees have just lost friends and colleagues and will probably take on more work, possibly under a new manager or on a new team. It’s important to have discussions with employees to ensure they understand their roles, responsibilities and expectations. It’s also important to address developmental needs so that employees are positioned for success. Understand that adapting to change is an emotional experience that can take much longer than the company can afford if not managed well. Timely re-engagement is critical to achieving the productivity required to sustain the business.

American Express employed a number of strategies designed to help their remaining employees refocus and re-engage. “We’ve brought some of the discontinued employee perks back – smaller, better and more thoughtfully than before,” reports Seigerman. “We first determined what is meaningful to employees to ensure that the benefits drive re-engagement. Strategic communication, such as the employee survey we conducted, also plays a strong role in getting employees back on board and ready to move ahead. Putting a plan into place to address issues or needs identified in the employee survey feedback is very important in moving forward after restructuring an organization.

Seigerman relied heavily on American Express’ HR practitioners and teams during restructuring. To keep the process transparent, she talked with individuals and made sure that people understood what was happening. Those who were impacted received a working notice and were not escorted out of the building. She said the company focused on viewing the process from an employee standpoint. They wanted to connect emotionally and make sure that the impacted employees’ experiences were as positive as they could be.

Conclusion

As companies plan for growth after a difficult economic downturn, they must adapt quickly to the “new normal” that demands increased innovation, agility and flexibility. Today’s new business reality is changing the focus and strategy for many organizations, and it continues to evolve. In order to deal with the implications of a continually changing business environment, companies must approach their talent management strategies from a new perspective. Many organizations are still cautious, and there is a lot at stake. Focusing on deploying talent for customer value, improving processes and driving out costs are essential to survival. Ongoing transition is the “new normal” as needs change and companies adapt to shifting consumer demands. Having a strategic plan for developing, communicating and managing workforce transitions that takes into account the many stakeholders impacted will prevent erosion of the employer brand and protects your ability to hire, develop and retain top talent. Employing the best practices in your transition implementation strategy before, during and after any complex change is critical to the future of an organization.

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About DBM

DBM (www.dbm.com) is a leading global outplacement and talent development firm. For over 40 years, DBM has been helping organizations and individuals deal with the events and challenges of transition. With unparalleled industry experience and leadership, DBM provides career transition and talent development solutions to the individual and the organization — ensuring successful transitions and tangible improvements to business performance. 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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