



The Power of Crisis: Keeping Employees Engaged After Layoffs

Patrick Lencioni, in *Silos, Politics and Turf Wars*, says that great teams often form around crisis. There's nothing like a financial disaster or other organizational threat to bring people together and get them working cohesively.

So why then, in this time of economic stress and widespread downsizing, aren't our teams performing at a higher level? Because it takes more than just the occurrence of crisis; you need to harness the power of that crisis through your management's communication and goal-setting systems.

Take this scenario as an example. A severely stressed hospitality company decides it must eliminate 40 positions at the corporate level. The senior leadership team meets in secret, each executive choosing its most dispensable positions to sacrifice. One Friday morning, employees are summoned to the HR office one by one, and they all leave holding the same manila envelope. Other employees sit and watch. They gossip at the water cooler, speculating about who is next. Later that afternoon, an all-employee meeting is held, and each executive gets up and reads from a speech carefully prepared by the HR director, who has warned them not to deviate from the prescribed language. They say things like, "We regret the loss of these fine employees, and thank them for their long service to the company. We do not expect any further layoffs at this time. Now we need everyone to pull together and work like a team in order to make our company stronger." Blah, blah, blah. The remaining employees are nervous, confused and resentful. They know corporate doublespeak when they hear it. And they don't believe management's half-hearted assurances that there will be no more layoffs.

Recent studies have posted some alarming statistics around scenarios like this one. In December of 2008, Leadership IQ found that 75% of employees who watched their colleagues get laid off said that their own productivity had declined, and 81% said that service to their customers had also declined. Cigna and the American Management Association did a study showing that layoff survivors had a 100% to 900% increase in medical claims. And Right Associates did a study in which 70% of managers reported that layoffs were followed by lower employee morale and lower trust in management.

How do you combat what organizational psychologists call “layoff survivor syndrome”? Leadership IQ, in the above-referenced 2008 study, found employees’ perception of certain qualities in their managers to be key: approachability, visibility and candor.

Let’s re-write the scenario. This time, the HR director conducts a workshop for company managers prior to the layoffs. The workshop includes an in-depth discussion of “layoff survivor syndrome” and its effects, strategies for employee communication, and specific action planning around post-layoff teambuilding. After the layoffs, managers spend significant time walking the halls, checking in with employees, and having candid one-on-one conversations with them about the company’s restructuring and the leadership team’s vision for the future. Instead of a script from HR, each manager has a set of objectives , and is free to communicate in whatever way he or she chooses, as long as those objectives are addressed. The objectives include:

- Conveying a vision of the company’s future, and how each employee fits into that vision
- Reaffirmation of the company’s mission, goals and values
- Expressing appreciation for the contribution of all employees toward the company’s mission, goals and values
- Answering questions and concerns candidly
- Not making any false promises or assurances about the unknown, including whether there will be more layoffs in the future
- Treating employees as intelligent adults, rather than naïve children

Several weeks after the layoffs, when the dust has settled and managers have had a chance to speak with all of their direct reports and answer questions, a series of team meetings are held. Managers facilitate but do not control these meetings. Roles and responsibilities are realigned, by the team members themselves, to address the new staffing structure. The action plans that are forged during these meetings have the personal commitment of each employee, because they were created through team member’s free and informed choice. A new, collective vision gradually emerges. And as the pain of missed colleagues and survival guilt fades, the team faces its future armed with a clear picture of its value to the organization and its role in the company’s success.