One of the least popular topics an owner/senior manager may have to deal with is downsizing. No matter how hard you may strive, there are sometimes events and forces outside your control that may force a company to downsize. This article will address two key components of dealing with this delicate situation.

Credibility and Trust

Openness. Management must develop the capacity to encourage, and be receptive to, input from employees. Employees must feel they can openly express opinions without fear of reprisal. 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. This implies that management at all levels understands and agrees with the message.

Autonomy. Owners/Senior management must trust their subordinates to use their judgment to implement changes and policies. This implies an effective team approach to planning and communicating.

Feedback. Owners/Senior management must be willing to make decisions with input from subordinates, and must be able to stand by their decisions once they’re made. To allow for this information flow, management must provide a forum and format, for example, a place for the information to be exchanged and guidelines for how those transactions are to take place.

Shared values. There must be a common understanding of the organization’s vision, mission and goals. In turn, these must be operationalized so that everyone understands, commits to and achieves their departmental/unit goals.

Failure to accomplish the above can result in the following: 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 they are beneficial; the development of “We/They” attitudes; and the development of hidden agendas by middle management and employees.

Strategies for Downsizing

Make relevant decisions.
■ Who/which personnel or departments will go?
■ Timetable: In what order, and in what time frame?
■ Criteria: How will those to be released be selected (seniority, merit, veteran preference, future needs)?
■ Rationale. Develop a clear, logical statement of the situation, and tie it in to positive aspects of organizational survival and effectiveness.

Inform your staff. Tell them what is going to occur and the reasons why. Also tell them how it will happen, when it will start and when it will end. Explain the options made available to the affected employees.

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

Provide support. Give staff open access to management. Offer out-placement and training services for affected employees. Also help them learn how to locate other positions.

Reassure employees who are not affected that the downsizing is over, they’ll be at full employment, and that the company’s public image will ultimately be strengthened.

About the Author
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