

Communicating Tough decisions

Phil Jones, Author of [Communicating Strategy](#), published by Gower

As Directors and Managers, you sometimes have to make a tough decision: to make people redundant, close down plants, move services off shore, move manufacturing facilities or shed unprofitable customers.

Of course, you will need to plan these changes carefully. You will need to comply with statutory requirements and contractual conditions. There are statutory redundancy periods and notice periods to comply with. There may also be consultation arrangements with unions and worker representative groups. In some countries this will include a workers' executive, in others the union, or a workers' representative panel or group. Some employers will stick with statutory minimum terms for redundancies. Others may decide to offer preferential terms to all or particular groups of staff.

You may decide to put in place counselling, job assistance or support for any people made redundant. You may even be eligible for funding from government depending upon where you are located. Some organizations help their ex-employees start new businesses, so they become or move to suppliers, customers and competitors. Remember, these people will continue to talk with people in your industry and with customers and suppliers. They will continue to be ambassadors for your company, whether you employ them or not. How you treat them will be reflected back on you as an organization.

Questions

- *What statutory or compulsory arrangements do you have to make?*
- *What contractual obligations do you have?*
- *What are you doing to help and how are you communicating this help to these people?*
- *How are you ensuring that those people who leave remain ambassadors for your company?*

Communicating after redundancies

While attention is paid to those being made redundant, you also need to talk with the 'survivors'. They might be relieved they are still in a job. They might wish they were offered a redundancy cheque. They might simply fear that they will be included in the next round of redundancies.

On occasion, when people leave an organization quickly, with no notice, sometimes those who remain are asked not to contact those who have left. I do find this strange, but it is not unusual. I have personally witnessed it twice. In one case people were explicitly asked not to contact those that had left. It is almost as if the management were saying, 'Those people are bad and you are the survivors. Do not mix with them'. In reality, these people were probably your friends and will remain so long after they have left.

Some of the 'survivors', perhaps when the cuts seem somewhat arbitrary, may feel embarrassed that they still have a job when other were selected. You get a double whammy: rejected by your company and rejected by your ex-workers.

You will probably have selected key people you are keen to retain. If you handle the redundancies poorly, you may disenfranchise them as well. Handle this badly, and they will simply leave when they are ready, on their terms.

The message is simple: pay attention to what messages and signals you send out, both to those who are leaving and to those who remain.

Questions

- *How will you deal with the survivors?*
- *How will you manage the message to them?*
- *How will you make sure they do not leave at the soonest opportunity as well?*

Explain and engage people in the economics of the business

Any strategy is likely to involve a cost of change. This might be associated with projects or programmes of work aimed at delivering a better process, the cost of redundancy or investment in a new factory.

Engage people in the economics of the business. The level of detail need not (and should not) include all the detailed financial calculations but should explain the broad economics. Amongst the heresies in chapter 2 there is Heresy 1: People are not stupid. Explain the economics and don't dumb it down. For example:

- 1) 'At the moment we make this much per car and we want to be making this much. Steel prices have risen by 40 per cent which has cut our margins from eight per cent to four per cent. This means we shall make a loss of £500 million this year, unless we find ways to cut costs elsewhere.'

- 2) 'If we can avoid an increase in costs above inflation, whilst managing the eroding prices, we will remain profitable. But only just and bonuses will need to be cut back.'

When people understand how what they do affects the costs, they are better positioned to make informed judgements about helping to improve it. If they are kept away from the economics, how can they understand and assist?

Questions

- *What is your economic model for the business?*
- *What are the economic levers or drivers of your strategy?*
- *Can you explain these in a simple expression?*

Conclusion

The clearer your communications, the easier it is for them to understand them and trust them. Even if there is bad news, explaining the bad news well, will engender trust and understanding.

About the author

Phil Jones is Managing Director of Excitant Ltd, and a consultant and author. This article is based on material from his book, Communicating Strategy.

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