

## Seven Keys to Successful and Healthy Rightsizing

A major objective of NorthStar is to assist companies increase their cash flow and profitability without negatively impacting company associates. However, there are times when it is critical for a company to right-size itself. That situation may arise through national economic difficulties, competitive pressures, or a radical readjustment of the marketplace. Whatever the cause, it is important that the company take the correct action, in the proper manner, to save the company and the jobs necessary to support the company going forward.

The seven keys to successful and healthy rightsizings are:

- 1. Develop a Business Plan that Integrates Business Goals With the Correct Alignment of Associates to Achieve those Goals**

This must be a plan to reinvent and revitalize the company. Now is the time to examine every process and facet of the company. Question and examine everything. Can we implement new technology? Are there functions that we should outsource? Are there functions that we have outsourced that could be better handled inside? Nothing should be off-limits during this examination. There will never be a better opportunity. Ensure that the plan is customer centered and will strengthen a culture of customer service and responsiveness. Whenever possible, customers should hear “yes, we can do that for you”.

- 2. Do It Right The First Time**

As managers, we are fond of advising associates to “do it right the first time”. That is the same instruction that associates want to provide to management during layoffs. Explain to everyone what is happening and why it is happening. Be sure that they see you and hear you frequently. Do not make the terminations an extended event. Make sure that everyone understands their new duties and assignments if any changes impacted them. If their jobs are not impacted, be sure that they understand that as well. If new training is required, share the plan with everyone and get it completed as quickly as possible. Be prepared to “fine tune” the plan once implementation begins because there will be situations and events that were unanticipated. Not only do associates respect a willingness to adjust to real life conditions, they expect it from their leaders.

- 3. Get The Right People On The Bus and In The Right Seats**

Jim Collins, author of *Built To Last*, has another wonderful book, *Good To Great*. Read this book before embarking on any rightsizing efforts. If you have read it before, read it again. The what, who, how, and when are all there. All of his assertions are backed by years of detailed, empirical research and explained in the book in great detail.

#### **4. Provide Outplacement Assistance**

Offer a severance package if possible, but be sure to include outplacement assistance in all situations. This is especially critical for long term associates. The marketplace has changed significantly since they last searched for employment. If yours is a small company, there are many individual practitioners who can assist with this effort. Larger companies with multiple sites may do better with a national service. Outplacement helps the associate immediately begin to focus on their future and the specific steps that will be required to obtain new employment. Associates receiving outplacement services are re-employed much faster than those who do not.

#### **5. Be Sure That Everyone Is Treated With Respect**

The situation that the company and the associates face has arisen from national economic difficulties, competitive pressures, or a radical readjustment of the marketplace, not as a result of the actions of any of the displaced associates. Be sure that everyone understands this, particularly those assigned to implementing any changes. The remaining associates will be watching and evaluating every action, every word, and every facial expression long after the displaced associates have left. It is during this time that they will decide whether they need to be searching for a better place to work. Their comments outside of the workplace to their friends and neighbors will have a significant impact on the ability of the company to replace retiring associates and hire new associates as business conditions dictate.

#### **6. Involve Your Labor Attorney In The Development Of The Plan**

Involve your labor attorney in the development of the plan. Do not wait to bring them in just before implementation. When involved from the outset, they will ensure that all of your actions are legal while you are getting the right people in the right seats on your bus. If left to the last minute, there is a high probability that adjustments will be required in the details of the plan and the implementation schedule.

#### **7. Keep Doing It Right The First Time**

It is important to remember that right-sizing is not accomplished on the first day. It is a continuing effort for many months, perhaps even years. Safety is always an important issue, but it is even more critical now because of the stress of change. Increase safety programs and efforts. Continue to talk with associates about what is happening within the business and in the marketplace. Celebrate milestones and major events. Do whatever makes sense to generate excitement. Stay close to customers and listen intently for any signs of degradation of quality, poor service, or under service. The best of plans will fail if you do not Keep Doing It Right The First Time.