



Announcing a Downsizing

by Bob Whipple, MBA, CPLP

The need for excellent leaders grows more urgent every day. I believe the most crucial shortage threatening our world is not oil, money, or any other physical resource. It is the lack of enlightened leaders who know how to build trust and transparency. We are at an all-time low in terms of the number of leaders who can establish and maintain the right kind of environment. The outrageous scandals of the past few years are only a small part of the problem. The real cancer is in the daily actions of the many leaders who undermine trust with less visible mistakes every hour of every day.

The current work climate for leaders exacerbates the problem. Most organizations have been forced to take draconian measures in a desperate struggle to survive. In these environments, the ability to maintain trust and transparency often is eclipsed by the extreme actions required to keep from going bankrupt. This conundrum is a unique opportunity to grow leaders who do have the ability to make difficult decisions in a way that maintains the essence of trust. One of the most complex situations occurs when there is a need to trim the current workforce. While there is no one formula that fits every situation, here are some ideas that might prove helpful if you are in that situation.

When a downsizing is going to be required, many managers wrestle with when and how to break the news to the work force. On the surface, it feels like the safer thing to do is to procrastinate on announcing the difficult news, which may be directionally the wrong way to go for the long term health of the organization.

Thankfully, there are processes that allow leaders to accomplish incredibly disruptive restructurings and still keep the backbone of the organization strong and loyal. It takes exceptional skill and care to accomplish this, but it can be done. The trick is to not fall victim to the conventional ways of surgery that have been ineffective numerous times in the past. Yes, if you need to, you can cut off a leg in the back woods with a dirty bucksaw and a bottle of whisky, but there are far less painful, safe, and effective ways to accomplish such a traumatic pruning.

One tool is to be as transparent as possible during the planning phase. In the past, HR managers have insisted that the risk of projecting a need for downsizing or reorganization might lead to sabotage or other forms of rebellion. There are also legal considerations with premature divulging of information, so there is a balance that must be considered. The irony is that, even with the best secrecy, everyone in the organization is well aware of an impending change long before it is announced. Just as nature hates a vacuum, people find a void in communication intolerable.

Not knowing what is going to happen is an incredibly potent poison. Human beings are far more resilient to bad news than to uncertainty. Information freely given is a kind of anesthesia that allows managers to accomplish difficult operations with far less trauma. This can be helpful for three reasons: 1) it allows time for people to assimilate and deal with the emotional upheaval and adjust their life plans accordingly, 2) it treats employees like adults who are respected enough to hear the bad news rather than children who can't be trusted to deal with trauma and must be sheltered from reality until the last minute, and 3) it allows time for the people who will be leaving to train those who will inherit their work. All three of these reasons, while not pleasant, work to enhance rather than destroy trust.

One caveat is that pre-announcing a downsizing may cause some of the best people to go job hunting elsewhere. The wise manager understands this and makes sure the critical resources know their situation is secure. It is better to have a forthright discussion about the situation and future than to have people making assumptions based on speculation.

Full and timely disclosure of information is only one of many tools leaders can use to help maintain or even grow trust while executing unpleasant necessities. The method is not universal for every situation and culture, but it will have merit in many situations and should at least be considered as an option. My study of leadership over the past several decades indicates the situation is not hopeless. We simply need to teach leaders the benefits of trust and transparency and how to obtain them.

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