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Employment: Restructure for Growth: Best Practice Change Management

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Today, many organizations are cost-cutting and reducing the company's headcount with a clear focus on protecting profits. Yet, the corporate world is struggling with the process of aligning the organization with the new business environment.

Restructuring is a complex issue with make-or-break implications for organizations. The benefits of restructuring include reducing the cost base while creating more efficient structures, effective processes and engaged staff. Poor execution is common, and most organizations and senior leadership teams are struggling to get it right.

In these turbulent times, whether downsizing, rightsizing, restructuring or rebalancing, senior leaders must be more decisive, transparent and communicative than ever before. The full impact of restructuring on productivity, customer loyalty and profits will not be known for years. Ultimately, a successful restructure depends on the engagement and motivation of the survivors.

Ultimately, a successful restructure, downsizing, rightsizing or rebalancing will depend on the engagement of the surviving employees, those employees who remain after the actual redundancies have stopped. Employee engagement is a critical measure of person-organization alignment, and it reflects the employees' involvement with, and contribution to, the success of their organization. The level of employee engagement is closely linked to and positively impacts employee retention, employee attendance, safety, trust in leadership, revenue, customer loyalty and profits. More often than not, in today's environment, it seems that the engagement levels of survivors are a forgotten factor when designing and implementing any form of restructure. Yet, it is a leading indicator of future financial performance.

The message for senior management is clear. Their response to the economic turmoil must be decisive, planned, transparent and well-communicated — before, during and after restructuring, downsizing, rebalancing or rightsizing the organization.

Organizations should adopt an integrated and end-to-end approach to the restructuring or downsizing life cycle, breaking the program into three phases, Before, During and After. These manageable phases allow the organization to mitigate the organizational risks and handle the challenges to ensure performance milestones are hit and productivity dips are minimized.

Some of the actions that should be completed during each phase of the restructure/downsizing include:

Before: Planning for Change

• Define the organizational change's purpose, strategy and success measures.

• Identify the fit-for-purpose structure, capabilities, roles and accountabilities required.

• Finalize the change strategy and implementation plan.

• Plan how to retain the key skills and capability required.

• Prepare and equip leaders below the executive team.

During: Implementing the Change

• Clarify timing and accountabilities for announcements and departures.

• Define the process for selection and placement.

• If transitioning in phases — deliver a plan that minimizes the impact on business and productivity, and that enables high retention. Avoid 'death by a thousand cuts.'

• Provide adequate support and training for line managers to lead employees through the change.

• Deliver on well-planned logistics for career transition support immediately after the announcement.

After: Post-Restructure Engagement

• Ensure that the leadership team is aligned, active and visible to employees.

• Provide a clear definition of roles and align individuals and teams to changed accountabilities and interdependencies.

• Execute plans for communications processes and interventions to re-engage the survivors and manage stakeholders.

• Apply the key people management systems and processes, especially performance management, etc., to control and monitor the change.

Many aspects shape the way an organization works. The formal structure and allocation of accountabilities and authorities provide the basic outline. The processes and systems represent the connections and controls across business units. The people, behavior and culture bring the structure and connections to life.

The purpose of the new organization and structure should be to:

• Coordinate the work of employees so that the business objectives are achieved while removing costly bureaucracy.

• Motivate employee behavior through the right work with the right incentives to achieve superior performance, profits and customer loyalty.

• Organize work accountabilities with the appropriate authorities, at the lowest appropriate level, to make decisions and respond quickly.

With these things in mind, it is clear that restructuring is not an event, nor is it solely about those who may lose or change roles. It is a way to respond to current and future challenges to the effectiveness and efficiency of the organization, and the customers it serves. Whether you are in the before, during or after phases, these key issues must be considered in all plans and decisions.

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