

By Polly Schneider Traylor

Layoffs are bad. You can't put lipstick on that pig. However, as a leader in your organization, you can do layoffs the right way or the wrong way. Methods and opinions certainly vary from company to company, but we put together a list of some outstanding principles that seem to make sense in most situations. Above all, when you have to do layoffs, follow the Golden Rule: Do unto others as....

1 Plan well

Experts agree that one of the biggest mistakes leaders make is to make cuts too quickly, before properly evaluating the best roles to eliminate. This can be a mess later on if you discover that you have cut a critical employee and now need to hire that person back -- at possibly higher wages and with an attitude, to boot. So you'll need to look closely at employee skill sets -- how unique are they in terms of the current and future needs at your company? And consider performance: If you can avoid laying off top-performing people who have a solid track record with your company, do so. Cost might also become a factor: Is it better to lay off a few highly paid workers or a greater number of the lower salaried employees? That can be a tough call, but it should go into the evaluation regardless.

2 Be open with employees about the situation

Company executives are often paranoid when it comes to releasing information internally about the company's financial performance or possible layoffs, fearing that the information will get into the public domain. Yet your employees are invested in the future of your company and deserve to know the truth. They should be aware of real risks so that when layoffs do occur, they don't come as a complete surprise. "Companies often mislead the employees into thinking everything is just fine... and then 'BOOM' one Friday afternoon there is a huge layoff," says Jennifer Murphy, who works in sales for Background Investigation Bureau in Pittsburgh. "Well, there goes the morale of your existing staff."

3 Consider the timing

We have all commiserated with friends who've been laid off right before the winter holidays or on the Friday before a summer weekend scheduled with barbecues and outings with friends. Some HR experts advise against Friday layoffs for that very reason. Others believe it's better to do layoffs later in the week to avoid the "postal" worker situation of a disgruntled employee coming back the next day for some type of revenge. But here's one piece of sound advice from Shawn Oglesbee, managing partner with ON Search partners in Cleveland: "Do this late in the day or when surviving staff is not around, so those getting laid off don't do the walk of shame."

4 Avoid multiple waves of layoffs

Time and again I've heard from HR and staffing experts that companies should think conservatively about the company's future prospects when doing layoffs to avoid the dreaded "second and third wave" of cuts. Reductions that are not deep and wide enough the first time are a common mistake, says Oglesbee, who does a lot of VP-level placements for Silicon Valley companies. Follow-up layoffs kill motivation and spread anxiety among staff and often result in a greater total number of layoffs than if a larger cut was done initially, he says.

Here's another benefit of the one-round principle: "I have seen remaining employees respond by focusing on mission-critical work only, which is very healthy for an organization in crisis," says Jeffrey Wolf, who owns an HR consulting practice in Kansas City.

5 Think about how you can help people targeted for cuts

"Be as generous with severance packages as circumstances possibly allow," says Jackie Saad, president of Inter-Change Consulting Inc., an HR and organizational development consulting firm in Toronto. "Make sure that anyone fired for layoff reasons knows that you will offer them a reference letter and have spent at least 15 minutes calling around to your peers to make sure there isn't any quick transition available," advises David Smith, principal/owner of Axos Technologies Inc., a business process improvement and consulting firm in the Tampa area.

6 Be organized, professional, and sensitive when you break the news

It's best to schedule meetings ahead of time with employees, so that you can give them some sort of warning that a serious discussion is coming (without actually delivering the news). Then, Saad says, make sure you have all the exit documentation ready at the time of the meeting. Also, provide small things, such as bottled water, tissue, and taxi chits, in the event the employee is too overwrought to drive or take transit. She says the most important thing is to be brief: "Practice the art of the two-minute termination. Deliver the news in a forthright manner, hand the person the paperwork with all the details in it, make a statement of regret, and get on your feet." That may sound harsh, but it's not. There's no use -- and there's possible harm -- in dragging out an unpleasant conversation.

7 Include HR in the meeting

It's not a legal requirement to include an HR representative in a meeting in which an employee is given walking papers, but it might be a good idea. The presence of HR lends a modicum of formality to the meeting, and HR can answer any questions the employee may have. Some managers may prefer to deliver the news and then leave the room so that the HR representative can continue the process/benefits discussion and relieve the pressure on the employee. HR can also ensure that as a manager, you don't make any mistakes that could possibly result in a lawsuit.

8 Don't get emotional or make false promises

It's not a good idea to tell employees that you're suffering from having to let them go. They won't care -- you're keeping your job and they're not. Besides, your efforts at showing compassion may come off as insincere. "I've seen many managers cry or complain about the pain of being the terminator," Saad says. "There is no grace or dignity in that behavior." And you're not doing anyone a favor by saying you may hire them back when it's unlikely to happen, Oglesbee adds. However, it *is* okay to stay in touch with someone who would be an excellent candidate for rehire when the company's situation improves.

9 Do succession planning

In many cases, you will have to determine how the work that still needs to get done will get done once your staff is smaller. Think about this ahead of time and research the possibilities: using contractors, outsourcing, and/or redesigning job descriptions of remaining employees.

10 Wrap up the loose ends immediately

As soon as an employee leaves the building, his or her accounts and key cards will need to be deactivated. "Always prepare computer images of all critical employees within 24 hours in advance of making decisions about mass layoffs or dismissal," Smith says. "Your shareholders will thank you."

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