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## The Best Way to Deliver Bad News

Westpac chief executive officer Gail Kelly and her counterparts at Qantas (Alan Joyce), at Bluescope Steel (Paul O'Malley) and at OneSteel (Geoff Plummer) might be setting the benchmark for breaking news to staff about job cuts and restructure.

Kelly, O'Malley and Plummer announced the job cuts when they were announcing bad earnings figures. Joyce said that 1,000 jobs would be cut when he unveiled his plan to reshape Qantas into a more Asian focused airline.

Employees of these companies were effectively told well in advance that their jobs would vanish. When they sit down to talk about their future with managers, they will be prepared. Indeed, many will already be contemplating life beyond Westpac, BlueScope, OneSteel and Qantas.

The days of companies dropping bad news to employees on a Friday afternoon might be fading. But many businesses still have a lot to learn because sacking people and announcing bad news about restructure are the tasks bosses most hate to do, second only to performance appraisals. So what is the best approach for a small- to medium-sized business?

Be prepared

Tim McLean, chief executive officer of lean manufacturing and project management company TXM Lean Solutions says the most important thing is to be prepared. "First of all, you need to do a communications plan," McLean says. "You need to take some time before the announcement and get all the key stakeholders together.

"The first thing in the plan is working out who is going to be communicated to, what the message needs to be and when it needs to be communicated."

"Then when you make the announcement, it's important you get the message across clearly. You plan one-on-one conversations with the individuals affected as soon as possible after the announcement."

Managers are part of that communication plan, and they have to stick to it.

"Every manager should be talking to every person, which means you have to make sure all the managers are giving a consistent message. That means in the communication plan before the announcement, you need to sit down with all the managers and talk to them about what's happening and the message they need to give," he says.

Besides lots of face-to-face, McLean suggests having Frequently Asked Questions distributed to staff, either by intranet or in hard copy. Sometimes, these might have to be

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updated daily. He says being absolutely up front and honest is vital. It is also important to be thorough. "Going in under-prepared is a licence for disaster," McLean says.

"It's very important that the communications are open and honest and consistent. If you sit on information, then it will leak out and you will be seen as dishonest."

This is not a time to be vague or speak in generalities. People want to get down to tin-tacks.

"People's bullshit detectors will be turned up to the maximum," McLean says. "Once they hear the announcement, people shut off and then there is a communications vacuum that will be filled by gossip and by the trade union if they want to be disruptive."

"You have to get in and fill that vacuum and bring it down to the individual level because once people have heard something like this, they are only interested in their own personal situation.

"They're not interested in why the company is doing it and the vision of the company, they are only interested in the fact that 'I have lost my job, I have a mortgage, I need another job, what am I going to do, what kind of package am I going to get?'"

Doing it right is important for the business. "You are not doing it for the employees who are leaving, you are doing it for the ones who are staying. You're doing it for your brand and reputation, and that's of incalculable value," he says.

Jannine Fraser, who runs outplacement firm Directioneering Victoria, concurs. Planning, she says, is absolutely essential.

"It's not something you can cobble together halfway through the week and hope that by Friday you will be well prepared," Fraser says. "Doing it early in the week is better so you can engage some support for the individual and check support to see if they will be okay."

She says most big companies are now doing this in a more appropriate way. "The days of big shocking announcements and everyone losing their jobs that day have diminished significantly," she says.

Fraser says measures undertaken by Westpac, Qantas, BlueScope and One Steel, are a good sign. More corporations are letting their staff know in advance that changes are pending.

"If there is a heads up for people that there is some change afoot, while it can be disturbing and unsettling and lower productivity over the short-term, it does offer people the opportunity to go and talk to their families," she says.

"It doesn't mean people aren't surprised when it happens to them. When you are brought in and told your job is going, it's still shocking. And it doesn't take away from the floundering aspect of what do I do next, but it's a much better practice organisationally."  
Treat employees with respect

Shannon Trueman from change management specialists Pearson Trueman says there is no way to soften the blow. What's important, she says, is that employees are treated with respect. "I think you can acquaint it to taking off a band-aid," Trueman says.

"You respect the people when you're doing it, and understand their concerns and assure them they will have references or whatever they need as they exit the organisation, that's all you can do. If they want to have time to come into the organisation to print off CVs or network with other people, you make sure that's available to them. You are not letting them go because of bad performance, you are letting them go because the business needs it."

"You don't make the issue about the company, you make it about the employee's position, not the employee."

"There is no other way to say it other than to state the facts and say you're very sorry. You say the business cannot sustain the current structure, and we have had to do a restructure, we have done that after a great deal of thought and advice from experts. Unfortunately, your position is no longer available in that structure."

Entrepreneurs say that the most important thing is to respect staff when breaking bad news about restructures or job losses.  
Develop strong relationships first

Joe Bruzzaniti, director of ConnectFurniture.com.au, has never been in a situation where he has had to lay people off because of cashflow issues. But during the global financial crisis, he had to cut staff hours and restructure. That meant having close conversations with staff.

"The most important thing is treating people with respect," Bruzzaniti says. "You need to be able to sit down and explain the situation." He says having a good relationship with staff before these decisions are made is critical.

"If you have a good relationship with your team and you have a good business that they really like and respect, then I think it is also easier."

When discussing the cutting of hours and restructuring, it needs to be approached in a positive way where people can work through the issues.

"So you say, 'Can we go down to four days or three days? Maybe we can move to a more performance based model where we make it up down the track'."

"You put the restructure in as positive a light as possible."

He says this is critical because it will help ensure the company hangs on to the staff it still needs, something that's essential at a time of skills shortages.

"Everybody knows it's so hard to get good people," he says. "The last thing you would want to do is lose good people and start the whole process again."  
Smooth the transition

Dean Calapai, chief executive officer of GPS tracking specialist firm Intellitrac concedes he is hopeless when it comes to sacking people. "Talk to any of my staff and they will say I will go hungry before I sack anybody," Calapai says. "I am terrible like that, the last thing I want to do is let someone go who has a mortgage and kids."

Still, he has to cut staff in tough times. It's just that he took a different approach.

"We generally come to some sort of agreement where they start looking for another job somewhere else and when they get that, they are more than happy to leave," Calapai says. "Or we try to put them into another role within the company."

"That the way we tackle it. It's not like we walk in and say there is no longer a position for you, see you later."

He remembers one case where the company actually approached its customers to see if they could give one staff member a job. "At the end of the day, things turned around for us and she is still here," he says.

"She is one happy camper."

Another former staff member managed to find a job but still keeps in touch. "She appreciates what we did for her," he says. "As soon as we would need her back, it would just be one phone call and she would be here in a flash."

Stay visible

Farm Pride Foods executive director Zelko Lendich says there is no way to do it. But there is one golden rule: people need to be treated with respect. If not, the ones who are left will be thinking they will be next.

"People will see how their colleagues are treated and that will give them a strong idea of the company and how they feel about it," Lendich says.

Staff members need to be treated with dignity. But how the company approaches it depends on the relationship between the employee and the manager. If the company feels the person could harm the business, there needs to be a payout to send them on their way. If it is a good relationship, they could stay there for a limited period of time until they find another job.

He says it is important for the managing director to be visible and accessible during the whole process.

"You have to make sure people hear directly from you rather than rumours getting out about how things are going and people jumping to conclusions," Lendich says. "Things can get out of control very quickly if the communications aren't managed openly, quickly and transparently."