

Labor Reductions: The Communications Gauntlet

BY JAMES DONNELLY

It's a tough economy out there. Business is adjusting.

The U.S. Bureau of Labor Statistics recently recorded a third consecutive month of declining payrolls. It's hardly cause for panic — the 5.1 percent unemployment registered in March is less than the same average of the two decades between 1974 and 1994. Yet the work-force reductions are likely to rise as businesses trim expenses and industries begin to consolidate, most notably in the banking, airline, video game and Internet industries.



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Prepare

In a period when layoffs are likely, communicators must prepare. Managing communications during work-force reductions is always challenging. Layoffs create a fertile environment for media sensationalism, but that is an obvious, small part of the situation.

Here are three other truths to confront when working through labor reductions:

- **They're ego-busters.** No matter how many external factors led to a company's decision to downsize, an underlying business weakness is tough to accept. Wall Street may applaud the move, but it's a downer nearly everywhere else. Communicators are sometimes asked to move attention from core weaknesses to business positives. Though the temptation to do so will be great, resist in favor of authentic communications.

- **Strategic paralysis will set in.** Many decisions will require specific input from the C-suite, human resources, local managers, legal department and regulators, among others. These decisions will be fluid and conflicting at times, based on myriad inputs that make it difficult to maintain one strategic communication direction. It will test patience. In addition, the organization will struggle to decide when to begin communicating about job actions. Communicating layoffs too soon could decrease morale and increased attrition, exacerbating some underlying business problems. Communicating layoffs too late could increase rumors and blindside a community. In the absence of experience or clear leadership, most companies communicate too late.

- **These are often very personal situations.** Communicators who are called to assist with these situations

What's in a Name?

Over the years, some interesting euphemisms have been created to tell employees, "You don't work here anymore." Below are some synonyms for labor reductions that you may find familiar or a bit ridiculous.

A "let go"
Consolidation
Cost-containment
Declining
Downsizing
Involuntary attrition
Involuntary separation
Leaning-up
Nonadapting
Offshoring
Outplacement
Outsourcing
Permanent vacationing
Redesigning
Reduction-in-force (RIF)
Re-engineering
Resizing
Restructuring
Retrenching
Rightsizing
Sacking
Slimming
Streamlining
Terminating

often know the people being let go. Carrying this confidential and critical knowledge is an enormous burden. Experienced communicators know these situations require a keen focus on the future: How do I provide the most helpful information or available resources for these workers to seek new employment or to minimize their burden?

Media treatment of labor reductions

The factors above make these sit-

uations a strategy gauntlet for communicators. The media's treatment of facility closures and labor reductions also adds challenges. The following are some observations from a Ketchum review of more than 100 articles about labor reductions between 1990 and 2007:

- **Neutrality is the goal.** As expected, positive coverage of these situations was unattainable since the media focus on the human toll.
- **Communication should be constant and personal.** Companies that focused the majority of communication toward employees and communities instead of toward the media and Wall Street tended to receive more-balanced media attention. Likewise, when core messages focused on people — rather than the business rationale for downsizing — coverage was more balanced. Not surprisingly, some of the most favorable coverage, both in traditional media and online, appeared when companies were able to provide jobs at other locations, reimbursement for relocation or training for other jobs.

• **A failure to communicate invites scrutiny.** The most negative media coverage appeared when employees or communities felt they were receiving inadequate notice, or that the company had lied about the health of the business. In these cases, media most often conducted human interest profiles on specific people who were affected. Companies that failed to communicate effectively also seemed to face more lawsuits.

• **Unions influence coverage.** Perhaps this is an obvious point, but laying off union workers automatically broadens the scope of media stories. Less obvious is how a union's negotiation agreements are portrayed in the media. When companies and unions claimed a win-win arrangement, media coverage was balanced. Coverage was also neutral when unions claimed a win for the employees. Only when the media perceived the union as having lost was coverage negative, criticizing the seemingly uncooperative company. (Note: Unions may prefer a perceived loss or stalemate since the conflict can rally membership and increase pressure during future collective bargaining agreements.)

Best practices

Challenges abound, but the chance of success can be improved through communication based on the following strategic underpinning:

1. Assessment

When a labor reduction is first being considered, the best way to assess the level or tone of communications need-

ed is by using research to gain a 360-degree view of the socioeconomic environment.

• **Gather labor statistics and trends.** A Web search should uncover trends from the U.S. Department of Labor and state or province information. Also seek information from neighboring regions and cities, since workers often commute. Compare local unemployment rates with national levels.

• **Research key influencers.** Through Internet searches, communicators can also assess the public profile and history of various influential groups, including the city and economic managers, mayors, chambers of commerce, local economic development initiatives and established union chapters. Consider how a labor reduction will affect community involvement, such as school sponsorships, scholarships and charities.

• **Conduct a media scan.** Cull relevant media coverage to best gauge the environment prior to a labor reduction. When analyzing media coverage, look for the writing tone, volume and relative fairness of the coverage of similar events.

Assessment Summary Anytown, USA	
Assessment category	Impact to communications
• Labor statistics and trends	Neutral
• Key influencers	Neutral to high
• Media scan	Neutral to high
Overall impact potential	Neutral to high
Requirement	Extra communication and sensitivity required for this announcement

Results of this assessment organized into a grid can help other internal audiences quickly understand the environment for the labor reduction.

2. Alignment

Reputation management should be a central point of many of the multidisciplinary decisions that come with downsizing. The following approach provides communicators with the best odds of success in these situations:

- Assemble the functional team assigned to manage the

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Key audiences (prioritized)	Worst-case perceptions	Tough questions	Best-case perceptions	Communication strategies
Affected employees	<p>"The company doesn't care about the impact on employees."</p> <p>"My severance package is unfair."</p>	<p>Q: Why is this facility really being dosed?</p> <p>Q: Who will be retained? Why?</p>	<p>"I appreciate being informed punctually and candidly."</p> <p>"I have been treated fairly and appreciate the outplacement support."</p>	<p>Communicate authentically.</p> <p>Provide ample information on available resources.</p> <p>Appoint the local manager as the primary communicator with employees.</p>
Community leaders and economic agencies	<p>"This is another example of a company that doesn't care about its employees."</p> <p>"This blindsided us and we need to stand up for the community."</p>	<p>Q: How are you helping affected employees?</p> <p>Q: Can anything prevent this facility closure or downsizing?</p>	<p>"The company is doing everything it can for affected employees."</p> <p>"We are sorry to lose a valued employer like Company XYZ."</p>	<p>Closely coordinate communications with these key leaders.</p> <p>Express thanks for community support.</p>

labor reduction. This team should include (but not be limited to): the executive team, facility managers, human resources, and the legal, regulatory and public affairs departments. Determine who is leading the operational decisions, although the answer is often fluid.

- Ask each group to add any issues missing from the initial assessment.
- Decide when to launch communications and decide how much information can be disclosed about employee transition plans and the like.
- Meet regularly to troubleshoot new or changing information. Obviously, meeting frequency should increase as the time to announce the labor reductions nears.

Note: I assure communicators seeking management authority that multidisciplinary teams will appreciate this approach, because it provides a structure to a highly complex situation and keeps everyone engaged with the management of the announcement.

3. Communications strategy and messaging

To determine the best strategic communications approach, build a matrix analysis of each key audience that includes worst-case perceptions, tough questions, best-case

perceptions and communications strategies. An example is provided above.

Key messages should emerge from a review of best-case perceptions and communications strategies. Typically, those companies that do best in these situations are able to hit three points in their communications with employees:

- **The news.** "We want to share developing news with you because it could affect the future of this facility."
- **Relevance.** "We will share details about how changes could affect you and what support systems we will provide."
- **Feedback.** "We know you will have questions, so we encourage you to contact us." ■



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