RESEARCH NOTE

THE NEXT ERA OF ORGANIZATIONAL RESTRUCTURING: WHAT WE CAN AND SHOULD DO DIFFERENTLY

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Simply mentioning the phrase "organizational restructuring" brings to mind images of employee layoffs, organizational chaos, and loss of valued work relationships. Restructuring, like dental surgery, is one of those things we want to avoid but at times is necessary to prevent even worse pain and suffering.

And if economic predictions about a potential recession in 2023 prove true, it will become more common over the coming months resulting in layoffs in other industries in addition to the 200,000+ that have recently occurred in the technology industry.

Restructuring is often forced upon companies by economic constraints, but even when it is necessary, companies still have considerable control over how it is done and the long-term impact it has on the organization, employees and former employees.

What Does Restructuring Mean?

We define restructuring as any action that significantly changes the roles and reporting structures of employees within an organization. The difference between restructuring and other forms of workforce change is the emphasis on changing the existing roles of current employees.

Many restructurings are accompanied by staffing increases or decreases but staffing changes do not necessarily imply restructuring unless employees are being let go due to their roles being eliminated or are being hired to perform new roles that did not exist prior to their joining the organization.

Most restructurings fall into one of three areas:

- **Operational:** Restructuring designed to support organizational expansion, strategic redirection, or operational efficiency including changes resulting from acquisitions, divestitures or implementation of new work methods and technologies.
- **Economic:** Restructuring designed to reduce or reallocate workforce costs to meet financial targets or respond to market downturns.
- **Organic:** Restructuring resulting from employees initiating changes to their roles within the company including internal transfers, fellowships, gigs and dynamic teams.

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AT A GLANCE

This research examines different types of restructuring noting how they can be done more effectively and humanely than they were often done in the past.

SIDEBARS

Recent innovations in HR technology are enabling companies to perform restructurings in a much more efficient, effective and fair manner than in the past. Some of the more transformational solutions include on the sidebars.

APPENDIX

Provides an overview of general "best practices" related to restructuring.

The pace of restructuring has increased over the past decade and is expected to accelerate further due to growing economic volatility, continued employee turnover and greater numbers of mergers and acquisitions1.

While each of these restructurings has different characteristics, they share one thing in common: they involve making significant changes to how companies allocate money spent on their workforce and how employees are allocating their time spent at work. They also impact the success of organizations, but whether these impacts are good or bad depends on how the restructuring is managed.

Organic Restructuring

As result of increasing economic volatility and organizational change, most employees do not expect nor do many want to stay in the same role for their entire career. They want to try new things, learn new skills, and grow as professionals. This has led to a rise in employee-initiated changes to the roles they perform within the company.

Common Problems

An overarching goal of any restructuring should be to improve the performance of the company. While organic restructuring is beneficial for both employees and employers, it can also lead to problems.

Here are two problems we hear often in conversations:

- **Disruptions to company operations** Organic restructuring can be a major disruption to corporate operations because of employees transferring from one role to another without clear governance or transition plans. Limitations on total headcount and financial resources may prevent positions that have been vacated by departing workers from being backfilled, causing managers whose job is to deliver on group goals to face criticism of either losing team members or 'hoarding talent'. To navigate this tricky conundrum, employers need an efficient system for efficiently handling organic restructuring while still protecting operational continuity.
- **Perception of unfairness** When embarking on organic restructuring, companies must be careful to ensure that employees are aware of available positions. For example, a financial services company wanted to promote their employer brand as an opportunity-filled workplace but neglected to post open roles internally before searching externally. Unsurprisingly, these positions were usually filled by people who were well connected in the organization - creating feelings of exclusion among others and undermining a sense of equity and belonging within its workforce.

Electronic Profiles/ Talent Pools

- These solutions integrate data about employees to facilitate decisions related to staffing, development, compensation, and performance.
- They typically include information such as job title, organizational reporting structure, pay levels, job history and tenure, demographics, past experience and education, and formal qualifications.
- They may also have information related to past performance, future potential, development goals, career interests, and psychological attributes related to work such as personality and ability traits.
- Collecting and integrating information about employees enables companies to make better decisions about them during restructuring.
- This information can also be used to create talent pools consisting of current and past employees (aka, alumni) to support future staffing and restructuring decisions.

Potential Solutions

One of the main problems with organic restructuring is it is often treated informally as a technique for employee career development without recognizing how much it impacts company operations and team performance. It is important to establish and clearly communicate conditions governing the use of gig assignments, dynamic teams, fellowships, and other types of organic restructuring. This includes how these restructurings impact managers and existing teams.

Here are seven things to consider which include:

1. **Are you creating a fair and consistent process for employee transfers?** This requires setting up criteria that provide the structure needed to maintain operational continuity while still allowing employees opportunities to further their careers. Consider including requirements such as performance or tenure in certain roles coupled with clear guidelines when evaluating transfer requests so that no manager is subject to blame if an individual's move isn't possible. Additionally, make sure technology solutions are used which incorporate and communicate these criteria to help ensure any prospective internal job candidates meet eligibility before applying for transfer opportunities.

2. **Are you equally supporting all employees with finding transfer opportunities?** Supporting employees in finding transfer opportunities is paramount for creating a workplace where everyone has an equal chance to progress. Technology solutions, such as opportunity matching and machine learning algorithms, can help ensure that all interested and qualified employees can uncover potential matches between their skillset and career aspirations with available jobs regardless of their existing social connections within the company.

3. **How are you accounting for the impact changes in staffing have on cost centers and headcount allocation?** It is important to recognize how organic restructuring affects cost center staffing costs. One method is to ensure employee costs transfer with them so managers in one cost center are not saddled with funding headcount for an employee when they are working in another part of the organization. One engineering company approached fellowships as a form of headcount transfer, such that employees temporarily moving from one cost center to another had to be matched by equal numbers of employees transferring the other way. Another method is to providing staffing priority to cost centers that provide talent to other parts of the company so that they are given preference when requesting budget for external hires to backfill employees who have moved on to new roles. Effectively managing dynamic changes to headcount allocation associated with organic restructuring is becoming much easier due to the development of interoperable technology

Skills Intelligence/ Workforce Design

- Skills intelligence provides a comprehensive and detailed overview of an organization's workforce, allowing businesses to accurately assess their current structure and pinpoint areas for improvement.
- By leveraging data-driven insights into the skills, abilities, and career trajectories of individual employees, organizations can more effectively identify opportunities for cross-functional collaboration and workflow optimization.
- For example, if employee data reveals that a certain role requires technical skills that are not currently represented within the workforce, companies can address this need by either hiring from outside or promoting from within.
- Additionally, by using insights from skills intelligence to recognize employee strengths and weaknesses, organizations can better design job roles and team structures that enable workers to collaborate more efficiently on new projects and product launches.

solutions that link HR systems used to track employee goals and job roles with financial systems used to manage payroll costs and workforce budgets.

4. **Define how transfers impact talent decisions.** Thought should be put into how the company will perform annual talent reviews or make compensation decisions for employees who may have spent a large portion of the year working in another department and/or for another person other than their manager. Many talent management technology solutions can help address this challenge via features that allow collecting input for talent reviews from people located in different areas across the organization.

5. **Define processes that guide the end of assignments.** An employee at one company we worked with shared a story about how they had been encouraged to take fellowship in another cost center only to discover at the end of the assignment that their old position had been eliminated. They ended up leaving the organization feeling as though they had been duped into changing roles as a way to reduce headcount without actually laying them off. This is an extreme example, but it does illustrate why it is important to have guidelines in place to govern what happens after a part-time assignment ends. Many companies use onboarding technology to manage new hire transitions. The same technology could be used to manage transitions related to organic restructuring.

6. **Create well-defined exception processes.** A strength of organic restructuring is its “bottoms up” approach such that employees rather than leaders can identify and pursue restructuring that matches their interests, development goals and, in many cases, the changing needs of the business. No matter how well thought out the policies are for governing this type of restructuring, there will inevitably be situations where it makes sense to override them. One way to manage these exceptions but still retain a sense of procedural fairness is to create a governing council whose job is to look at organic restructuring requests from a higher-level view that emphasizes how it is impacting the larger business. It is important to emphasize to employees that requests for internal transfers truly are requests that can only be fulfilled when they do not negatively impact company operations or create disproportionate levels of hardship for other team members. At the same time, the process should include steps to ensure requests are fulfilled whenever possible, that managers do not retaliate against employees who express a desire to leave their teams for opportunities elsewhere, and that employees whose requests are denied have some recourse to ensure that the same or different requests are likely to be granted at a later date.

Organizational Network Analysis

- Organizational Network Analysis (ONA) is a data-driven, research-based approach to understanding how organizations are structured and how their members interact.
- ONA provides detailed insights into the relationships and dynamics among individuals, teams, departments, and organizational units.
- It helps reveal patterns of collaboration, communication, coordination, and decision making within an organization; uncovering key relationships that can have tangible implications for performance.
- ONA has become an important tool in enabling better organizational restructuring by providing actionable information that can help identify areas of improvement or potential bottlenecks.
- By examining the structure of relationships between people within an organization on multiple levels—from individual to team to department—ONA can give insight into the interconnectedness of any given organization’s social network which is essential to ensuring successful restructuring initiatives.

Operational Restructuring

Operational restructuring involves the reorganization of departments, processes, and resources to create a more efficient and cost-effective operation. The purpose of operational restructuring is to increase profitability and growth by improving productivity, streamlining processes, improving customer experience, or increasing revenue.

It usually begins with executives identifying a strategic change which will require moving people into new roles to make improvements or adjustments. This can include eliminating unnecessary processes or activities, shifting responsibilities between departments, reorganizing workflows, or changing technology platforms.

Operational restructuring also occurs following acquisitions or mergers when companies must integrate two different organizations and workforces into a single unit. Operational restructuring is a necessary and natural aspect of organizational growth over time.

Common Problems

One of the biggest issues with operational restructuring is things are often not fully thought through. In a quest for speed, executives make poor decisions based on partial information about the company and flawed assumptions about how people will react to organizational changes.

Most problems that plague operational restructurings can be grouped into three areas:

- **Decision Quality** The quality of the decisions that guide operational restructuring may be based on incomplete or misleading information. Executives responsible for setting the restructuring strategy may not be aware of the reality of how things are actually done in the organization. It is typical for leaders to make restructuring decisions based on analyzing financial numbers, but they may fail to adequately consider what factors motivate the people responsible for creating those numbers. Leaders may also have limited insight into the reality of how things actually get done by front-line employees in the company and the challenges they face.
- **Talent Engagement** The second challenge to operational restructuring is related to talent management. Employees may view operational restructuring as a threat to their job security or career advancement. This can result in loss of critical talent and decreased employee engagement. This issue is particularly common in post-merger restructurings where employees from the acquired company often feel disconnected from leadership in the new organization. People who leave are often individual contributors further down in the organization who have a critical impact on the company's operations but whose job title or position on the org chart may not indicated their true value to the business.

Interoperable Data Management/HR & Non-HR Data Analysis

- These solutions enable companies to collect, store, manage and analyze datasets containing data from multiple sources in a single system.
- A key feature of these solutions is their ability to combine workforce data with business operations data found in financial, supply chain, manufacturing, sales, and customer management systems.
- This is often referred to as "creating a single source of truth" and facilitates the ability to analyze and use data to guide workforce management decisions and actions.
- A key feature of these solutions is a concept called "interoperability" that enables linking and maintaining data collected from sources that use different data frameworks and structures.
- This allows companies to better understand how changes in the workforce will impact business performance in terms of things such as sales revenue, supply chain and manufacturing operations productivity, or customer satisfaction.

- **Change Management** The third major challenge is change management. Employees may struggle to adjust to new ways of working. This may require adapting to new roles, building relationships with new managers or team members, or developing new skills. It can take months to build high performing teams where employees collaborate with a strong sense of shared purpose, trust, and mutual understanding. All of this can be destroyed with a single restructuring decision.

Potential Solutions

When implementing changes related to operational restructuring, it is important for organizations to focus on communication with employees at all levels within the organization. This includes providing clear expectations for teams as well as training them on any new systems or processes being introduced. Open lines of communication should be established throughout the implementation process which can help minimize disruption from the changes being implemented and prevent misunderstandings from occurring. Additionally, organizations should also consider how they will measure success about operational restructuring efforts such as tracking KPIs like customer satisfaction or cost savings over time. Fortunately, recent innovations in technology provide a range of methods companies can use to reduce the risks associated with operational restructuring.

1. **Use data to understand organizational processes.** The digitalization of business processes has created masses of data that can be used to better understand how work gets done within a company. Process mapping and analysis technology enables companies to get insight into the nature of inefficiencies associated with supply chains, customer journeys, manufacturing methods and other aspects of business operations including how they are impacted by the company's workforce structure.

2. **Understand existing organizational relationships and collaboration methods.** Businesses achieve results through people collaborating with other people. The human relationships that enable organizations to function often have little in common with the formal organizational reporting structures, job titles and cost centers leaders use to make operational restructuring decisions. Companies can address this issue through using organizational network analysis solutions and similar forms of technology that provide greater insight into "who actually works with who" within the organization.

3. **Gather and utilize employee input.** A common employee complaint about operational restructuring is it is "done to them" rather than "done with them." Failure to solicit employee input during organic restructurings deprives company leaders from potentially valuable information and decreases employee commitment toward the change. Companies can address this by using employee listening and social collaboration technology to actively involve employees in the process of organizational redesign.

Talent Management/ Talent Decisions

- These solutions help companies make decisions related to compensation, development, promotions, transfers, team membership and role assignments.
- These solutions work by providing decision frameworks that integrate data about employee accomplishments, behaviors, interests, and capabilities and present it in a way that supports accurate decision making.
- These solutions provide considerable value for restructuring decisions that require laying people off as they ensure decisions are based on appropriate criteria conducted in a fair and consistent manner.

4. **Use dynamic goal management methods.** Most operational restructurings involve changing the objectives employees are expected to achieve. It is unlikely any operational restructuring will play out exactly as intended. Goal management technology that supports ongoing role clarification and two-way communication between employees and managers about the changing nature of objectives can be valuable in helping companies navigate the uncertainty around job expectations that inevitably accompanies restructuring.

5. **Pay attention to talent management.** Executives may communicate operational restructurings as "being about the business, not about egos." But that is never true. Changes to organizational design convey explicit and implicit messages about people's value and influence within the company. Modifying reporting structures, job titles, and work objectives has a tangible impact on people's careers and sense of self-worth. Operational restructuring may not be thought of as talent management exercise, but it is about talent management. As such, there is value in incorporating talent management technology to help guide restructuring decisions that put people in different roles within the company.

6. **Monitor and manage employee experience.** Operational restructurings emphasize what is changing about employees' roles, but they often put less attention into managing how employees feel about these changes. Using employee listening technology to better understand employee frustrations and anxieties during a restructuring and taking action to show empathy and sensitivity toward employee concerns can greatly improve their success.

7. **Support ongoing change management.** Operational restructuring is often treated more as an event than an ongoing change process. After leaders create and implement new org charts and roles, employees may be left struggling to make sense of their new roles and wondering about the new relationships they need to establish. Rather than treating operational restructuring as an event, think of it as an ongoing transition. This may include using team building and role transition technologies to help employees adapt to the new structure over several months.

8. **Track the impact of workforce changes on business outcomes.** The goal of operational restructuring is usually to improve business performance, yet remarkably few companies put metrics in place to track whether this goal is achieved. The main reason for this might be because historically it has been hard to empirically demonstrate the impact that workforce design has on business operations metrics such as profitability or customer satisfaction. Interoperable technology solutions are making it more feasible to track how workforce design affects business outcomes, but actual applications of this technology in this manner are few and far between.

Compensation Management/Pay Transparency

- These solutions support designing and administering compensation, benefits, and rewards programs.
- This includes supporting payroll operations and benefits administration, legal and regulatory compliance associated with pay plans, and complex commission-based pay structures.
- Many of these solutions include analytic tools and data display frameworks to identify and correct pay discrepancies, and to increase transparency around pay to employees in a way that supports pay fairness and equity.
- The solutions also make it far easier for companies to quickly change pay levels which may be necessary during economic restructuring.

Economic Restructuring

The primary purpose of economic restructuring is to reduce work force costs, although it is usually combined and often presented as operational restructuring. Given its focus on position elimination and employee layoffs, it is the form of restructuring that creates the most anxiety. But it involves far more than laying people off.

This includes analyzing current and projected financial performance, identifying areas of opportunity for cost savings, assessing current market conditions, developing new strategies and tactics to capitalize on those opportunities, and implementing changes to the workforce that will streamline operations. In some cases, economic restructuring also involves diversification, such as integrating acquired companies or divesting business units.

The goal of economic restructuring is to create a more financially secure and profitable enterprise. In some cases, it is necessary to keep an organization financially solvent in the face of market downturns or unsuccessful business strategies. It can also help an organization become more competitive by reducing costs and increasing revenue streams.

Economic restructuring can also help companies seeking capital investments or seeking mergers and acquisitions since investors may be more likely to invest in well-structured enterprises. But there are also considerable risks associated with economic restructurings, particularly when they involve significant layoffs. These include the risk of violating legal regulations that govern how layoffs must be communicated and conducted, damage to the company brand resulting from the negative impact downsizing can have on employees, their families, and their community, decreased morale among the remaining staff which can lead to decreases in productivity, and the potential loss of critical talent that may limit the organization's future growth.

Common Problems

Many problems associated with economic restructuring can be grouped into three general areas:

- **Constrained thinking** reflects placing too much focus on layoffs as the only way to reduce workforce costs. Ignoring other methods such as reductions in pay, reduced working hours, or even temporary contracting of employees to other firms.
- **Bad talent decisions** often result from layoffs focusing solely on employee payroll costs, job titles, and demographic characteristics without considering differences in performance levels or skills that may significantly impact business growth and revenue.
- **Decreased employee morale** and damaged company brand result from handling layoffs in an insensitive or inequitable manner.

Talent or Opportunity Marketplace

- These solutions match job opportunities to people based on their interests and capabilities.
- These solutions can support external hiring and internal talent transfer, as well as job sharing, part-time, temporary, and contractor job assignments.
- The solutions may support both formal job transfers and informal team assignments.
- Many of these solutions use complex machine learning algorithms to evaluate people's fit with different opportunities.
- This makes it much easier for companies to fill positions while also supporting employee career growth.

Potential Solutions

Many actions can reduce the negative consequences associated with economic restructurings. This includes taking steps to reduce the number of layoffs required, ensure downsizing decisions focus on the right employee attributes, and managing downsizing in a way that protects employee mental and financial wellbeing.

Specific actions include:

1. **Restructure compensation.** Research has shown that employees are willing to accept temporary reductions in pay in order to avoid layoffs in the face of economic downturns. However, pay changes must be done in a manner that is perceived as fair, equitable and transparent. Advances in compensation and commission management technology have enabled companies to rapidly diagnose, design and communicate new pay structures in a way that employees can understand. The key is to ensure the pay structures being communicated make sense to employees and are seen as equitable.

2. **Transfer talent internally.** Rather than laying people off, it may be possible to transfer employees from underperforming parts of the business to other areas that are growing. Opportunity marketplace technology solutions can be highly valuable in helping employees find new roles within the company that match their capabilities and interests.

3. **Temporarily contract talent to other organizations.** This is one of the more innovative ways to weather economic downturns while still retaining employees. It involves having employees work for other organizations as contractors. These employees stay on the organization's payroll but perform work for a different company who pays a service fee back to the organization in return. This is an admittedly ambitious method to reduce workforce costs, but it has been done. Furthermore, advances in contractor management technology are making this tactic far more viable and scalable than it was in the past.

4. **Base layoff decisions on employee impact in addition to employee cost.** Companies pay people because they believe the actions of employees will generate revenue or reduce operating costs at a level that exceeds the cost of paying them. Compensation is not a cost but an investment. Yet many economic restructuring decisions focus almost exclusively on reducing employee costs without fully considering employee value. Ideally, layoff decisions should include data showing how loss of specific employees due to layoffs will negatively impact business metrics such as sales, productivity, or customer satisfaction. This requires recognizing that not all employees contribute equally to company value due to differences in individual performance, skills, and relationship networks. Innovations in organizational network analysis and talent evaluation technology allow companies to collect far better data on employee value than was readily available in the past. But only if companies use it effectively.

Employee Listening/ Experience Measurement

- Employee listening technology provides insight into employee satisfaction and engagement, enabling organizations to make changes to retain workers and drive productivity.
- For instance, real-time feedback on working conditions can identify areas that need improvement or show opportunities to increase motivation.
- Similarly, reports on employee sentiment can aid HR teams in recognizing burnout and taking proactive steps to improve morale.
- Overall, employee listening technology offers a comprehensive approach to restructuring that enables organizations to rapidly address any issues while promoting job satisfaction and longevity in the workplace.

5. **Off-board employees in an orderly and supportive manner.** Some level of workforce layoffs can be a reality for companies faced with major economic restructuring. These layoffs should be conducted in a manner that shows respect and value toward departing employees. This includes providing them with adequate severance and support to help manage the transition out of the company potentially to a role elsewhere. Benefits and off-boarding technology solutions can provide considerable value in helping with the logistics of layoffs. Mental and financial wellbeing solutions can provide a valuable service during this time of transition. And employee listening technology can help ensure both the departing employees and those staying behind feel the process is fair and respectful. A key point to keep in mind is how layoffs will affect the morale of the remaining employees. Ideally, you want employees to feel that it is better to be let go by the company than to voluntarily quit.

6. **Maintain positive relationships with former employees.** What separates companies when it comes to economic restructuring is not so much whether they have to lay off employees, but how they do it. Most employees understand that layoffs are a financial reality in a world characterized by rapid market change and economic volatility. The goal is to conduct layoffs in a manner such that employees would consider rejoining the company should its financial status rebound. This includes using talent pool technology to stay in contact with former company alumni after they have left the organization.

Conclusion

Restructuring is becoming more common given the accelerating rate of change facing companies and increased market volatility. The challenge is increasingly not whether to restructure, but how to restructure in a way that minimizes disruption on business operations and trauma and anxiety for employees. Fortunately, advances in human resources technology have enabled companies to restructure using data and methods that are far more effective than those that existed in the past. But it is up to organizations to use them.

Employee Coaching

- These solutions support communication between employees, managers and coworkers related to roles, goals, and expectations.
- They often incorporate goal management methodologies such as goal cascading, OKRs (Objectives & Key Results) and shared team goalsi.
- These solutions often include tools for defining and aligning goals, revisiting goals over time, creating shared goals across team members, providing coaching related to both goals and behavioral expectations, and linking employee goals to business operations metrics related to productivity, financial performance, customer satisfaction, or sales.

Employee Wellbeing

- These digital tools allow employers to offer personalized guidance and advice to employees who are struggling during this time of transition.
- Employers can use these platforms to create tailored plans for each individual employee based on their unique needs and goals, which can help them to better manage stress levels, stay motivated, and build resilience throughout the process

Managing restructurings with employee experience in mind

The following is an excerpt from the book "Talent Tectonics" by Dr. Steven Hunt and is used with the author's permission.

Restructuring decisions and actions, particularly those that involve letting employees go, have a lasting impact on employee attitudes. The following are ways to minimize the negative impact that restructuring can have on employee experience.

Do not downsize unless it is absolutely necessary. Companies that downsize tend to perform more poorly in the future compared to organizations in the same industry that avoided workforce reductions. These lower performance levels persist for years following layoffs and can create a sense of resentment among employees who remain. iii Given the risks, layoffs should not be considered until after other cost-cutting methods have been explored. This includes suspending non-critical expenses, eliminating unprofitable projects, and exploring whether employees will take voluntary reductions in pay and benefits to save costs.

Understand the capabilities you are losing by downsizing. Restructuring decisions often focus on reducing headcount costs without adequately considering employee capabilities. This can lead to catastrophically bad decisions. Consider this example. After a market downturn, a manufacturing company eliminated a department working on a new line of products that they could no longer afford to develop. What they did not consider was the department was staffed with some of the most experienced engineers in the company who had been moved into this department because of their capabilities. It was only after firing them that the company realized they possessed crucial skills the company needed. This led to hiring the employees back as contractors at much higher rates with much lower levels of commitment. Restructuring decisions should not be based solely on employee job titles, cost centers, salaries, and demographics. They should also consider data about employee skills, experience, relationships, and capabilities.

Do not restructure the workforce without restructuring the work. Restructuring should include determining how people's jobs, responsibilities, and work processes are going to change. This is particularly important when reducing headcount. Do not lay off employees and expect the remaining survivors to "do more with less." Such an approach will lead to excessive burnout, poor performance, and turnover among the very employees you most want to keep.

Focus all reductions into a single event. If it is necessary to reduce the size of the workforce, it is better to do one large reduction than several small ones. Multiple recurring rounds of layoffs breeds stress among employees who constantly worry whether they will be the next to be laid off. High performers start to seek job opportunities in other companies that will provide a more stable work environment.

Job Transitions Support

- These solutions support activities associated with moving people into new jobs or positions.
- This includes tactical activities such as completing forms, enrolling in payroll, and providing work training and equipment.
- It may also include cultural aspects such as meeting new people, clarifying job roles and expectations, and becoming part of the work community.
- These solutions are typically associated with hiring new employees but can also support internal job transfers and employee exits associated with restructuring.

Contractor Management

- These solutions support the operational and regulatory needs associated with contract employment relationships.
- This includes matching contractors to roles, onboarding contractors into positions, handling the administration of contractor pay, and complying with contract work regulations.
- This technology enables companies to more effectively incorporate the use of contractors in workforce restructuring decisions.

APPENDIX

Employees who do not have outside opportunities often perform more poorly because of increased anxiety over their job security. It is better to make one difficult but significant workforce reduction rather than making a series of shallow layoffs over time that give the feeling of the company slowly dying.

Treat people with respect. There are many examples of companies using downsizing processes that treated hard working, loyal employees almost as though they were criminals. I once worked with a company that brought people into a meeting room, told them they had been let go, and then sent them out another door directly into the parking lot. Another company escorted employees to their desks to clear out their belongings under the watch of security guards in front of the shocked faces of their former co-workers. There are also instances of companies sending termination notices to employees via mass e-mail. There are two major problems with insensitive downsizing processes. First, assuming the organization survives and begins to grow again, you may want to rehire these employees. They are more likely to return if they were treated fairly and respectfully when they were let go. Second, treating downsized employees poorly undermines the morale and trust of employees who remain. Employees will resent the company if they feel it treated their former coworkers like excess baggage to be thrown away when things got bad. They will also wonder "Is that how they will treat me if I'm let go?" When planning layoffs, costs associated with severance packages and outplacement services should not be viewed as money spent on laid off workers, but as investments to ensure the loyalty and commitment of the employees who remain.

Actively communicate. Two-way communication during restructuring helps create a sense of fairness and confidence among employees. Discuss reasons why the company restructured and what it means for the long-term growth of the organization. Let people know what is being done to ensure proper and fair treatment of employees who may lose their jobs. Build employee confidence by explaining the company's strategy to emerge from the current change and the opportunities it will provide to those who remain on board. Give employees a sense of control by providing information about the challenges and constraints the organization is facing, enlisting their support in overcoming these challenges and listening and acting on their suggestions. There are many examples where companies that intentionally hid information about planned restructurings are suddenly surprising employees with announcements of workforce reductions. This secrecy can permanently undermine the trust of any employees who remain. In contrast, one restructuring I witnessed started with the company telling employees it would be reducing the size of the workforce in six months, explaining why it was necessary, and outlining support employees would receive if they were affected. One can imagine why a company might not want to share this information widely, but leaders felt it was important for employees to know since it might impact major life decisions such as whether to buy a house or explore other job options. This kind of honesty and transparency is what it means to believe in the value of employee experience.

Restructurings, particularly those involving workforce reductions, are difficult, risky, and emotionally exhausting events. Avoiding the mistakes outlined here cannot guarantee a rapid return to full productivity. But actively considering the role of employee experience in restructurings does reduce the risk of it creating long-term or permanent loss of company value.

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