

Rethink redundancy handling

A GOLD Coast careers adviser says badly handled workforce restructures and reductions will have disastrous consequences in the current economic climate and beyond.

CIQ Career Intelligence director Naomi Lawrence said companies that conducted bad workforce reductions stood to have staff morale plummet and lose internal and external loyalty and trade, with long-term consequences.

"It's stating the obvious, but planning is everything," she said.

"Far too often we read in the press about companies having conducted a spectacularly bad workforce reduction – even a single redundancy – that ends up in court and causes heavy business and reputation loss.

"We constantly hear about companies that failed to plan properly for the event – the damage to morale and productivity, the legal and public backlash and the ongoing fallout that management struggles to recover from for years to come."

Ms Lawrence said it was only last year that Australian companies were struggling to attract, recruit and retain quality employees

and she believed it would most likely occur again due to worldwide skill shortages.

"For the moment companies are cutting back on staff and the reality is the way downsizing is approached now may have long-term effects when the business begins growing again," she said.

"Some companies do it better than others.

"They would not dream of having an employee leave and go unassisted into the marketplace.

"Quite often the departing employee can have other aspects of their life also in disarray because of financial or relationship problems or health issues.

"Then there's the matter of how the remaining staff feel about the organisation after hearing about their former colleagues' situation."

Ms Lawrence said poorly managed redundancies could mean heavy company financial losses in many different ways.

"One situation we heard far too late about was a senior executive who was poorly treated and who started working for a client of his former company," she said.

"He changed the supplier upon starting in his new role, which resulted in his former employer losing a \$1 million annual contract."

Tread carefully

Ms Lawrence has prepared the following tips to assist employers stay out of the law courts, reduce stress on management, maintain a positive business profile, retain key employees and attract talent:

- Engage an outplacement consultant well before the event.
- Seek legal advice to confirm legitimacy of redundancy.
- Plan the time and location of the meeting.
- Arrange for a private business setting away from other workers.
- Plan on meeting early in the week and early in the day, so follow-up support can be scheduled immediately afterward.
- Never terminate on a Friday when the employee faces a weekend without the structure necessary to move on to the next step. Also avoid terminations during major business or personal activities with which the person is involved.
- Ensure the severance information has been checked and is correct.
- Consider security and sabotage issues.
- Anticipate reactions.
- Prepare yourself emotionally.



Plan a meeting to deliver bad news face to face

- Be empathetic and mindful of maintaining the exiting employees' dignity.
- Communicate with remaining staff as quickly as possible.
- Celebrate the time the exiting employee has had with the company at a later date, as you would for resignations or retirements, whether it is morning teas or drinks.
- Engage a career transition specialist to support the former employee to find new employment.

For more information go to www.ciqonline.com.au