

SEPARATION FROM EMPLOYMENT CHECKLIST: LAYOFFS AND REDUCTIONS IN FORCE

Major process phases. Downsizings, layoffs and mass plant closures are very difficult. Even when successful, there is sadness and much ill will generated. Businesses should view these acts as a complex process consisting of many phases and tasks that require coordination and careful decision-making.

There are five major phases in layoffs and downsizings. The major phases are:

1. Establishment of a planning taskforce
2. Completion of a comprehensive plan
3. Announcement and implementation
4. Continuous communication tactics
5. Learn from the experience

The first three steps: organizing the taskforce, developing a plan and implementation occur sequentially; however, communications planning and implementation begin at the inception of the planning and continue after the implementation of the plan.

ESTABLISH A PLANNING TASKFORCE

The taskforce must represent each decision-making unit within the organization that will be impacted or has information/tasks to support the plan. Typically, a taskforce would be composed of representatives who have appropriate decision-making power and are trusted with the level of confidentiality required of the mission. The following organizational units are usually represented:

- human resources
- operations
- finance
- public/corporate relations
- legal counsel
- senior manager of every unit that may be effected (Note: these members should be added as soon as possible if not initially known)

An executive officer should brief the taskforce on its purpose including:

- mission, history and business purpose
- role of each participant
- demand of confidentiality
- demand of candor
- specific objectives and timeframes (if known)
- pledge of support and resources

The first order of business should be a discussion and plan of how to ensure confidentiality and meet as necessary to complete the planning.

COMPLETE A WRITTEN PLAN

This is generally the step that takes the most time. It is critical that confidentiality and candor be maintained. Before a review of the committee tasks at this stage, some guidance on how to organize and process each task follows:

- Commit to finish the job and do not plan layoffs or downsizing in several steps or "waves."
- Determine by consensus how the taskforce will assign work and how that work will be completed. Options include individual assignment, small group assignment and hiring outside consultants or contractors. Some options may be better than others depending upon the task.
- Assign "devil's advocates" for the most difficult decisions to ensure the taskforce has carefully considered all points of view. Assigning one or more individuals to function as devil's advocates will reduce the strain and tension that will naturally arise out of the work of the taskforce."
- Do not reach decisions and closure until every member is completely satisfied that all risks have been carefully reviewed and analyzed and that all stakeholders have been identified and carefully considered.
- Assign documentation tasks. Every decision should be thoroughly documented. Consider minutes and recording meetings. Consider adding one member whose sole task is to document the decisions and preserve the record.
- For each task, determine who is responsible and accountable and a timeline for each task. Address how work and analysis in process will remain confidential.
- Determine how the committee will address members who do not fulfill expectations and responsibilities before the work begins.
- Elect or appoint individuals to the following roles --chairperson and scheduler. These roles can rotate or be permanent.

The following itemizes the tasks for the committee and the paragraph number in parentheses indicates additional information and resources:

- Determine whether or not the proposed action is a layoff, reduction in force or other action.
- Review with counsel legal compliance and risks.
- Analyze and document the business purposes and objectives of the reduction.
- Compile restructuring cost projections. Budget the process. Assign accountabilities.
- Benchmark planned restructuring practices with norms.
- Address management functioning during the restructuring process.
- Review and carefully analyze all alternatives to any proposed layoff.
- Conduct workforce analyses for each stage of the process.
- Determine if the Worker Adjustment and Retraining Notification Act (WARN) will apply to the company's proposed reduction in force. What are the requirements of federal and state law?
- Carefully review material on selecting employees for layoffs and voluntary programs.
- Discover whether comments have been made to any employees during the hiring process concerning the likelihood of layoffs or the future viability of the company.
- Determine if seniority will control and document criteria chosen.
- Review employment-at-will material to ensure that the action does not violate specific statutory restrictions or judicially imposed limitations.
- Review the pre-termination overview checklist. This checklist reviews the scope, policy considerations, documentation, implementation logistics, communication and security considerations that must be addressed in all reductions in force and layoffs.
- Consider if there privacy issues that must be protected.
- Consider "survivor" assistance as a part of outplacement benefits.
- Have counsel determine if service letter agreements are required.
- Investigate and decide whether or not employment releases will be included. Consider if there will be a separation agreement.
- Ensure proper controls are in place to protect trade secrets and/or confidential information.
- How are the exit interviews to be scheduled. Describe any follow-up procedures post separation.
- Assign responsibility for planning and conducting the termination meeting (or meetings). Depending upon the number of employees to be terminated, additional staff may have to be selected and trained.
- Address the contents of employment references. Will the contents be reviewed with the employee?
- Research, prepare cost estimates and determine what outplacement support will be provided.
- Coordinate with company security personnel to anticipate potential employee violence. Demand that all security issues be addressed.
- Orchestrate the arrangements to remove the employee's remaining personal property safely and securely while ensuring that the employees are not demeaned in any way.
- Insist where required, that the union has been consulted and involved consistent with the contract.
- Outline and finalize the themes and facts will be communicated internally. What will be communicated externally to shareholders, customers, media and the community such as politicians and vendors? Has a press release been prepared and sent to the appropriate media representatives?

ANNOUNCE THE ACTION

- Select the implementation day. Avoid Friday (or the last day of the normal workweek if not Friday), the day after a holiday, and during a holiday season if at all possible. Start reasonably early in the workday.
- Make announcement to all concerned simultaneously if at all possible. Certainly make the announcement to all concerned simultaneously at each individual site. Be candid and straightforward. The person who will actually announce the action should rehearse the speech and critique a video of the rehearsal. Pay careful attention to body language.
- Senior management must be actively involved and highly visible throughout the process and especially on the announcement day. If possible the President, Chairman or senior division officer should make the actual announcement and handle all questions. Senior members of management should be "walking around" throughout the workplace and available to anyone who wants to talk to them.

Write scripts for each speaker with precise wording that:

- Focuses on the future
- Clearly articulates why this action is necessary
- Do not blame past decisions or decision-makers
- Demonstrate what the company will do differently
- Layout timing and how the selection process occurred
- Voice concern and empathy for those affected
- Describe in detail all benefits and supports provided to those affected
- Prepare likely questions and answers and read aloud and distribute copies to the workforce.

- Encourage questions from the audience. Maintain dignity and empathy no matter what questions may be asked. For example, at issue is the pay level of the CEO vs. The lowest paid worker. That question, and similar questions, should be anticipated and answered in the question and answers prepared ahead of the announcement.
- Close with a review of the benefits available to all staff and underscore those for survivors.
- In every action and statement, underscore the importance of each individual. Make sure no action erodes the dignity of any individual and especially those who will lose their jobs.

CONTINUOUS COMMUNICATION TACTICS

Communications in the best of times can be problematic. Communications during a downsizing or layoff is much more difficult. Some general guidance includes:

- Overcommunicate.
- Use every available communication medium including the intercom, newsletters, bulletin boards, e-mail, fax, letters to employees homes, and business signs outside of facilities.
- Stay flexible. If a communications piece is not effective, scrap it and find a better method. Unlike planning, this is not a stage where analysis and time spent determining why a specific communications tactic was not successful is a good use of resources.
- Be accessible. Walk around the site. Eat in the employee cafeteria with employees (and not a table of managers).
- Encourage feedback. Ask questions.
- Put a name, phone number, office and time/date on all written communications and ask for feedback.
- Involve employees if possible in every aspect of implementing the communications plans.
- Have the taskforce meet frequently, perhaps daily, post the announcement for several weeks to determine what must be done, respond to rumors and adjust planning to meet needs.
- Seek feedback by utilizing every opportunity including hotlines, suggestion boxes, EPA, e-mail, and personal contact.

LEARN FROM THE EXPERIENCE

Encourage the task force to meet several times after the work of the reduction is completed. Consider the following actions:

- Did the reduction achieve the business goals? If not, why not?
- Was the financial analysis complete? If not, ensure the files are up-to-date in the event the process is repeated.
- Measure turnover post separation (at least one year after the reduction) to determine if the turnover level has increased and if the type of position being vacated has changed. Measure unemployment compensation and disability levels for cost increases. Analyze whether or not the reduction has had an impact on discrimination charges or other third-party actions.
- Monitor related expenses such as workers' compensation.
- Seek feedback from managers involved in the reduction and employees who may have been redeployed to determine what could have been done better.
- Prepare a final report for executive management and a summary report for employees.