

Maintaining Morale And Productivity During Layoffs

The uncertainty caused by layoffs can impact both companies and employees in many ways, most of them negative. During large-scale layoffs, morale and productivity can plummet. Even more importantly, it's common for firms to lose their focus on the customer. If a firm is to avoid the need for future layoffs, HR must be proactive and anticipate all major morale and productivity problems.

Here are some action steps to take if your firm is currently undertaking or considering layoffs.

Improving Morale and Productivity During the Layoff Process

Focus on productivity. Layoffs are distracting, there's no way around it. During layoffs it's crucial that you use metrics and rewards to narrow your focus and avoid distractions. Managers must raise both performance goals AND the performance-based rewards associated with them, so that everyone notices that things have changed. Results metrics that are routinely distributed to managers help to keep attention focused on your already worried customers. Metrics send get the message across to employees about what is important, and rewards makes them do the expected much faster.

- **Rumors.** Unfortunately, people often "guess" that there will be layoffs soon, whether there are any planned or not. Smart HR people develop "rumor hotlines" and other communication mechanisms to combat these rumors. Start with a "call-in" line in HR. If you have an intranet, use a moderated chat room or anonymous e-mail system to allow employees to get fast, direct answers.
- **Work with managers.** Bad managers are always a problem. But during layoffs, they are a disaster. HR must identify weak managers quickly, and either drop them or retrain them. In addition to training, you need to add rewards and measures for great people management to the mix to make sure every manager is aware that mistakes made during a layoff will cost them. In addition, measure and reward the retention of top performers during and right after layoffs to keep managers focused on this real possibility.
- **Offer counseling.** Re-publicize your EAP counseling services. Consider offering them onsite one day a week during the "stressed out" period caused by layoffs. Make it easy to get help. Just knowing that help is close by will relieve much of the tension.
- **Get consulting help.** Utilize professional networks and consulting firms to help to manage the layoff process. Learning as you go is a disaster. If you are not the first in your "neighborhood" to do them, learn lessons from your neighbors on how to keep productivity up.
- **Survey your employees.** Do pulse or email surveys of a sample of your key workers in order to identify their issues and concerns. Use that information to modify your communications and morale-building approach.
- **Don't drag it out.** When costs get out of hand, you need to act quickly in order to minimize customer impacts. Decide how to do layoffs long before the need arises. When the time comes, decide who must go and then "do it" within a two-week period.
- **Post your layoff criteria.** Determine long before you do layoffs what the criteria will be for being laid off and announce it. Even though it might seem counterintuitive, this openness actually allows all employees to know what criteria will be used, so that those who currently fit the criteria can have an opportunity to work harder toward becoming exempt from the layoff

criteria. For top performers and those in key jobs, it also reduces anxiety and allows them to see that they are important and needed.

- **Be aware of people who are "overworking" to look good.** Be aware that some employees will overwork in order to look good. This happens both before and after layoffs. Smart managers and HR professionals monitor performance, errors, and accidents closely to ensure "overwork" doesn't go too far.
- **Work more closely with the union.** If you keep your union involved during every step you will avoid many rumors (and the employee stress that goes with them). You will also have an opportunity to build a closer relationship between the union and the company, which will pay off handsomely later.

Action Steps for Improving Morale and Productivity Right After the Layoff

And you thought after the "deed is done" life would get easier? Actually, the hard part occurs after the layoff day. Here are some action steps to follow in order to minimize the pain.

1. Management actions

- **Make your CEO more visible.** During tough times the top leaders need to be highly visible to help excite your employees and to look like leaders. Confident leaders attending staff meetings and company events will alleviate some of the fears that your organization is a "rudderless ship." Make sure the executives have answers to frequently asked questions as well as the names of experts to refer employees to, in case they don't know the answer to a question themselves. Periodic informal chats (via video conference, email, or in person) are also effective.
- **Hold managers accountable.** Continue your efforts to measure and reward good people management. During these tough times, managers must be on their best behavior, because they are the prime point of contact for most layoff-related information. Bad managers have historically caused a majority of the problems that occur during layoffs. Make sure managers reinforce the message to employees that things are different now, and that everyone must change the way they work.
- **Eliminate work.** You can't do the same volume and quality of work with 10% less people. Prioritize your tasks and customers. Require all employees to stop doing non-essential work. Re-engineer your processes and change job descriptions to make it clear what remaining work and which customers really matter. Close unprofitable plants and drop weak product lines. Re-engineer the way you work to produce better results by working smarter.
- **Develop smoke detectors.** Develop forecasts and measurement tools that will warn you long before you need to do another layoff. Having to do second round repeat layoffs can be even more traumatic, since they reduce employee confidence that management has things under control. HR also needs to identify top performers who are at risk of leaving, so that special attention can be paid to them.
- **Put limits on people expenditures.** Many managers circumvent the firm's cost cutting goals by bringing laid-off workers back as consultants or contractors, often at a higher rate. Cap all people-related expenditures, don't just cut headcount.
- **Don't freeze all hiring.** Some areas can be growing even as layoffs occurs in other areas. Limited hiring in targeted areas reinforces the idea that the company is still growing, and that

management knows where to invest resources. An across-the-board hiring freeze sends the opposite message -- that the company is just cutting costs blindly and that management really can't make tough decisions. Now is the time to develop effective workforce and redeployment plans so that reducing headcount can become an ongoing but less traumatic process.

- **Track to see where they go.** Occasionally companies cut the wrong people or cut too many employees. By identifying the firms where your good employees end up, you can stay in touch with them so that they can be later targeted for rehire when there are openings. Tracking where they go also allows you to better assess the costs and the benefits of the layoff, because you know how many employees went to our direct competitors.

2. Counseling-related steps

- **Counseling survivors.** Offering onsite EAP counseling for a period of two weeks after the event is generally a good idea. Make it easy for employees to talk out their problems and get answers from information mechanisms that you know have worked during other layoffs. The most common form of stress that employees face is what is known as "survivor's guilt." It results from the fact that "you" have a job, and some of your coworkers and friends don't. Managers must be made aware of the phenomenon, and then they must identify those going through this guilt. Next, the manager needs to have a heart to heart with the survivor in order to let them know that it's okay to be a survivor. Current employees also need to know that the "departed" are being treated well. Offer professional counseling in extreme cases. A list of the warning symptoms of depression need to be distributed to managers so that they can assist in the early identification and treatment of "depressed" employees.
- **Consider the family.** Families undergo trauma also. Consider a letter to them thanking them for the support of "their" family member during this tough time. Or hold an event where the CEO talks to them and reassures them. You might also offer counseling to spouses of the remaining employees or provide early information that lets the family know what stress they might encounter and how to handle it.
- **Consider the HR people.** HR professionals who worked on the layoff process are likely to be the most stressed of all employees. Counseling, time off, or "special talks" can help reduce their trauma.

3. Providing information

- **Over-communicate.** After layoffs, it is essential that you keep two-way communications going: first, in order to ensure that the employees know when the cost reduction targets are actually met, and second, to give them an avenue to vent their frustrations and to get answers to their questions. Consider a layoff newsletter or a targeted web page to provide employees with the needed information. Open book management, although it may be initially uncomfortable, is the short-term solution to keep everyone feeling in on things.
- **Redo your external image.** Bad PR as a result of negative press coverage from large layoffs can impact your future recruiting, retention, sales, and brand image efforts. Layoffs can ruin a "great place to work" image among potential recruits (and even customers) overnight. You can directly counter your negative press by getting positive write-ups describing your great people practices in key industry publications. It's also wise to encourage employees to spread the word to their friends (through employee referral programs) that things are back on track.
- **Global staff.** Assume that your remotely located staff feel unloved and left out, even though they survived the layoff. Increase the information flow and, if possible, go visit them.

4. Other actions

- **Increase the tools.** There is a natural tendency to cut equipment and expenses in order to avoid cutting people. That can be a big mistake. Instead, increase the tools and technology available in key jobs, so that the remaining few people can do more with less.
- **Lawsuits.** Lawsuits can distract managers and consume their time right when you need them to be focused on our employees and customers. Work with the legal department to minimize business impacts and to settle quickly when the ROI is positive.
- **Violence in the workplace.** Frustration can lead to threats and actual violence from former and current employees. Effective layoff planning requires that you identify potential "problems" and develop a process that both prevents problems and leaves current employees feeling secure.
- **Developing an "overall headcount fat" index.** If you don't have time to look at the numerous external and internal factors that are potential warning signs of excess employees (or "headcount fat"), you might consider using a simplified overall "fat index," which would give you a quick snapshot of how you are doing in different parts of the organization.

Conclusion

Deciding to do layoffs is a traumatic enough decision for managers and HR people. But unfortunately, even after the actual layoff is done, your problems will not diminish. It takes strong metrics, rewards, communications, and an excellent counseling system if you are to maintain morale, avoid turnover and increase productivity.

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