



April 10, 2009 - #1694

Commentary

For CEOs: The gut-wrenching task of layoffs

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Deciding which employees should be released and notifying those affected are among the most dreaded of executive responsibilities. No matter what method you use for determining who will go, you're going to take considerable heat. *What little comfort is available to you in making layoffs comes from being grounded in a rationale you believe is sound.* Fluency with your rationale will help you speak with conviction when you explain your choices.

Two methods provide a principled approach in determining which individuals to release from a highly competent staff.

1. Tiered priorities. Identify the outcomes your members truly cannot achieve on their own. This is the Tier 1 list. Outcomes members could feasibly achieve, albeit with difficulty, comprise a Tier 2 list. Outcomes you suggest no longer be pursued appear in a Tier 3 list. *Achieve consensus on these recommendations with your board or executive committee.*

Once the tiers are finalized, identify all functions associated with Tier 3, and functions associated with discontinued Tier 2 outcomes. Next, study the remainder of Tier 2 and all Tier 1 outcomes to determine which functions are nonessential or could be subcontracted with no erosion in quality. This process will help you begin to identify candidates for release.

Example: *Perhaps federal legislation is Tier 1, state legislation is Tier 2, and issues on which membership is irrevocably polarized are Tier 3.*

2. Forced weighting. First, identify each output from each dept. - each meeting, publication, HR function, legislative/regulatory initiative, etc. These become rows on a chart (a long one to be sure!). Second, create columns for each success criterion, perhaps including revenue, image, member retention, uniqueness, etc., and rank each as "A," crucial; "B," important; or "C," desirable. Then enter "yes" or "no" in each cell, indicating which outputs achieve which success criteria. Clarity emerges quickly regarding which outputs are essential and which are resource drains, revealing outputs that should be discontinued. Executives of smaller assns can likely make rational release decisions at this point, but larger assns will need to continue with another step.

Create one last chart. The first column lists departmentally segmented outputs you plan to continue. The second column shows the positions (not the names of employees) currently allocated to each output. The third column shows which positions SHOULD be allocated to each output. *Then and only then assign*

individual names to the positions being retained. In doing so, consider carefully the functional versatility of each employee. Some employees have a broader portfolio of skills and competencies than others, affording opportunities to redesign jobs to net out at fewer positions.

Although you may need to consult senior staff to complete these assessments, include as few as possible to reduce rumors. Also remember that the best subcontractors are often previous employees. Be alert to these possibilities in preparing for release discussions.

Notification

If possible, complete all layoffs on the same day. Protracted periods of ambiguity and insecurity aren't healthy or productive.

- Cut the preamble and just come out with it, maintaining solid eye contact throughout the conversation. *"After a careful analysis of priorities and resources, I've come to the unavoidable conclusion that your position must be eliminated."*

- Move immediately to next steps. *"Here's what we're able to do for you."* Document these in bullet form and review them one at a time. Hopefully this will include outplacement services, and appropriate referrals to organizations you know are hiring. This is also the appropriate time to discuss subcontracting possibilities.

- Have a letter of reference (if deserved) prepared and signed, and offer to sign a more customized version if requested.

While engaged in the act of releasing someone, remember that *the conversation is not about you.* Regardless of how much you've suffered, your anguish is not relevant. Citing the difficulty in choosing will not provide comfort. Saying how badly you feel will not be helpful. Your emotionalism must be subordinated to the business of protecting and preserving the assn's ability to achieve its mission - a responsibility for which CEOs may evidence neither guilt nor apology.

Staff need to see that you have the mettle to lead them through and beyond the layoffs. You can't crack; you can't seem to be in despair; and you can't vent - at least not to staff. Your strength, resolve and compassionate professionalism are necessary to inspire their resilience.

As soon as possible after layoffs, convene an all-staff meeting to communicate these critical messages: the details of the CEO's individual austerity program, which may include the elimination or reduction of your own bonus, the elimination of special perks such as season tickets or meetings at resorts; that further layoffs are not anticipated, and that the packages for those laid off were as generous as possible; the specific goals for the next 12 months; and your confidence in the staff to achieve them.

Encouraging staff

Crucial in the following six to nine months is the conspicuous, continuous encouragement of staff by the CEO and sr. executives toward achieving visible, measurable departmental and organizational outcomes. Here are five great ways:

- 1. Require dept. heads to have meetings at least twice each month** devoted to uniting employees

around measurable goals, and to maintain focus on how the dept.'s goals contribute to overall stability of the assn.

2. Ask dept. heads to keep you current with individual and departmental achievements; visit every dept. at least biweekly to acknowledge these achievements.

3. You or your dept. heads can conduct “stay interviews” with key staff. Ask their opinions, ferret out concerns, affirm their value, discuss career paths, and express interest in their uniqueness.

4. In all-staff meetings, be transparent about organizational health so employees understand how the success of the assn is being measured.

5. Include mention of staff accomplishments in speeches, board reports, receptions, conversations with board and committee members, and at each all-staff meeting. Ensure that staff hear from multiple sources that you are aware of their efforts and their results, and that you are out there bragging about them, telling others how proud you are of them.

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