

The perils of internal communication in a down market

By Geoff Fowlstone

“Give me the facts, all the facts, tell me when and how much, and please spare me the highbrow rhetoric and the false compassion.”

Communicating a downsizing is challenging for even the most hardened corporate executive, but it is becoming a more common part of managing a business, particularly in the current economic environment.

Most of us try to avoid conflict. Communicating layoffs to a group of employees, or even a single employee, is the ultimate conflict situation in the workplace. Nevertheless, communicating in the right way, and therefore protecting the dignity of employees who are impacted and sending the right message to those who remain, can make an enormous difference to what is a difficult process.

In a downsizing, what you say, when you say it and how you say it is as important to the staff members who are to leave the organisation as it is to those left behind. Too often in a challenging corporate situation the instability that is engendered by botched communication creates needless uncertainty for those left behind, and leads to lost productivity, diminished corporate loyalty (if such a thing exists anymore) and in many cases to the loss of key people the company would prefer to retain.

Communicating to employees being laid off

The most common error in communicating layoffs is to attempt to soften the blow by wrapping the language in a nebulous strategic rationale, or by citing some lofty higher purpose like the long-term good of the company—yeah right.

Sometimes it seems as if this is more about making the bearer of bad news feel better than any impact on the recipient, except to add an overlay of cynicism to a stressful situation. Studies (and harsh personal experience) consistently demonstrate that employees in a downsizing have two overarching concerns: what do I get, and when is this happening?

The key facts to communicate to the affected employee are what entitlements they will receive and what this adds up to in dollars and cents. There is often confusion about which entitlements are paid out and which are discretionary, and also what it all translates to in the employee’s bank account when all is said and done.

How to confront the inevitable

1. Do it face-to-face

Losing a job is a stressful experience no matter the context. It brings unwanted uncertainty and for most a financial challenge. Communicating the bad news should be done in as neutral environment as possible and it should be done in person.

Stories of companies who communicate widespread layoffs by group email—or even SMS—are legendary. Even a casual observer would conclude this is harsh and insensitive.

While it is logistically challenging to roll out a face-to-face communications strategy, the downside of failing to do so is considerable.

2. If you can decouple the decision from performance then do so

It is important to communicate very simply the basis upon which the decision to make a person or group redundant was made. To the extent this can be decoupled from their own performance will minimise the blame and victimisation aspects.

Use simple rhetoric like: “At this factory it costs us \$3.50 to make a widget. In a comparable factory overseas it costs \$1.00 per widget. We can no longer compete in a shrinking market with a cost base this high.”

3. Be aware of disconnects between the message and the company’s actions

There is a natural level of emotion in this process and a company whose actions are at odds with their message is wide open for criticism. For example, consider the conflicting message presented by the cream of America’s auto industry arriving in Lear jets to beg congress for bail outs.

The most recent Australian example is CBA being an early mover to raise interest rates while at the same time planning a lavish end of financial year function. This drew criticism from the Prime Minister down as well as widespread media exposure.

These images represent a simple narrative that taps into broadly held consumer views: “banks are bastards (still)”.

4. Have all the information ready and on-hand

Be in a position to communicate all the key facts: precisely what they will get; when this will happen; what options (if any) are available to them.

Communicating to those left behind

How you treat the employees being made redundant speaks volumes to those left behind, most of whom will be wondering who goes next?

The process understandably injects a level of tension into the organisation which dissipates loyalty and can be a drain on productivity.

Where uncertainty exists it is important to communicate probabilities to give employees a realistic sense of where this might be heading. This is the only way to cut through the rumour mill which has the potential to spiral out of control.

For example: "While a decision has been announced today to cease manufacturing the ABC model due to declining sales we remain committed to the LKM model which has proved popular with younger consumers. A decision on the XYZ model will depend on the sales performance for the next half year. We are committed to providing you a monthly update on the sales performance of this model while we continue to evaluate its progress."

Communicate regularly. While it is impossible to ask for (or expect) trust in an environment like this it is important to provide regular updates and keep employees in the loop as the situation unfolds. This avoids the information vacuum which makes the organisation look like it has bunkered down and is unwilling to engage with its people. Nature abhors a vacuum and if you don't fill it someone else will.

While noone cherishes the task of being the bearer of bad news, managing the process well can have a dramatically different impact on the recipient, and demonstrate clearly the value the organisation places on its people.

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