



## The bearer of bad news

How can managers let staff go without being branded the bad guy? *Naomi Martig* reports

Laying off workers is never easy, but downsizing is an unfortunate reality that even the fittest companies have to deal with in a depressed economy.

In Hong Kong, a wave of redundancies has hit a wide range of industries in recent months. Baker & McKenzie LLP, the world's second-largest law firm by revenue, announced last month plans to eliminate 11 percent of around 350 lawyers and professional staff in its Hong Kong, Shanghai and Beijing offices because the "very challenging" economic climate has led to declines in some of its practice areas.

Accounting firms have been hit less by the financial crisis, but many are saving money by asking staff to take unpaid leave and cutting salaries and

bonuses. Around 10,000 employees in PricewaterhouseCoopers' Hong Kong and China offices are required to take 15 days unpaid leave through September. Deloitte has asked its more than 8,000 staff in Greater China to take four days of unpaid leave each month. Ernst & Young, KPMG and Grant Thornton have all introduced similar measures.

"One of the hardest things at the moment is being a manager in a downturn because you have to make tough decisions, which affect people's lives," says Andrew Morris, director of recruitment firm Robert Half International's Hong Kong office.

### Be compassionate

When delivering the bad news, managers need to work out an approach that will

be least damaging to the morale of the company. The trick to avoid being branded the bad guy, Morris says, is to be direct with the employee and show lots of empathy.

"What I've seen in the past is people saying: 'This is your payout number and you're out the door,' but don't explain why.

"People need to know why this has happened and why they are in the position, whether it's because of company results or basically they just can't afford to have the division anymore," he says.

Once they've been given the bad news, Morris says there is always a chance that the laid-off employee may become disgruntled. "Don't be dismissive when this happens. People react differently under stress and you

should allow them to vent, obviously in a professional way,” he says.

In explaining the decision, it’s important for managers to not try to shift the blame to someone else. “If you are the person who manages a team, you need to be accountable for the team,” he says. “Do not blame management above you for the decision being made. I think that’s a very negative angle.”

Morris also warns managers against being dismissive to those being made redundant: “People forget that in 12 months or two years when the economy turns around, a lot of these people return to work, or you could even be reporting to them.”

When it’s all said and done, let the employees leave on their own terms rather than have them immediately escorted out of the office, he says. “I don’t necessarily think that is the right thing to do. You should ask the person how they would like to go instead of making the decision for them.”

### Moving on

Recruiters say employees will less likely turn bitter if their managers help them move on by offering to put them in touch with agencies or other contacts in the industry, or give them tips on job interviewing skills.

Robert Sawhney, managing director of marketing consultancy SRC Associates Ltd., says some companies provide training subsidies, employment clinics, redeployment and even pay a part of the staff’s wages to work elsewhere for a period of time should

they hope to re-hire the employees again when things pick up.

Paul Chan, principal consultant for Dale Carnegie Training in Hong Kong, says if the company permits, “let [the employees] know that you are willing to provide them with a letter of recommendation or be a reference for them when a new job comes up.”

Chan, however, says writing a letter of recommendation prior to the layoff is not recommended as many people will take it only as a gesture to calm them down. “Announce that you will do it and then schedule another time to follow-up,” he advises.

Managers should also sort out all compensation details in advance because people would want to immediately find out how much they have to keep their family going and pay off their mortgages. “[They] should make sure to have all relevant paper work in front of them when someone is asking questions about how much annual leave they are going to be owed and what their entitlements are so they know exactly what sort of financial position they are in,” Morris says. Not doing that “will cause a lot more anxiety and anguish for that person, and it’s unprofessional to act in that manner.”

### Handling the rest

Managing layoffs is also about making sure those in the office are fully aware of the situation at hand.

“Rumours have probably already started and unless you address it immediately, you are going to contribute to

a very negative working environment and run the risk of it hitting job morale and affecting job performance,” Chan says.

Morris says any uncertainty about the layoffs can ripple through the organization as other employees may start looking for another job if they feel like they are the next to go. “When companies choose not to say anything for days, [that tends] to damage the image of the business and their image as managers,” he says.

Research by Michigan State University professor Aneil Mishra and colleagues published in the MIT Sloan Management Review last year shows that trust is at the heart of any downsizing initiative. They recommend firms to be open, honest and compassionate, and to communicate frequently with all levels of employees.

According to Sawhney, people who are left standing after a layoff are the ones who will carry the load for the firm’s performance. A badly handled layoff where work is not redesigned but dumped on the back of survivors will see a loss of morale and trust in management, which in turn leads to a loss of productivity and performance – thought to be the main reason most downsizings fail, he says.

Chan says managers should let remaining employees know they are valued and vital to the company, redistribute the work quickly and keep an open-door policy. “The visibility of the leader is really important during this time. You need to be able to assure employees that: ‘I am still here, I am together fighting with you.’”