
Layoffs

By Lynne Eisaguirre

Sadly, layoffs continue, although recent statistics show that they've slowed.

What's the fallout from all those disappointed workers? Three things you need to manage:

1. **An increase in workplace claims of discrimination, harassment and other employment complaints.** Our own office has been busy with more investigations than ever, spanning the spectrum from garden variety harassment to corporate loyalty issues.
2. **Survivor paralysis.** Most companies don't pay enough attention to those left behind, assuming that they can just "get back to work." Unfortunately, too many people spend their days stuck in the paralysis of waiting for the other shoe to drop, fearing that they will be laid off next, or surfing the internet for a job they believe will be more secure.
3. **Reputation problems.** If you've gone through a layoff, what have you done to repair your reputation in the marketplace? What will future employees, shareholders and other stakeholders be thinking about you down the road?

TIPS

While all of these unintended consequences of layoffs hurt, you can soften the blow by following a few simple rules.

1. **Preventing an increase in claims.** When you're laying someone off, treat them with dignity and respect. Studies show that people who are treated well during layoffs file fewer claims. Treat them like humans: don't be mechanical, and tell them that you're sorry. Unless you have real security concerns, don't pounce on their computers and march them out in front of their friends with two security guards herding them through the front doors. Allow them some privacy to pack up their things and say good-bye to their co-workers.

If at all possible, offer outplacement counseling. While this may seem like an unnecessary expense in a time of economic stress, again, studies show that people who have help with the transition file fewer claims. It's also just the right thing to do.

Don't disguise layoffs as performance problems. If people have genuine performance problems, you should have been giving them that feedback and documenting the problems all along but don't surprise them with a termination that's really a layoff. Not only does this lead to wrongful termination claims, you can devastate the self esteem of a good worker who did nothing wrong. One of my clients, a law firm, did just this recently – against my advice. Word hit the streets and these talented and hard working associates had a challenging time finding new jobs with that black mark on their records. There's no excuse for unnecessarily ruining someone's career.

2. **Survivors need tending also.** It's unlikely that they will be able to just

get back to work without help from you. Communicate, communicate, communicate! While you may not know exactly how your organization is going to fare in the shifting economy, you can give them your best ideas about how to go forward. You also should involve them in the process to keep them engaged. My client, Southwest Airlines, did just that during one of our previous economic downturns. While other airlines ditched employees and routes, Southwest asked employees for their most creative money saving suggestions. Unlike other airlines, Southwest flew through that particular storm.

While Southwest has struggled more during this particular recession, they have avoided massive layoffs. I love their new “Get Out There Ads,” aimed at the business traveler who doesn’t cut back during the recession but instead, books even more flights to market more aggressively right now.

- 3. Protecting your reputation after a layoff.** One way is to treat your laid-off employees well, as suggested above. They are your best source for your reputation on the street – for better or worse. Another way is to honor your “boomerangs” employees who come and go with the firm for various reasons. Some companies – such as the historically successful consulting company McKinsey – actually have boomerang clubs and website so that previous employees can stay in touch with the firm. The firm knows that people may come back some day with greater experience and perhaps even more clients.

Another way is to try to avoid layoffs in the first place, asking employees to take

voluntary furloughs – days off without pay, or to suggest other cost saving ideas.
These can help you overcome your employees' idea that you don't care.