

WENDY MACK & DEANNA BANKS, Ph.D.

Leading after Layoffs

Best Practices for Re-Energizing Your Workforce



Leading After Layoffs: Best Practices for Re-Energizing Your Workforce

Wendy Mack and Deanna Banks, Ph.D.



This e-book is a gift for leaders who are looking for ways to re-energize and align their people in these tough economic times. Please feel free to email this e-book to colleagues, post it on your blog, or link to it. Just don't charge for it!

If you are interested in having this e-book customized for your organization or would like to explore training and other program options, please contact the one of the authors. Contact information can be found on page 37.

This work is protected under the Creative Commons Attribution-Noncommercial-No Derivative Works 3.0 United States License. You are welcome to reprint all or portions of this e-book if you include the following attribution: by Wendy Mack and Deanna Banks, 2009. *Used with permission.* www.wendymack.com.

Credits & Acknowledgements:

- Cover design by Robin Easter Design; Rebecca Haden, designer; www.robineaster.com.
- Research by Alice Buchanan.
- Developmental editing by Georgianna Groen.
- Copyediting by Amy Mayer.

Table of Contents

Introduction	3
The Typical Layoff Cycle	5
Layoff Events.....	5
The Psychological Impact on Employees	8
Emotions Drive Employee Behavior	10
Behaviors Drive Results	12
How Managers Can Have a Positive Impact	14
Increase Your Visibility and Approachability	16
Emphasize Candor and Transparency.....	17
Understand and Accept Reactions to Change	19
Matching Your Actions to Employee Emotions.....	21
Shock.....	22
Anger	23
Anxiety.....	26
Grief and Hopelessness	28
Understanding and Acceptance.....	30
Conclusion.....	34
Personal Effectiveness Assessment for Leading after Layoffs.....	35
Additional Recommended Reading.....	36
About the Authors	37

Introduction

Between December 2007, the official start of the current recession, and June 2009 more than 4,090,538 U.S. workers lost their jobs due to layoffs.¹

The 40,000 organizations that held layoffs did so in an effort to reduce costs, increase profits, and improve shareholder value. Yet research done over the past 20 years indicates that most downsizings fail to achieve those objectives. In fact, studies reveal that less than half of the companies that hold layoffs see increases in profits after downsizing, whereas 25 percent actually see profits decline.²

In order to maintain organizational health and viability, there are times when organizations must downsize. Yet, the negative statistics above are a strong indication that layoffs often don't produce the desired effects, and may even be damaging to the long-term health of the organizations.

Why don't layoffs generate the returns that executives expect? The answer is the people factor.

While the employees who survive layoffs may feel fortunate to still have a job, they also feel demoralized. They work in a state of anxiety, fearing that their own job may soon be on the chopping block. They witness the emotional and financial toll layoffs take on their former colleagues, and although they feel thankful to have escaped the layoff themselves, they feel guilty for having been spared. Surviving employees typically feel cynicism, suspicion, and reduced allegiance to the organization and its leaders. They no longer assume that loyalty and hard work will be rewarded.

At a time when it's critical for organizations to be focused and maximally productive, too many employees are demoralized, fearful, and distrustful. If layoffs are unavoidable, does that mean that negative outcomes such as these are unavoidable as well? We believe that the answer is: *not necessarily*.

¹ Department of Labor statistic. July 2009.

² Academy of Management Journal, 2008.

Some organizations are more successful than others at managing the trauma caused by downsizings. Their managers understand that layoffs inevitably create strong emotional reactions and they actively work to help their employees cope with and transform those emotions.

While admittedly there isn't a panacea for recovering from a layoff, it's clear that how the layoff is approached, how employees who are let go are treated, and how the surviving workforce is supported are important factors in determining the organization's future success and viability.

If you are a manager who has had to lay people off or is in the middle of a downsizing, you may be feeling that many of these factors are out of your control. You may not be included in strategy discussions or be part of building the employee communication plan. You may even feel like a victim yourself.

But, even if much of the strategy and logistics of the layoff has been out of your control or influence, the connection you build and support you personally provide to your people in the weeks and months after the layoff will be fundamental to re-energizing your workgroup. And over that, you have a great deal of control.

Our target audience for this e-book is the manager who is in the process of rebuilding and revitalizing their workgroup after the trauma of a layoff. Our goal is to provide these managers with best practices for beginning to heal the wounds created by layoffs and rebuilding the productivity and engagement of their surviving workforce.

We begin with a look at a causal model for how layoffs typically impact employee emotions and performance and ultimately impact business results as a way to gain insight into the challenges layoffs present. We then turn to specific ways managers can intervene in the process to rebuild commitment and re-energize their employees.

"As managers resort to downsizing, rebuilding the productivity and commitment of the surviving workforce becomes the key to crafting and fulfilling the organization's new value proposition."

– Onzelo Makum III,
managing partner,
CoVenture Consulting

The Typical Layoff Cycle

Through our research and hands-on experience, we've discovered that organizations that go through layoffs typically experience a predictable, self-defeating, and damaging cycle. No matter how well an organization handles a layoff event, it is traumatic to not only those let go, but also those who remain. Research indicates that surviving employees often experience what has been termed "layoff survivor sickness." As a result, the remaining employees feel and behave differently than they did prior to the layoff and individual performance declines. This has implications for the performance of the workforce overall, and ultimately the business suffers.

In the following pages we'll examine the typical layoff cycle in more detail. We'll discuss ways that layoffs influence the emotions of employees who remain on the job. We'll discuss how those negative emotions drive employee behavior, and how those behaviors can affect bottom-line business results. Our goal in examining this cycle is to help you, as a manager, understand your role in the process, and to help you identify where you have the opportunity to make a *positive* impact.

Layoff Events

Based on our research, we've assembled a list of characteristics that accompany most layoff events. Our goal is to help you understand what typically happens during a layoff and examine how these factors impact your surviving workforce. As you read each characteristic, indicate the degree to which it agrees with your own experience with downsizing.

Senior leaders withdraw.

During layoffs, executive visibility is critical. Yet all too often senior leaders withdraw and communicate less with their workforces. There are understandable reasons. Executives are preoccupied. They're working hard to make business decisions which will have significant consequences. There's also an emotional motive for distancing themselves. Layoffs give rise to a variety of negative and painful reactions. Executives fall victim to bad feelings as well, but may be reluctant to share their feelings of anxiety and guilt with employees. Consciously or unconsciously, they may choose to attend to the strategic and administrative aspects of the layoff behind closed doors, where they can avoid seeing the pain their decisions, however necessary, may be causing.

Degree to which this agrees with my experience: *Strongly Agree* *Agree* *Somewhat Agree* *Disagree* *Strongly Disagree*

Communication is guarded and often focused externally.

When executives do communicate, they tend to direct their messages to shareholders. They are careful about what they say. They're aware that the world is watching. For the health of their organizations, they need to be reassuring, so they downplay the event. Leaders are aware that sharing information with their workforce could create negative ripples, and this makes them very cautious. They don't want to be caught in the position of making promises they can't keep, and they're heeding the advice of the corporate lawyers who are watching for liabilities and are urging them to say very little.

Degree to which this agrees with my experience: *Strongly Agree Agree Somewhat Agree Disagree Strongly Disagree*

Not much time is provided for planning for the transition.

Though downsizings are a major form of change, often employees don't get the "heads-up" that they do before other organizational upheavals. Management often does little to plan for the transition that will be needed in the wake of a layoff event. One reason may be that such planning requires an early release of information. Some leaders fear productivity will plummet if employees know beforehand that a layoff could occur. Many prefer to go with a "rip the Band-Aid off" approach.

Degree to which this agrees with my experience: *Strongly Agree Agree Somewhat Agree Disagree Strongly Disagree*

More efforts are made to protect the organization than to protect the dignity of employees.

We repeatedly hear that the worst aspect of the laying off process is the lack of respect shown to those who are let go. People in positions of authority are compelled to protect company assets. Callously administered dismissals result. Dedicated employees get called into an office, informed that they're no longer employed, and escorted to their desks. Often this walk is rather coldly executed by security or HR personnel. As they're given a few minutes to remove their personal items, they are closely monitored to protect against corporate vandalism or theft of proprietary or confidential material. Finally, they're escorted out of the building. The remaining employees are left noting how their colleagues' contributions got "rewarded" and workforce morale plummets.

Degree to which this agrees with my experience: *Strongly Agree Agree Somewhat Agree Disagree Strongly Disagree*

The workload increases for surviving employees.

Unless the staff loss can be offset by technology or innovative process improvements, downsizing means increases in workload for employees who are kept on. At a time when the workers are anxious and demoralized, they're required to work longer and harder and find ways to produce more with less.

Degree to which this agrees with my experience: *Strongly Agree Agree Somewhat Agree Disagree Strongly Disagree*

Surviving employees lose important connections to people they care about.

Not only do downsizings require survivors to be more productive with less, but employees must do so without the support of key relationships lost in the layoff. Though some employees still see the individuals who were laid off outside of work, they've lost their connection to them on the job.

Degree to which this agrees with my experience: *Strongly Agree Agree Somewhat Agree Disagree Strongly Disagree*

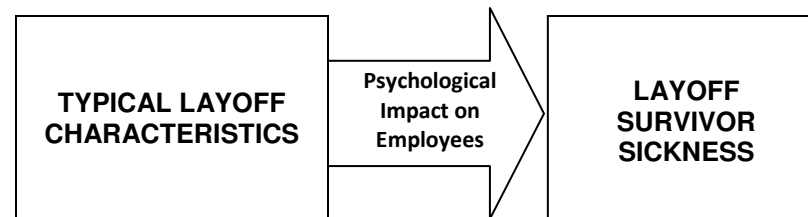
Survivors see the trauma that the layoffs create for the victims and their families.

Survivors may be acutely aware of how difficult life has become for the people who have been let go. During other recent periods of downsizing (e.g., the "right-sizing" trends during the 1990s), the economic outlook and the prospects for finding equivalent work were brighter than they are in the present. The severity of the current recession, the volatile financial and tight credit markets, the high unemployment rates, the collapse of 401Ks, and the failure of many of the industry giants are all indicators that the picture is bleak for those who are currently jobless. As a result, layoff survivors may be worried that their colleagues won't find new employment. And, all of this only heightens their own fears about what will happen if they lose their own job in a future round of layoffs.

Degree to which this agrees with my experience: *Strongly Agree Agree Somewhat Agree Disagree Strongly Disagree*

The Psychological Impact on Employees

For surviving employees, these distressing characteristics of layoffs create a set of destructive emotions. A study conducted by *Leadership IQ* found the most commonly reported feelings from the remaining workforce are guilt, anxiety, and anger.³ In the early 1990s, David Noer observed that employees who remain after a layoff experience psychological and physiological symptoms similar to those experienced by survivors of other tragedies. Noer coined the term “layoff survivor sickness” to describe these symptoms.⁴



We’ve identified several emotions that are typical reactions to layoffs. While reviewing the list below, identify those that you’ve experienced.

- Shock:** The first emotion most employees experience is shock or denial. This reaction is much like the initial phase people experience when dealing with death or another significant loss as the reality of the situation sinks in.
- Anger:** Extreme frustration, resentment, and feelings of blame are the characteristics here. Employees are upset when they realize that a layoff can and will happen. They ruminate over whose fault it could be that they, their colleagues, and the organization are in this situation. Dedicated, hardworking peers have been dumped, and commitment to the organization suffers. Hard feelings remain.
- Anxiety:** Loss of control and uncertainty are the basis of this ongoing fear. Lack of communication from management is likely the greatest cause. If employees aren’t provided with clarification about new roles and responsibilities, they’re going to feel rudderless and lost. Add to this to worry about additional rounds of layoffs, and the resulting anxiety can cripple productivity.

³ 2009 study published by Leadership IQ at www.leadershipiq.com/index.php/news-a-research-

⁴ *Healing the Wounds: Overcoming the Trauma of Layoffs and Revitalizing Downsized Organizations* by David M. Noer (1993)

- Grief:** This includes feelings of guilt, loss, and mourning. Survivors wonder why they were spared. They mourn the connection they've lost with co-workers they come to count on.
- Hopelessness:** Many survivors begin to feel that it's only a matter of time before they too will lose their jobs.

After the Layoffs—The First Few Weeks

Since the layoff, Susan's workplace is largely quiet. In the past, she heard typing, phones ringing, and constant conversation emanating from the offices and cubicles all around her. There used to always be someone to grab a cup of coffee with, but now she typically takes her breaks alone. Since the layoff, Susan has begun suffering physical ailments that she's never experienced before. She has heartburn and headaches and a constant sense of fatigue, even if she gets extra sleep. It's often a tremendous effort to get herself up and to work.

Dave feels fortunate to have a job, but he finds himself staring nervously at the doors his bosses confer behind. He tries to perform his job perfectly. He's afraid of making any mistakes that might call negative attention to himself. Instead of improving his performance, it's difficult for him to concentrate and everything takes longer than it should. His leaders are looking for creative ways to reduce costs and improve effectiveness, but he's fearful of trying anything new. He's finding that even away from the job, he feels distracted, restless, and moody.

Miranda shoves on her headphones, crosses her arms, and frowns. Though she used to be the one who could always get everyone else excited about the next project, Miranda is having trouble staying engaged with the work. She finds herself thinking about Paula, one of her friends who didn't survive the layoff. She and Paula were hired and trained together. They quickly became close. She misses having a trusted colleague to talk through work issues. And she feels guilty that she still has her job and Paula doesn't. She keeps thinking, "How could they do this to her? Paula's a single mom! What will she do now? What would I do if I'm next?" Miranda is angry at her leaders, who act as though nothing has happened. They want to get back to it being business as usual, but working will never feel the same to Miranda. She finds herself constantly searching job ads. She scans them furtively, right on the job.

Emotions Drive Employee Behavior

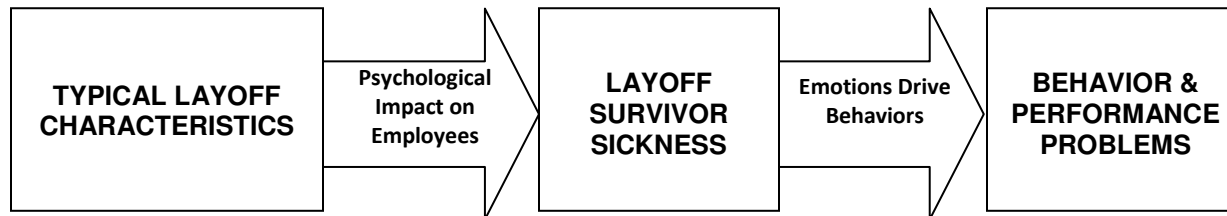
When leaders undertake layoffs, they are striving for improvements in business results. They do so to enhance the performance or ensure the survival of their organizations. They hope to see improvements in employee productivity which will translate into increased profitability.

Unfortunately, the negative emotions layoffs typically generate can thwart these expectations. Feelings of shock, anger, anxiety, grief, and hopelessness result in behaviors that are not conducive to increased productivity.

“Layoff survivor sickness” ultimately drives unproductive and even destructive employee behaviors.

“There is a great myth that, following a layoff, the surviving employees will be so grateful that they still have a job that they’ll work harder and be more productive...[T]he opposite is usually true.”

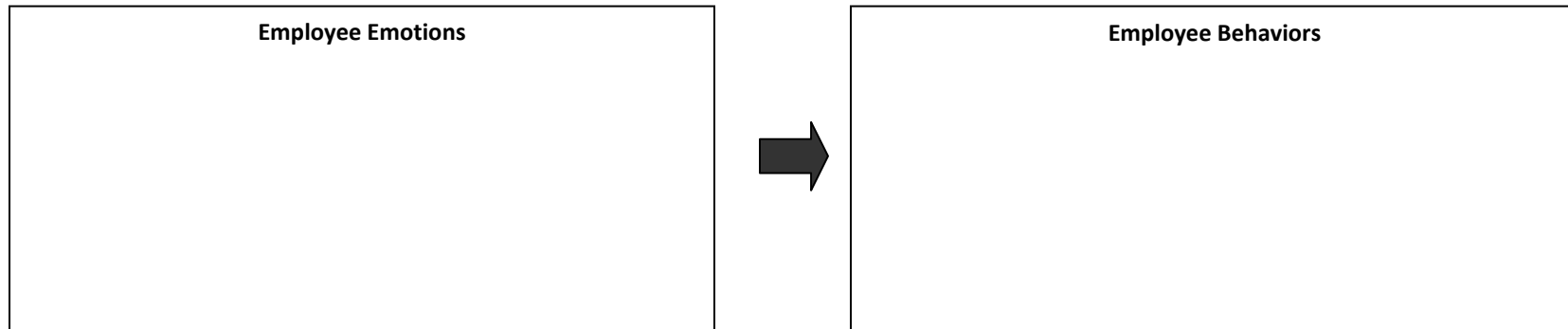
*– Mark Murphy,
chairman of Leadership IQ*



After layoffs, employees often demonstrate a lack of engagement, focus, and direction. And, they may spend a lot of time seeking role clarity in an effort to reduce ambiguity and regain control. Though they may be expending a great deal of effort, it’s likely not directed at things that will generate value for the organization.

The negative emotions employees experience also lead them to take fewer risks. They live in fear that they’ll be part of the next round of layoffs and therefore avoid any chance of a high visibility failure. They also engage in more politicking, networking, and job search activities, all designed to put them in a better position in case their jobs are at risk in the near future. And, for some individuals the stress and emotions created by layoffs may lead to openly hostile behaviors.

Below, take a minute to jot down some the behaviors you've observed of employees after a layoff. Then, back up and note the emotions you think may have led to those behaviors.



Two Months After the Layoffs

Before the layoffs Susan had a near-perfect attendance record but in the past two months she has been absent four days. On the job, Susan is careful to do nothing innovative. She used to have ideas that she shared with management. Now she has nothing to say. She's afraid to make any suggestions. In fact, she's afraid to say anything at all.

Dave feels more restless and irritable than ever. He doesn't know where he belongs anymore. Before the layoffs he had a goal of working his way up into management. Now he doubts that it's feasible. He gets himself to work, but his motivation is shot and his efforts have become only perfunctory. A couple of times he's seen chances to increase the company's sales, but he hasn't put forth any effort. He keeps thinking to himself, "Why should I?"

Miranda has developed an attitude problem. Even though she knows it could cost her her job, she can't seem to stop herself from being short-tempered and negative. She used to come into the office with a smiling, outgoing cheeriness. Now she walks in with her head down, stalks straight to her desk, and speaks to no one. On the phone, Miranda has recently snapped at some customers. She doesn't much care that she's done this. She's thinking, "Go ahead and fire me. I can always go to work for my uncle. I'll never get far making bagels, but I'll be treated much better there."

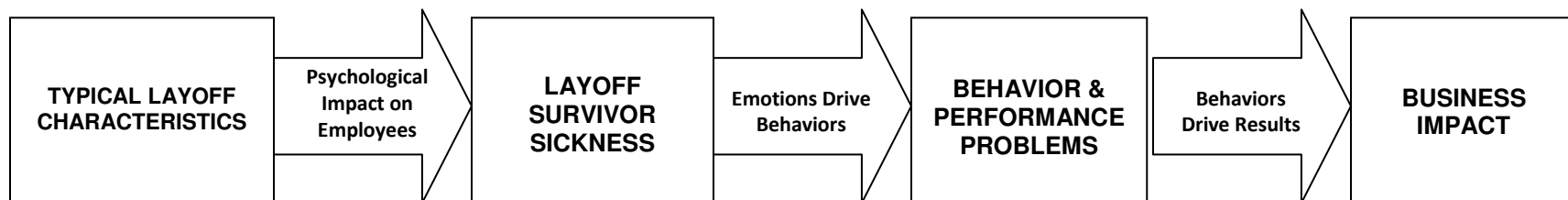
Behaviors Drive Results

Naturally, the outcome of unproductive employee behaviors is poor business results. The *Leadership IQ* study we referenced earlier found that:

- 64 percent of surviving workers say the productivity of their colleagues has declined.
- 81 percent of surviving workers say the service that customers receive has declined.
- 77 percent of surviving workers say they see more errors and mistakes being made.

In addition to decreased productivity, drops in service levels, and increased errors, layoffs can cause indirect damages that hurt the bottom line even more. Over time, high levels of stress create higher rates of illness, on-the-job injuries, and mental health issues. Increases in illness and injuries means additional health care costs, more worker compensation claims, and more long-term sick leaves.

Following a layoff, employee turnover also tends to increase. In a 2008 study, Charlie Trevor and Anthony Nyberg found that layoffs affecting only 1 percent of the workforce trigger on average a 31 percent increase in turnover.⁵ With turnover comes the loss of key skills and top talent along with increased costs associated with recruiting, selecting, and training new personnel. Given the current economy, we may not see large turnover increases right now, but exits will begin to happen as soon as opportunities increase.



⁵ Trevor, Charlie and Nyberg, Anthony, "Keeping Your Headcount When All About You are Losing Theirs", *Academy of Management Journal*, April/May 2008.

Six Months After the Layoffs

After 20 or so job interviews, no one has hired Susan. She still drags herself to the job that she's in constant fear of losing. These days, her absences are all because of illness. Susan is depressed, and she's developed chronic bronchitis. She's been to the doctor more than ever before, and once, she was hospitalized for two days for pneumonia. "Thank goodness I haven't been laid off yet," she's thinking. "I still have health coverage."

Dave broke his ankle on the job. He came in hungover and slipped on a wet spot in the restroom. The company, of course, had to pick up the tab. At the present time he's hopping in on crutches, and taking pain medication. The meds make him drowsy and even sloppier.

Miranda's absenteeism has increased lately because she spends time helping Paula. She also spends time watching late-night TV, and sleeping late in the morning. "Why not?" she figures. "I've built up some time off. I've got some paid sick days coming. I might as well use them while I've got them."

In this section, you saw that layoffs can result in a cycle of reactions that ultimately lead to poor individual and organizational performance. This cycle is typical, but it's not carved in stone. When managers conscientiously and appropriately address survivor emotions, they can intervene in this cycle and facilitate more productive reactions which will have a greater likelihood of producing the kinds of organizational outcomes that everyone will benefit from.

How Managers Can Have a Positive Impact

Managers who survive layoffs wonder how to maintain morale. You may be asking yourself, *“How can I help our team accomplish its goals, especially when people are disengaged, unfocused, and resentful?”*

One thing to **not** do is ignore employee emotions, and go directly to trying to control employee behaviors. Managers who think they can tell their staff to be thankful they still have a job and direct them to show up to work with a positive attitude and dedication to the work are deluding themselves. When the emotional reactions are left unaddressed or are addressed in a negative manner, employees fall into a state of distrust, detachment, and disengagement.

As a manager, you create a positive impact when you help employees deal with the crisis. In his work on *emotional intelligence*, Daniel Goleman argues that the most fruitful place to begin is carefully managing your own behaviors. The degree to which you can use behaviors that reduce or help employees manage their feelings of shock, anger, distrust, anxiety, guilt, and hopelessness will determine how effective you are at leading through a layoff. Doing so creates a more positive emotional foundation from which employees will draw their own behaviors.

On the following pages we outline four best practices for managers:

1. Increase Your Visibility and Approachability
2. Emphasize Candor and Transparency
3. Understand and Accept Reactions to Change
4. Match Your Actions to Employee Emotions

But, before we describe these actions, we'd like to say a few words about your own emotions. You're likely going through a number of strong emotions yourself. Before you can effectively take the kinds of actions your workgroup needs you to take to help them process what has happened and move forward, you must acknowledge your own emotions.

“Effective leaders use emotions to their advantage. You can never really manage anyone else’s behaviors. But, you can manage your own behaviors in such a way that it is likely to create in the other person the kinds of emotions that will drive the kinds of behaviors you’d like to see from your team members.”

– Dr. Deanna Banks

If you are a manager who has had to lay people off, chances are high that you're experiencing one or more of the following thoughts and emotions:

- *From a legal perspective, I'm anxious because I'm not sure what I should or shouldn't say.*
- *My boss hasn't given me any answers or information, so I don't have much to share. I'm frustrated because I know I need to be talking to my people, but I don't know what to say.*
- *The layoffs are done and there is nothing we can do about it. I didn't have any control over how things happened and there's nothing I can do now to make it better.*
- *The emotions that people are feeling make me uncomfortable. I'm not a counselor and I don't know how to deal with them.*
- *To be honest, I feel really sad and guilty about having to let people go. And, I'm also angry that I was put in a position where I had to dismiss team members I cared about.*

You have every right to those thoughts and feelings. You are a layoff survivor yourself. It's natural for you to have doubts, questions, and anxiety. Just like your employees, you're going through the pain of a traumatic change, and you need to process emotions.

But as a manager, you can't afford to allow your emotions to hijack your behavior. It's completely normal to experience these emotions, but don't allow them to drive you towards behaviors that will prevent you from effectively leading your team forward.

Your own shock, anger, anxiety, grief, and hopelessness could naturally move you to disengage and withdraw from your workgroup, but your people need your leadership now more than ever. Being conscious of where you are emotionally is your first defense. You can't stop yourself from experiencing distressing emotions, but you can closely monitor your behavior to make sure what you're feeling is not impacting how you are behaving in negative or unproductive ways.

Now, let's talk about how you can help your team move forward.

Increase Your Visibility and Approachability

When helping your people recover from layoffs, the first key to re-energizing is being approachable. Admittedly, this is a point that's so obvious that by writing it we almost sound insulting. Maybe you're thinking, *"Of course I'm approachable!"*

In reality, however, during and after layoffs most of us aren't nearly as visible and accessible as our employees need and want us to be. There are many understandable reasons. We lack information, aren't sure what to say or how to say it, and are uncomfortable with the difficult questions asked if we closely connect with our people. Don't let any of those points stop you. The simple act of taking time to connect is more important than the specifics of what you say and how you say it. People need to know that you are accessible and willing to talk.

Keep an open door.

In times of layoffs, too many leaders "hide" behind closed doors. As a general rule, however, leader visibility should increase in proportion to the "unknowns." Instead of waiting to hold meetings until all of the details have been worked out, it's important to be approachable during the time when options are being weighed and decisions are being made. If you've attended a lot of long closed-door meetings, follow them up with an open door, and keep that door open a lot.

Communicate face-to-face as much as possible and follow-up with other communication methods.

Avoid the temptation to rely on e-mails and memos. Research has shown that face-to-face and voice-to-voice interactions enhance trust and clarity. Admittedly, when you engage your people in two-way communication, you may hear questions you're not prepared to answer. That's okay. At this point, communication is far more important than having all of the answers.

Emphasize Candor and Transparency

In times of uncertainty, rumors in organizations tend to multiply. If left unaddressed, the rumors' momentum builds and leads to distrust. In order for employees to trust their management teams and not get caught up in negative buzz, leaders must be candid about what's going on. According to James O'Toole and Warren Bennis, transparency is absolutely essential if you want to build trust—a component critical to managing and leading people during tough times.⁶

Share whatever you can, as soon as you can.

All too often, leaders attempt to shield employees from bad news. But give your people some credit. They know things are tough out there. If you aren't talking to them, they may make false assumptions that fuel the rumor mill and lead to more anxiety. In addition, if you aren't talking to your people, their trust in you will diminish.

Employees don't want the truth to be sugarcoated. Communication expert Robert Holland urges leaders to consider a message such as, "I know the financial crisis has touched each one of you in very personal ways. These are troubling times, but let me tell you what our company is doing to weather the storm."

What about when you can't say something for legal reasons? In circumstances when letting something out would cause harm to the organization, author and consultant Wolf Rinke, Ph.D., suggests that managers tell team members why you can't tell them and then patiently answer their questions. Rinke also emphasizes that, with the advent of the Internet, "there are no secrets in organizations, period."⁷ So, tell employees as much as you possibly can rather than trying (and failing) to hoard and control information.

⁶ "What's Needed Next: A Culture of Candor" *Harvard Business Review*, June 2009.

⁷ *The Winning Manager*, v. 12, No. 3, June/July 2009.

If you don't have an answer, say so, and convey when you expect to find out.

When you don't have absolute answers, communicate possibilities. According to executive coach Meredith Kimbell, "Between the news and the rumor mills, there is not much your people haven't heard or guessed. Talk as honestly as possible about what you know and admit to what you don't or can't know. It will build your credibility and their clarity."

Organizational transitions expert William Bridges agrees. Bridges believes that it's better to say, "I don't know what we will do about X, but I commit to letting you know as soon as I do" than it is to say nothing.

The Leadership IQ study we've referenced found that managers who were visible, approachable, and candid were 72 percent less likely to report decreases in productivity and 65 percent less likely to report declines in quality.

Be patient and willing to repeat key messages.

At times you might find yourself getting frustrated when employees ask "Why?" over and over again. In the next chapter we discuss the fact that your team members are in varying emotional states at different points in time. Sometimes they need facts. Sometimes they need to vent. Sometimes they need support. Recognize that "why" may mean many different things. Have the patience to respond to questions, even when you feel like you are repeating yourself. Repetition and reinforcement are critical aspects of leading any change.

"If you aren't saying the same things over and over again, and aren't a bit bored with yourself, it may be that you aren't repeating yourself enough."

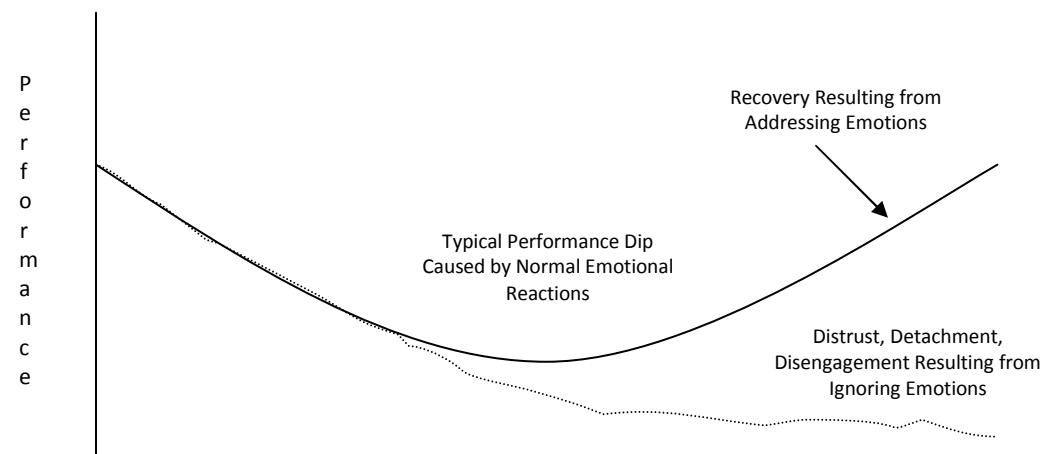
– Robert Sutton, Stanford University professor

Understand and Accept Reactions to Change

Whenever a layoff takes place, everyone involved is forced into a disturbing state of uncomfortable and disruptive change.

There are many different models that depict reactions to negative change. Generally, most researchers agree that people's emotional responses to unwelcome change follow a fairly predictable pattern and that performance tends to suffer as a result of these emotions.

As the model below shows, when an organization's leaders don't help people work through their emotions, the result is a negative state of increasing distrust, detachment, and disengagement.



This model is helpful for you as a team leader because it enables you to anticipate the pattern of survivor emotions both during and after the layoff. To use this model effectively, you must make yourself aware of the following:

- different individuals will be experiencing different emotions at any given time;
- each person must be led based on where he or she is—not where you are; and
- you can facilitate movement through the dip, but you cannot force or rush it.

If people on your team are suffering through emotional reactions to layoffs, you can't force them to skip ahead. You may be ready to charge the hill, but they won't rally behind you. Rather than trying to get people to immediately move forward, your job is to help them progress through the normal cycle of change.

As we interviewed employees from companies that had layoffs, we often heard stories of management teams that took action to stifle any expression of emotion. One company even forbade employees to "congregate" in hallways, offices, and coffee break areas. Rather than understanding and dealing with the outrage their people are feeling, they want them to get over it, *now*. They say: "Just accept it and move on."

The truth is that when emotion grips people, they simply can't move on. They need time and opportunities to vent their frustrations and process their emotions. The more management attempts to repress their employees' concerns and rush them back to business as usual, the more angry and upset their employees will be.

According to change expert William Bridges, "This is a hard lesson for supervisors to learn, because the anger and sadness, the despair and disorientation that are essential to grieving are difficult to witness, especially when the witness is either at least partly responsible for the decision that is producing the distress or also needs to grieve but is denying the need. Either situation is likely to lead to distorted and unhelpful responses—to punitive action or demands that mourners be 'rational' or 'think positively' or 'stop feeling sorry for themselves.'" He goes on to say that after a large layoff, morale is usually down and leaders are looking for a way to bring it back up. "I can certainly sympathize with that wish, but as a starting point for useful action it is as inappropriate as is the wish that a widow or widower stop grieving. In each case the supposed problem is not something that can be made to go away, rather it is part of a process that needs to be facilitated."⁸

In the chapter that follows we offer a specific action plan for re-energizing your workforce by matching your actions to the emotions your people are experiencing.

⁸ Bridges, William, *Surviving Corporate Transition* (New York: Doubleday, 1988 and 1990).

Matching Your Actions to Employee Emotions

So far, we’ve described three general pieces of advice to ensure that you’re helping your organization recover from layoffs:

- Increase your visibility and approachability.
- Emphasize candor and transparency.
- Understand and accept reactions to change.

In this next section, we will go into WHAT specific actions to take WHEN, along with WHY these actions are crucial.

Interestingly, we have discovered that the best strategy for helping employees recover from layoffs is one where the manager actually matches his or her actions to the emotions employees are experiencing. This does not mean mirroring the employee’s emotion (for example responding to anger with anger). Rather, this means understanding what need is underlying the employee’s behavior and meeting that core need so the employee is able to move on.

Dominant Feelings	Employees’ Need	Manager’s Role
Shock	Information	Communicate
Anger	Opportunities to Vent	Show Concern
Anxiety	Clear Direction and Sense of Purpose	Emphasize Clarity
Grief and Hopelessness	Support	Counsel
Understanding and Acceptance	Feedback and Encouragement	Coach

Let’s look at each emotion and the most effective manager actions in more detail.

Shock

The initial reaction to a layoff announcement is often disbelief or shock—much like the shock and denial we experience when we have just lost a loved one.

- *“How can this be happening?”*
- *“There has to be another way. What if we all took small pay cuts? Surely, we can make it through without letting people go.”*
- *“I still can’t believe Chris isn’t here.”*
- *“How could they let Terry go after he dedicated himself to this company for 20 years?”*

People experiencing shock need time and tools to adjust. Getting employees through the initial shock requires an emphasis on information.

Respond to shock by increasing communication.

Employees need to hear what, when, and why, over and over again. In the spring of 2009, a study was completed by the *Opinion Research Corporation*. It found that employees are two times more likely to go the extra mile for their company, and almost four times as likely to recommend their firm to others, if they are satisfied with ways in which leaders communicates difficult decisions. The same survey found that for 28 percent of employees, the most important communication was a *thorough explanation* of the actions that affect them, and the *reasons behind* the actions.

Kenneth Freeman, the former CEO of Quest Diagnostics, has had a great deal of experience with downsizings, reorganizations, and other painful changes. In May of 2009, Freeman stressed the importance of repeating messages in turbulent times. His advice to other leaders was, “Communicate until it hurts... The shock of the initial announcement will prevent employees from absorbing everything you tell them at that time.”

“Human beings consistently react negatively to unexplained events. The effect is so strong that it is better to give an explanation they dislike than no explanation at all, provided the explanation is credible.”

– Robert Sutton, Stanford University professor

Key Manager Actions for Addressing Shock

- Explain the reason(s) for the layoffs thoroughly.
- Check for understanding.
- Provide opportunities for questions.
- Repeat the explanation using a variety of methodologies.

Use the space below to jot down the key factors that made layoffs an unavoidable necessity for your organization. What external events impacted the business? What happened in terms of market share, revenue, and profits?

Anger

In most people, anger toward management quickly follows shock.

- *“This is so stupid. We have a bunch of self-serving jerks leading this company.”*
- *“I doubt if management even looked at alternatives. They only care about the bottom line.”*
- *“I’m out of here as soon as I can find another option. There’s no way I’m giving any more to people who would do something like this.”*
- *“I’m sure they got rid of Terry so they wouldn’t have to fund his retirement. It’s a lot cheaper to bring in someone young at a lower salary than pay for those of with more experience. Well, they’ll see how our customers feel about dealing with some kid who doesn’t know anything.”*

At this point, it’s particularly important for managers to understand that anger is natural and healthy. There may be times when the anger is even targeted at you. Try not to take it personally. Recognize and remember that anger is an important part of the process and that it’s better for anger to be expressed than be buried.

Respond to anger by expressing concern.

When faced with anger, managers often react with anger themselves. Resist this tendency and focus on making time and space for employees to express their feelings. Naturally, you can influence when and where it is appropriate for employees to vent. Venting one-on-one with you or in a meeting with senior leaders is fine. Venting in a meeting with a customer is not.

Once you are in a place where it is safe for the employee to vent – let him or her do so. Just listen. Don’t attempt to counter her arguments, prove your points, or convince the employee he is wrong. Imagine that you are slowly letting the air out of a balloon. Be patient and eventually the employee will be ready for a discussion.

Key Manager Actions for Addressing Anger

- Help others vent in appropriate forums.
- Listen with empathy.

Managers: Make This Your Mindset

I'm going to have another meeting today. It will take a few minutes out of the day, but so what, it's worth it. I've got to keep everyone talking, and venting, and I want them to do it to me. That way I'll have a good handle on where everybody is, and how much they understand, or don't, and what I can do to help. If and when people express anger, I'll be sure not to take it personally. Expressions of anger are a natural part of the process and I won't attempt to skip over them. In fact, I'll take it as a good sign that people are actually speaking up and working through their concerns.

Anxiety

- *"I wonder if this was just part one and there are more layoffs planned?"*
- *"I keep wondering if I'll be next."*
- *"I don't know what I would do if I lost my job."*
- *"I'm going to put a smile on my face and make sure I stay under the radar. I don't want to call any attention to myself."*

As feelings of shock and anger begin to wane, managers might expect their people to renew their focus on work. This is rarely the case. Initial reactions are usually followed by rumination and worry. This phase may seem less emotional, because the feelings are not as out-front, but exactly the opposite is true. Employees may be paralyzed by anxiety.

After layoffs, employees often feel like they're walking on eggshells. They are wondering if there will be more rounds of cuts and if they will be next.

When people are afraid, they stop taking risks. That kind of attitude is exactly the opposite of what you need from them. Now is when you need **more** innovation from the people you have left!

In order to promote productivity, you need to help your employees figure out what to focus on and what actions to take. At this stage, it is critical for managers to address the anxiety by providing clarity. Get people on the same page about goals, roles, expectations, etc.

Emphasize clarity to address anxiety.

Since uncertainty is the scariest part of any change, make every effort to reduce the unknowns. After all, the more uncertain things are, the less people are willing to engage and take risks.

One of the reasons that layoffs are so frightening is because they threaten our sense of control. As a leader, you can help employees regain a sense of control by focusing on things they can influence, such as customer service and personal productivity. Involve them in helping to make decisions about how to move the workgroup forward. In addition, look for opportunities to remind employees of

"When fear takes over, productivity goes down."

– Rick Maurer, author,
Leading in Turbulent Times

"Clarity is the antidote to anxiety. Ensure that people are clear on what their responsibilities continue to be. Reinforce key objectives and give your team members certainty on their deliverables."

– Marcus Buckingham,
management expert and
author of *First Break All the Rules*

the greater purpose behind their work and the organization. The simple act of stating, “what you do, matters” helps to energize people and inspire action.

Of course, even with clear goals and a sense of direction, employees may have questions you can’t answer. They will be wondering if more layoffs are coming and whether or not their jobs are safe. It’s likely that you can’t promise employees that there won’t be additional cuts and it is critically important not to make false promises. Remember to apply the same principles of candor and transparency that we discussed on page 17 and 18. When promises are impossible, talk as concretely as you can about plans and probabilities.

Key Manager Actions for Addressing Anxiety

- Provide clear direction.
- Communicate expectations.
- Help employees focus on elements they can influence or control.
- Be honest about what you do and don’t know.

Grief and Hopelessness

- *“It’s so sad to see all of these empty desks and cubicles. It feels like a completely different place without Steve and Monica here.”*
- *“How on earth are we going to get anything done with half the staff? It’s impossible.”*
- *“I used to be dedicated to this place, but so was Terry. Look where that got him. Now, I’m just trying to hang on to my job.”*
- *“I had to take a mental health day yesterday. I just feel sad and sick when I come to work now.”*

Sentiments like this mean your people are overwhelmed by feelings of grief and hopelessness. If management ignores these emotions, then worry, sorrow, and hopelessness will hinder employee performance and decrease productivity.

William Bridges describes this phase of change as the neutral zone. People have worked through their initial dismay, but now agonize over the future. Employees are struggling to make sense of what happened and what the future holds. They are probably trying to assess whether the organization can pull through these tough times, and whether they will be given a role to play down the road. In addition, layoff survivors may be assessing their emotional attachment to the firm, and asking themselves how comfortable they are with their identity as its employee.

Counsel employees to reduce grief and hopelessness.

Leadership expert and author Marcus Buckingham reminds managers that employees may not initially feel comfortable approaching their managers with their concerns. He states that managers have to proactively seek information and ask questions such as, “What are you concerned about? What are the stories that you’ve heard? What is the biggest fear that you have at this time?”⁹

Executive coach Meredith Kimbell writes, “I find that in tough times that listening to questions, concerns, frustrations, ideas, and desires is as powerful as having answers. When people feel listened to, they are engaged. Leaders so often want to fix things that they struggle with understanding that simply listening is valuable to people trying to make sense of something they can’t yet understand. It is always great to have answers, but it is still powerfully helpful and engaging to talk with people and show you understand their perspective and hopes.”

⁹ *Inside Strengths* Newsletter, May 2009.

Key Manager Actions for Addressing Grief and Hopelessness

- Share your own emotions.
- Help others express their emotions.
- Listen.
- Be sincere; don't try to downplay what you and others are feeling.

Understanding and Acceptance

- *“It’s awful that we had to let so many people go. But I know the economy has hit everyone in our industry hard. Now we need to figure out how to be one of the companies that comes out of this stronger.”*
- *“I see a positive future for us all if we can pull together—a phoenix rising out of the ashes.”*
- *“Lots of things are changing, but I’m beginning to see some positives coming out it.”*
- *“I’m excited about the role I’m playing in helping our organization move forward.”*

Wouldn’t you love to hear something like this from the members of your team? Taking the steps we’ve described up to now will increase the chances that your employees will reach a point where they are emotionally and rationally able to move on and focus on the future. While it may be difficult to imagine when people are in the throes of their negative reactions to downsizing, most employees who receive support are able to ultimately understand and accept the necessity of the layoffs.

At this point, managers should emphasize how the company will grow and succeed in the long term. Jack and Suzy Welch write, “You have to help people understand that someday the company will be different, and better, with everyone’s determination and buy-in.”¹⁰

At this stage, it is also critical for managers and leaders at all levels to actively invite employee input in planning for the future. This means more than simply asking for input—it also requires acting on it. Onzelo Makum III, managing partner of CoVenture Consulting’s human capital practice, writes that managers must engage layoff survivors in interactive discourse about where the company is headed, how the pared-down organization will be different, and what role individuals will play in helping the company move forward.¹¹

“If you’re searching for ways to elevate the spirit of your workers, give them something to believe in, provide hope for the future, and lead them there.”

– Shari Cauldron, author, *What Really Happened*

Focus on the future to help employees move on.

¹⁰ “Inventing the Future Now”, BusinessWeek, May 11, 2009.

¹¹ *Houston Business Journal*, March 14, 2003.

Research has shown that positive emotions like hope and optimism encourage creativity and innovation among your workforce, and these are exactly the qualities you need to build to cope with the downturn as best you can. Leadership examples from throughout history demonstrate the power of optimism in rallying troops, reinventing and reinvigorating failing companies, and transforming entire nations.

One cautionary point we'd like to raise is that many managers rush to communicate an exciting and positive future too soon after layoffs. Mike Klonne, CEO of Bostik, emphasizes that when you have just laid off someone's best friend they don't want to hear about the company's vision. So, watch and listen for signs that employees have processed their shock, anger, and grief before you focus on the future. Sometimes you'll feel that your team is ready to move into action, and you'll discover instead that people have "regressed" to fear or doubt. Your work at this stage is critical and, like leadership as a whole, it involves more art than science. The key is to balance a focus on the future with adequate time to process the past, and also to adjust to the present.

Key Manager Actions for Addressing Understanding and Acceptance

- Convey realistic optimism and hope.
- Involve others in discussions of the future.
- Engage employees in action planning.

The End Result

True leaders help people move through the rocky emotional stages that inevitably follow layoffs. By allowing people the time and opportunity to work through their emotions – even the negative ones, you’re increasing the likelihood that they will successfully progress to understanding and acceptance and ultimately be ready to move on.

One of our favorite comments about change and transition is from Marilyn Ferguson. She wrote: “It’s not so much that we’re afraid of change or so in love with the old ways, but it’s that place in between that we fear.... It’s like being in between trapezes. It’s Linus when his blanket is in the dryer. There’s nothing to hold onto.”

Imagine your own team of survivors as group of trapeze artists. They’re being forced to let go of one side of the trapeze before they’ve learned to grab on to the other side. Your job is to help them through it. Timing is critical. Think of it as just-in-time training. Your actions need to align with where they are in the process.

There will be times when your job will be helping people let go of the past. There will be times when people are floundering around in the “in-between” state—they’ve survived the layoff but are not yet committed to being part of the organization moving forward. And finally, there will be times when your most important job will be giving your people a vision of the future to reach for and grab onto. If you can do this for your people, your team will soar when it reaches the other side.

Employees who have been emotionally supported throughout the early stages are likely to be able to refocus on their jobs and maintain commitment to them. Instead of feeling miserable and distrustful, they will look to you for guidance. Instead of stagnation in hopelessness and distrust, they will look to the future and their hope will be renewed. They will be much more likely to take risks again, and use their creativity, with the understanding that traits like those are needed more than ever.

How the Story Ends

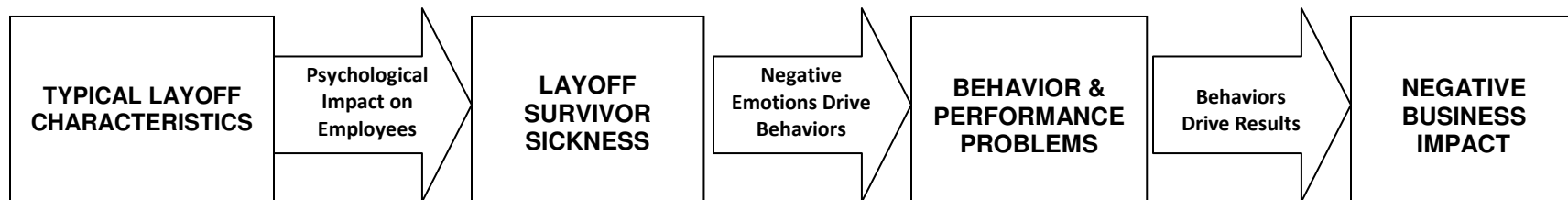
Since I decided to have one-on-one meetings in the privacy of my office, I've learned how much pain individuals are in, and I've learned how much of a difference it makes if I'm available to them. Susan is no longer withdrawn. She knows she can talk to me now. In the weeks since I started to check in with her more, she hasn't been absent once. Dave is also doing better. He's let me know all his frustrations, and he looks more rested now. Miranda came in here in a huff the first time; I thought she would attack me. Instead, she broke down and cried. That one cry didn't resolve everything by any stretch. In fact there were many days when Miranda was angry and aloof. She made "snarky" comments more than once. I was patient as she worked through those negative feelings, helping her understand their impact on her as well as others. Her anger is finally gone.

Out on the floor, as a matter of fact, it's just like a fog has lifted. You can feel the relief.

Conclusion

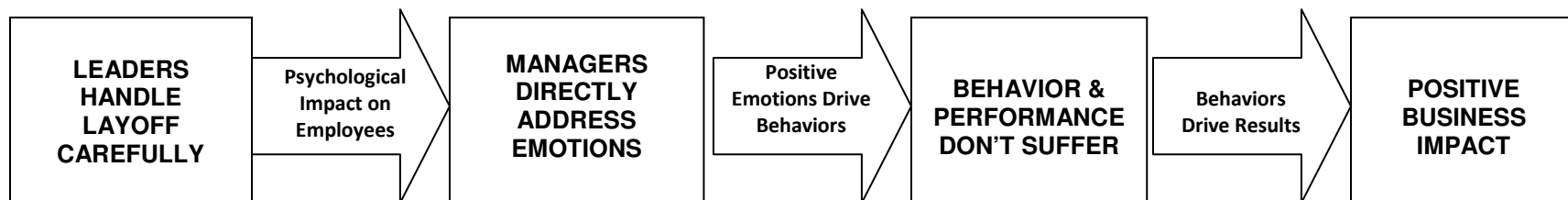
Once they’ve made the difficult decision to let some people go, executives and managers often become focused on rebuilding the organization. They hold meeting after meeting behind closed doors to work on strategies, budgets, and operating models. But for the sake of survivor morale, which is crucial to employee productivity, this is the very time that leaders should be communicating the most. Expecting people to squelch pain, repress it, and “just deal with it” will be sure to hurt your firm’s viability, as we’ve illustrated with the typical layoff cycle diagram shown below.

Typical Layoff Cycle



Workers who survive layoffs with their jobs still intact need emotional support. By planning for and implementing unavoidable layoffs carefully, and equipping managers to directly communicate and address employee emotions, organizations can circumvent the typical layoff cycle and replace it with a more positive cycle. Applying the approaches offered here will ultimately result in a re-energized workforce and healthier bottom lines.

Leading after Layoffs Approach



Personal Effectiveness Assessment for Leading after Layoffs

Have I

- Made myself more visible and kept my door open?
- Communicated face-to-face as much as possible?
- Followed up with other communication methods?
- Shared whatever I could as soon as I could?
- When I didn't have the answers, I said so and communicated when I expected to find out?
- Matched my communication and actions to the emotional stages my employees are experiencing?
- Shared my own emotions?
- Repeated information?
- Checked for understanding?
- Helped others vent their emotions?
- Listened?
- Avoided trying to downplay what I and others were feeling?
- Provided as much clarity and direction as possible?
- Been honest about what I don't know?

Additional Recommended Reading

Articles

Cauldron, Shari. "Keeping Spirits Up When Times are Down." *Workforce Management Online Archives*.

Collura, Kathy. "Economy in Turmoil: What Employees Need from You." *Strategic Communication Management*, Volume 12, Issue 6, Oct./Nov. 2008, p. 32-33.

Larkin, TJ and Larkin, Sandar. "The Secrecy Trap." *Communication World*, Nov./Dec. 2008, p. 21-23.

Maurer, Rick. "Leading in Turbulent Times." www.BeyondResistance.com. 2008.

Nyberg, Anthony and Trevor, Charlie, "After Layoffs, Help Survivors be More Effective", *Harvard Business Review*, June 2009, p. 15.

Smith, Brandon Mikel and Glynn, Mary Ann. "Leading with Purpose: Fueling the Human Spirit in Times of Uncertainty." www.bus.umich.edu/Positive/POS-Research/leadingintryingtimes.htm

Spreitzer, Gretchen M. "Restoring Hope During Trying Times." www.bus.umich.edu/Positive/POS-Research/leadingintryingtimes.htm

Sutton, Robert. "How to be a Good Boss in a Bad Economy." *Harvard Business Review*, June 2009, p. 42-50.

Books

Bardwick, Judith M., *One Foot Out the Door: How to Combat the Psychological Recession That's Alienating Employees and Hurting American Business* (2008)

Brides, William, *Surviving Corporate Transition* (New York: Doubleday, 1988 and 1990).

Caplan, Gayle and Teese, Mary, *Survivors: How to Keep Your Best People on Board After Downsizing* (1997).

Marks, Mitchell L., *Charging Back Up the Hill: Workplace Recovery After Mergers, Acquisitions, and Downsizings* (2003).

Noer, David M., *Healing the Wounds: Overcoming the Trauma of Layoffs and Revitalizing Downsized Organizations* (1993)

Salemi, Ray, *Leading After a Layoff: Five Proven Steps to Quickly Reignite Your Team's Productivity* (2003)

About the Authors

Wendy B. Mack, president of T3 Consulting, is an expert on leading and communicating change. As a consultant and speaker, she specializes in working with leaders who are looking for ways to address the fear, inertia, confusion and resistance that can paralyze performance and slow transformation efforts. Whether she is consulting, coaching, creating communication campaigns, or delivering custom keynotes, her focus is on helping her clients mobilize and sustain energy for change.

Wendy can be reached at: Wendy@WendyMack.com or (719) 687-8561

Website: www.wendymack.com



Deanna Banks is committed to moving leaders, teams, and organizations forward to their maximum potential. She holds a doctorate in industrial/organizational psychology. Her career is dedicated to researching and applying best practices in leadership and team development. She produces high-impact leadership development programs for all levels of management and helps leaders to achieve breakthrough results through executive coaching.

Deanna can be reached at deanna@dbankslc.com or (703) 310-7711.

Website: www.deannabanksconsulting.com

