As this article is being written, the economic news continues to deal with a struggling economy and with companies continuing to reduce their work forces. Too often this process is done by cutting in general, such as mandating, say, a 10 percent reduction in all departments or closing entire departments without considering other viable alternatives. Since it may be necessary for you to downsize your company, whether in response to economic conditions or in response to structuring your company to be leaner and faster, here are some thoughts and guidelines that may prove helpful.

**Make the Appropriate Decisions.** What is the targeted payroll cost reduction? Which personnel or departments will be eliminated or reduced? In what order and in what time frame will the downsizing begin, continue and end? Consider how you will determine those to be released. Here are some criteria: Performance, merit ratings, seniority, veteran preference, future needs, early retirement.

**Here are some other cost-saving options that might pertain even after downsizing is complete:** Eliminate part-time staff, reduce hours and short-term leaves; make reassignments and/or transfers, offer leaves of absence and forced vacations.

**Rationale.** Develop a clear, logical statement of the situation and why downsizing is necessary. Tie this into positive aspects of organizational survival and effectiveness. Inform everyone about what is going to occur and why, how it will happen, when it will start and when it will end, the options available to affected employees and benefits to the organization, such as survival and effectiveness.

**Implement.** Follow the timetable, and provide followup, contact and feedback.

**Provide support** such as out-training services and outplacement services. Help employees learn how to locate other positions. Reassure employees not affected when the downsizing is over, and keep them at full employment. These activities strengthen public image and can contribute to better labor relations.

**Openness.** Management must develop the capacity to encourage, and be receptive and open to, input from employees. Information must be shared openly throughout the organization.

**Congruity.** Employees must have confidence in the information received. All levels of management must deliver the same message.

**Autonomy.** Management must trust their subordinates to use their judgment in implementing their responsibilities in the downsizing.

**Feedback and finality.** Management must be willing to make decisions with input from subordinates, and yet must be able to stand by their decisions once made.

**Shared values.** There must be a common understanding of the organizations vision, mission and goals and the need for the organization to survive so that the majority of employees survive as well.

**Failure to properly approach and deal with downsizing** often results in staff suspicion of management motives and actions, skepticism of management’s plans and programs, increased territoriality on the part of employees, departments or units, institutionalized resistance to any change even if beneficial, and development of “We/They” attitudes.

**About the Author**
L. Douglas Mault is president of the Executive Advisory Institute, Yakima, Wash.