

It's possible to restructure responsibly

As I listen to friends talk about how they and their colleagues are being affected by the white-collar downsizing taking place in Greater Des Moines, I find it hard to believe that these experienced and talented employees cannot be reallocated to other parts of their organizations.

Though some companies cut people as a first resort, others use downsizing as a last resort. Wayne Cascio, author of "Responsible Restructuring: Creative and Profitable Alternatives to Layoffs," cites numerous examples of companies that have found creative ways to control costs. Cascio writes: "I found that companies separated themselves pretty quickly into two camps. The larger of the two are what I call 'the downsizers.' They try to find the smallest number of employees that they need in order to operate. I call the other group 'the responsible re-structurers.' They saw their people as assets to be developed rather than costs to be cut. Their philosophy was to change the way they operated in order to make the best use of what they had."



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Cascio was quoted in The Wall Street Journal as saying that although an announcement of layoffs can cause the company's stock price to rise, various studies indicate that the long-term performance of serial ax-wielders tends to suffer. "If all you do is cut people and don't make the business processes more efficient," he said, "you're just taking the same amount of work and giving it to less people," resulting in stress and burnout.

Jonathan Schwartz, CEO of Sun Microsystems Inc., ignored Wall Street analysts' calls for massive layoffs when he took over the company's leadership a year ago. Now he claims that Sun's comeback has been a result of creativity rather than just cutting costs. "We're not in the business to save money," he said. "We are in business to ship innovations."

Downsizing strategies are often in direct conflict with what we know about successfully managing change in organizations.

Responsible restructuring involves getting input from employees. They need to know the issues and be asked

for suggestions. Employees can be creative about finding ways to cut costs and keep their positions. If layoffs are necessary, it is important to think about the value of people's contributions. There are times when business units or products need to be eliminated, but creative people with proven track records have a historical perspective and wisdom that may be irreplaceable.

If downsizing must occur, communicate regularly and in a variety of ways. Cascio says that when decisions affect people personally, in terms of pay or benefits, they automatically ask themselves if they were treated fairly.

Because the feelings of people who are downsized out and those who "survive" are almost identical, leaders should be asking these questions: How productive is a work force with such feelings? Do we view people as assets to be developed or costs to be cut? Should we find more responsible ways to restructure that preserve the culture and support the mission statement? □

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