

Moving Forward After a Corporate Restructuring

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2.8 million jobs lost in 2009



What the Research Shows...

- Within two years, the vast majority of firms that downsize...
 - Fail to cut costs
 - Fail to increase profits
 - Are financially outperformed by companies that don't downsize
 - Have a lower stock price

Sour Realities After a Downsizing

INCREASED:

Stress
Absenteeism
Turnover
Theft
Sabotage
Litigation

DECREASED:

Teamwork
Morale
Productivity
Engagement
Commitment
Loyalty

Session Objectives

- Explore the role I-O & OB professionals can and should play in RIF and post-RIF initiatives
- Discuss how to set the stage for a successful organizational change
- Outline essential transition strategies for building a culture of accountability and engagement

Dish: _____ **Recipe** Serves: _____

**Ingredients for Successful
Transition**

- Fair and accurate staffing
- Strategy alignment
- Effective revitalization initiatives
- Engaged workforce
- Legal compliance
- Ongoing evaluation

Staffing the New Organization

Build the Staffing Model Roadmap



Staffing Process Objectives

- Build the most capable workforce possible and position organization for future success
 - Assess all candidates objectively, fairly and accurately
 - Select the most qualified candidate(s) for each job
 - Ensure that the drivers are in place to ensure future success



Guiding Principles for Effective Staffing

7 Guiding Principles for Effective Staffing

- Adapt staffing model
- Identify and involve key stakeholder groups
- Ensure job relatedness
- Ensure procedural justice
- Execute quickly but effectively
- Build a rigorous and fair staffing process
- Review and audit all decisions

I. Adapt staffing model

- Three primary organizational initiatives that lead to RIF
 - Mergers & Acquisitions
 - Restructuring
 - Targeted or across-the-board RIFs



II. Involve Key Stakeholders



- **Review Board**

- Senior Business Leaders, Legal, Human Resources and Corporate Communications
 - Establish the set of guiding principles
 - Commit the resources needed
 - Review selection decisions across the entire organization
 - Serve as champions of the process

III. Ensure job relatedness

- Criteria for selecting (or displacing) employees must be tied to requirements of job
 - Identify success factors critical for effective execution of job responsibilities
- Validate assessment tools against these factors
 - Enables strong staffing decision-making while greatly limiting risk

IV. Ensure Procedural Justice

- Fair and transparent procedures...
- Full disclosure as to how staffing decisions will be made...



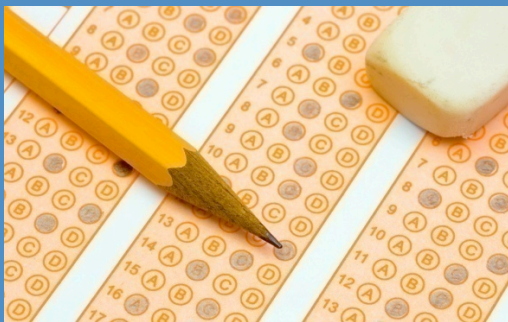
Higher morale & less risk of legal challenge

V. Execute Quickly But Effectively

- Staffing process must move rapidly and efficiently
 - Minimize disruption to organization and its employees
- Process should proceed in orderly & reasoned fashion
 - Cascade - beginning with top layers of organization & mission critical jobs

VI. Build Rigorous Staffing Process

- Assessments must be:
 - Reliable and valid
 - Performance driven
 - Consensus-based
- Staffing decisions must be:
 - Tied to fair & accurate assessments
 - Consensus-based



VII. Review & Audit All Decisions

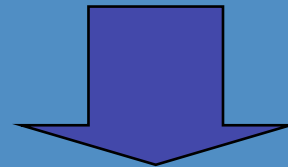


- Multiple level reviews conducted to:
 - Ensure fairness
 - Root out inconsistencies and adverse impact
 - Build buy-in
 - Provide formal recourse
- Covers both assessment and selection phases
 - May involve collecting additional information

Results of a Rigorous Staffing Process

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- Built the most capable workforce possible and positioned organization for future success
 - All candidates assessed objectively, fairly and accurately
 - Most qualified candidate(s) selected for each job



Drivers are in place for successful transition

Revitalizing the Organization

Facilitate Adaption to Organizational Transition

Level	Weaken Forces Inhibiting Change	Strengthen Forces Enabling Change
Emotional	Empathy	Energy
Intellectual	Engagement	Enforcement

Marks, M. L. (2007). A Framework for Facilitating Adaptation to Organizational Transition. *Journal of Organizational Change Management*, 20, 721-739.

Weaken Forces that Inhibit Change

ACTION

PURPOSE

CEO-led Town Hall Meetings

- Communicate reasons for the change and all aspect of the process – full transparency

Small Group Meetings

- Conduct Venting Meetings
- Identify barriers to change and how leaders can respond (ID retention risks)
- Discuss business imperatives for change

Organizational Change Surveys

- Current state of employee morale
- Perceptions of change progress and effectiveness
- Organizational “Hot Spots”

Strengthen Forces That Enable Change

ACTION

PURPOSE

CEO-led Town Hall Meetings

- Rally employees around vision and mission of new organization

Small Group Meetings

- Determine how well employees understand the vision & business plan
- Ensure employees understand roles and expectations
- Facilitate and publicize short-term wins
- Identify metrics to evaluate progress

Performance Management System

- Align individual with company goals
- Equip employees for success
- Foster individual accountability
- Identify strengths and developmental areas

Define and Communicate Performance Expectations

The screenshot shows a web browser window titled "SumTotal Performance - Windows Internet Explorer". The address bar contains the URL: <http://talent.sumtotalsystems.com/Performance/Core/Virtual/MyTeam/User/Employees/Goals/Goals.aspx?pid=50013&goalplanid=50004>. The page content includes a navigation menu with "My Career", "My Team", and "My Groups". The main heading is "2009 Goal Plan" for "Daryl Benton". Below this, there is a breadcrumb trail: "Home > My Team > Daryl Benton > Goals > 2009 Goal Plan".

The "Overview" section on the left indicates the current step is "Draft goals" and that "No actions are available". The "Next steps" list includes "Approve Goals", "Track Goals", and "Closed".

The main content area displays a table of "Performance Goals" with columns for "Status Indicator" and "Due Date". The table is organized into "Cascaded Goals" and "Personal Goals". A yellow box highlights the following goal:

	Status Indicator	Due Date
Corporate: Gain 10% market share to become the leader in our industry	Green	12/31/2009
Sales and Marketing: Improve lead generation by 35% in order to promote greater market penetration	Green	12/31/2009
Corporate: Strengthen sales in North America through new product releases and an increased focus on training of the sales team	Yellow	12/31/2009
Sales and Marketing: Increase sales revenues in NA 5% by 2008	Green	12/31/2009
Sales and Marketing: Increase sales for newest product offering through development of a specialized sales team	Yellow	12/31/2009
Personal Goals		
1 Increase response time to internal leads by 15% by Q4.	Green	12/31/2009
2 Obtain training in the new product by Q4 in order to effectively start selling it into my existing customer base.	Yellow	12/31/2009

At the bottom of the table, there is a link: [Add New Performance Goals.](#)

Foster Individual Accountability

SumTotal Performance - Windows Internet Explorer

http://talent.sumtotalsystems.com/Performance/Core/Virtual/MyTeam/User/Employees/Goals/Goals.aspx?pid=50013&goalplanid=50004

File Edit View Favorites Tools Help Links SumTotal Performance 8

SumTotal Performance

(logout) » Mike Ellis My Career My Team My Groups Settings

2009 Goal Plan Daryl Benton

Home » My Team » Daryl Benton » Goals » 2009 Goal Plan

Save Share Goals Reports

Overview

Process

Current Step: Draft goals
No actions are available.

Next steps:

- Approve Goals
- Track Goals
- Closed

		Status Indicator	Due Date
Performance Goals			
Cascaded Goals			
Corporate:	Gain 10% market share to become the leader in our industry	Green	12/31/2009
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[Add New Performance Goals.](#)

Identify Strengths and Developmental Opportunities Across the Workforce

The screenshot shows a web browser window titled 'SumTotal Performance - Windows Internet Explorer'. The URL is <http://talent.sumtotal.com/Performance/Core/User/Calibration/CalibrationSession.aspx?CycleToProcess=500048&Template=500008&pid=5>. The page is for 'Year-End PA Calibration' and is viewed by 'Mike Ellis'. The interface includes a navigation menu with 'My Career', 'My Team', and 'My Groups'. The main content area has tabs for 'Overall Stacked Ranking', 'Potential vs Performance 9-box', 'Attrition Risk vs Attrition Impact', and 'Spreadsheet'. The 'Overall Stacked Ranking' view is active, displaying a table of employee ratings.

Overview
Select an employee to view details and actions for him or her.

Overall Stacked Ranking
Use this view to analyze the distribution of the overall ratings. To make an adjustment, click and drag a tile. Changes made here will also update the employee's overall rating on their appraisal form.

Far Exceeds Expectations	Hind, Emma	Sprague, Lisa	Williams, James	
Frequently Exceeds Expectations	Benton, Daryl	Huston, Janice	Martinson, Steven	Young, Leah
Fully Meets Expectations	Adams, Robert	Kindrel, Alexa		
Sometimes Below Expectations	James, Hugh	Timmons, Joelle		
Far Below Expectations				
Ratees With No Rating				

Evaluating Outcomes

“If you don’t know where you
are going, chances are you
will end up somewhere else.”
- Yogi Berra

Measuring Impact of M&A Transition

Measure	Weight	6-Month Target	6-Month Actual	Variance*	Weighted Variance
Market Share	20%	30%	46%	53%	11%
High Performer Turnover Rate	15%	4%	3%	25%	4%
Overall Turnover Rate	5%	5%	7%	(40%)	(2%)
Cultural Integration	15%	50%	30%	(40%)	(6%)
Operational Integration	15%	75%	80%	7%	1%
Return of Investment	15%	15%	25%	67%	10%
Employee Engagement	15%	70%	50%	(29%)	(4%)
Weighted Subtotal					14%
100 Basis Pts.					100%
Total Weighted Performance					114%

*Variance sign depends on whether the measure has a positive or negative effect on the business (e.g., higher turnover has a negative business effect).