

Downsizing is not just letting people go

After having received board approval for a significant strategic change, the management must be considerate of its other stakeholders before pushing for the roll-out. Each stakeholder is bound to be impacted by the changes, though in different ways. The employees and clients, in particular, need to fully understand the rationale of these moves.

Most strategies are top-driven with shareholders and the board setting the direction, and management pushing that agenda throughout the organisation. To be successful, managements must involve the entire organisation in the implementation and with due consideration to the company's ecosystem, work culture and operating structures. And design appropriate internal and external communication.

It is true the life cycle of any strategy roll-out has many parts, between the envisioning, planning, and execution to achieve sustainability. The transformation goals need a definitive preparedness at the enterprise level. Often, critical strategies are pushed with little consideration to the company's readiness to absorb change.

The internal communication focused on employees should gain their endorsement to reduce risks of any downturn in morale or to rule out any miscommunication.

The external communication must articulate the rationale and its reach to media and other patrons.

For instance, cost-cutting is a standard strategy that impacts employees the most. This plays havoc on the entire corporate ecosystem and if not managed diligently often undermines performance as an adverse reaction. The usual cuts in salaries, perks, and facilities though are standard to company transformations, but these require diligent handling. These moves must be followed through by tactical engagement with each group impacted by the measures. The top leadership must lead the engagement, not just the HR division, to explain the rationale of any cost-cutting strategy as these must be aligned with the overall good of a company. In this message, the right of all must be highlighted and percolate down to the entire organisation.

The shared goal of no pain, no gain must be well articulated. In case of a company's downsizing, employee morale nosedives and which can fuel job insecurity through the entire organisation as well as pose a trust deficit with clients too if the transition process is not managed. Changes such as management restructuring must not be envisaged without engaging clients and employees. The employees should be the primary audience here and be given the opportunity to follow this change before rolling it out to other stakeholders.

But how often is it that employees get to know about change either through the press or by noticing a new face in the office corridor. Besides general cost reduction and management restructure, there are other critical moves such as HR policy review, ERP implementation, office moves and even catering decisions that need innovative change management.

For instance, ERP and new technology roll-outs are events in any company that might derail the organisation if not implemented with the needed preparedness to achieve the desired outcome. System users require to be guided through the early stages and a compelling change management rationale is needed as part of this transition.

Another factor in today's context is whether the company's work culture and its employees are aligned with the needed digital mindset? What is needed is not a take-or-leave it approach but based on a shared vision.

Mergers and acquisitions are also one complex change that companies may undertake with little consideration of stakeholders. History foretells about many failed missions due to organisational and work culture complexity.

These can become counterproductive to achieving the desired objectives. The requisite "Reiki" needs to be undertaken about the fit to ensure that the planned change will meet the criteria to support the goals.

Any M&A move without looking at the ability of integration of its people and organisational culture must be rejected.

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Worldly Wise

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Special to Gulf News