

Road map to a downsizing plan

While never easy, layoffs don't have to be devastating for employees. Some tips on what companies can do to soften the blow



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It's a Vuca (volatile, uncertain, complex and ambiguous) world. Companies are facing unprecedented challenges and risks. This year, several companies, including **IBM**, **Hewlett-Packard**, **Yahoo!** and **Nokia**, have downsized their India operations, and employees everywhere live with the anxiety of losing jobs.

The latest organization to join the group of beleaguered companies is loss-making airline **SpiceJet Ltd**. As the airline makes a last-ditch effort to avoid being grounded, the fate of its 5,000-plus employees hangs in the balance. They are not alone.

Traditionally, downsizing has been a reactive response during an economic downturn. But in recent years, an increasing number of businesses are resorting to layoffs as part of a long-term strategy to remain competitive—though there are two views on how effective this strategy is in the long run.

“Losing a job isn't, and never will be, easy. It may seem like your whole world has come crashing down. However, one needs to deal with this inevitability in a way that doesn't make it any worse than it is,”

says **Chaitali Mukherjee**, country manager (India), Right Management, and managing director, Experis, for the Asia Pacific and Middle East region. Right Management and Experis are part of global workforce solutions provider ManpowerGroup.

Job tenures are becoming shorter and most employees can expect to be laid off at least once in their working lives. “Layoff is a reality in today's business world. As companies struggle with drying up revenue streams, dwindling profitability, adapt to changing market demands and business models, companies will often have to make the difficult decision of downsizing,” says **Gajendra Chandel**, chief human resources officer, **Tata Motors**.

Human resource (HR) professionals suggest that for employees, the first step in dealing with this painful truth is to accept layoffs as a part of working life and a business decision, not a personal attack. “You can't be on a high all the time. In a lifetime of 30-35 years of working life, there will be highs, plateaus and lows as well, much like life itself,” says **Navnit Singh**, chairman and managing director, Korn Ferry India, an executive search firm.

Tell me why

There can't be an ideal layoff strategy but firms can make the process less painful. Lack of transparency, convoluted communication and insensitivity can hurt employees, say HR executives. Timely communication, they say, is very important to prepare employees. Mukherjee likens a layoff to a cyclone: “A cyclone that is slated to hit a place will inescapably strike. But advance warning from the Met department and precise forecast not only help mitigate damage but also help rebuild life quicker in the aftermath.”

No business fails overnight. It takes months, sometimes longer. Communication about changes and decisions on the business front says a lot about an organization's culture. “Communicating the actual reasons for layoffs in a straightforward yet sensitive manner not only takes the sting out of the wound but also makes employees feel involved and respected,” says **Amber Alam**, head of business, India, PPC Worldwide (now Optum), a global provider of the employee assistance programme (EAP) that aims to enhance the emotional, mental and psychological well-being of employees. For, the scars can take years to heal.

Cecilia David, a communication and behavioural training consultant who was laid off by a customer management firm in Pune during the economic downturn in 2009, recalls feeling bad about the way the company handled confidential information about an employee. “Even before I was told by my reporting manager that my position as communication and cultural training manager was being eliminated, a junior colleague came up to me and said he had heard the agents talking that I was going to be chucked,” says David. “You can imagine how shocking it must be,” she adds.

In due course, the HR manager sat her down, communicated the reason and shared details of her severance package, but the fact that David heard about her layoff from a junior colleague first upset her.

"Layoffs can be managed well if the leadership is committed. Business and HR leadership need to plan this well in advance, involve EAP or outplacement consultants well before the announcement is made, and work closely with them through the entire transition process," says Chandel.

Severance balm

Severance packages vary but companies generally tend to be a bit generous. Most companies have one plan for the chief executive officer, one for key executives, and another for all other employees. "Depending on the seniority, tenure, criticality of role and position, an employee can expect severance pay ranging from a minimum of a month's pay to 12 months' salary," says **Vikram Shroff**, head, HR laws (employment and labour), at Nishith Desai Associates.

Along with severance, companies sometimes offer outplacement services, reimbursement for unused leave, extended time on insurance cover and a good relieving letter. Smaller companies, which are unable to dole out big severance pay, can offer part-time or consultancy work at reduced wages to make it a sweet deal, adds Shroff.

Outplacement, in fact, is slowly becoming part of the severance plan.

A typical outplacement service includes career counselling, professional résumé writing, mock interviews and access to recruitment networks. Best-practice companies see the money spent on this, `5,000-7,000 per employee, as an investment.

"It does not cost much for the company but it's a big support for individuals who are going to be jobless. We must keep in mind that while resolving our financial issues, we do not create social issues," says Chandel.

The growth in the outplacement services segment, often a part of EAP or recruitment practice, is a testimony to this trend. Companies such as Right Management, Optum, Human Dynamic, Husys and Shilputsi are seeing an upward trend in revenue from outplacement.

Right Management's revenue from these services has grown from 10% of its total India sales in 2008 to over 30% in the past couple of years. Since January, Optum's client list has grown, with the addition of 15 large companies, including seven Indian firms, which approached the company to help them manage layoffs. "The September-October quarter was the busiest of all quarters this year and our counsellors have conducted close to 5,000 counselling sessions pertaining to job loss," adds Alam. Optum has 156 clients in India.

Look ahead

A matter-of-fact approach goes a long way in dealing with job loss (see "A toolkit for laid-off employees"). Panicking and coping with it poorly can make it more difficult, caution HR executives, adding that a person needs to come to terms with the situation emotionally before looking for a job.

The good news is that the employment outlook for the Indian market is positive. According to a hiring outlook for 42 countries released earlier this month by ManpowerGroup, India is the most optimistic on hiring plans for January-March. "There are high chances that the next job will be a better one. The job market is looking up and there is always a shortage of right talent," says Singh of Korn Ferry. He suggests that if employees see a skill gap, they should use the opportunity to add skills and future-proof their careers.

A TOOLKIT FOR LAID-OFF EMPLOYEES

This checklist can help an employee deal with the situation:

- ▶ Deal with the emotional loss before looking for a job
- ▶ Talk to your manager and see if you can continue as a part-time employee or work on reduced pay—if that will work for you
- ▶ Check with your HR on benefits like outplacement services, life and health cover. See if you can buy some time on company-leased accommodation or purchase company-paid cars and devices
- ▶ Get a strong reference letter from your employer
- ▶ Assess your financial situation and see if the company can help you with an investment adviser

- ▶ Seek support and counsel from family and well-wishers, including former colleagues, bosses, mentors—whoever you think will be able to help you
- ▶ Polish your résumé. Try to gauge the market by talking to people in the know
- ▶ Take a realistic view of your skills and competencies and, if required, realign yourself with market demand by retraining, signing up for a certification course
- ▶ It's a good time to reflect on your career goals. If you have been thinking of starting something on your own, taking a shot at another career, this could be the time
- ▶ Plan your day well. It's easy to get into a downward spiral and get derailed at this juncture
- ▶ Send your résumé to people who are part of your personal network, companies, recruiters and job portals
- ▶ Network a lot. Be active on professional networking sites such as LinkedIn.

—*Chaitali Mukherjee, country manager (India), Right Management, and managing director, Experis, for the Asia Pacific and Middle East region, and Navnit Singh, chairman and managing director, India, Korn Ferry.*