

Managing redundancy

It happens to all of us. At some stage the market we are active in recedes and profits decline. We can cope with the downturn for a while in an effort to keep our skill base intact but the loss of profits threatens the continued employment of all staff and perhaps the very existence of the organisation. So what can be done when shedding staff become inevitable?

Points to consider

There are several things to bear in mind:

1. The redundancy programme must be completed in a fair and equitable manner. It must be managed within the law to avoid an employment case for wrongful or unfair dismissal. It is particularly important to avoid discrimination. This is not as easy as it sounds. Stand-alone (single person redundancies) are particularly vulnerable since you have to prove that there was only that one person who could be considered for redundancy. Tribunals don't like this and will pick through with a fine tooth comb to check the redundancy has been fair.
2. Redundant staff are envoys for your organisation, whether you like it or not. It is important to ensure that the former employee does not become dis-encharmed and as a result becomes negative about the organisation in every conversation. One disgruntled employee is one to many and that person will tell many others how they feel. The ripples of your actions will be felt far and wide, and if not approached properly can have a long term impact on your business.
3. Once the redundancy programme is complete staff will still be employed. They may be highly disillusioned and will certainly be demotivated. Significant work will need to be undertaken by managers to re-earn their trust and confidence.
4. Someone must pick up the work of those leaving so that customers who learn of the redundancy programme continue to feel that the organisation is capable of providing a good service. Staff picking up the work will be concerned for their own welfare (are they next?) and they will be concerned about the increased workload placed upon them.

Mitigating the impact

Ensure that everyone understands the reason for the redundancies and understands their new enlarged role within the organisation. New job descriptions are essential. Development reviews are a vehicle for one-to-one discussions with line-managers and increasing training and development

shows commitment to the remaining staff. Group or team discussions will also be beneficial, as will a whole company meeting fairly quickly after the staff have left. If people don't know what is happening they make it up – normally far worse, and more damaging, than the truth.

Legal compliance

Complying with the law is tricky. Make sure you use sound criteria when deciding that redundancies are necessary. Ensure you are as objective as possible. Keep a diary of events and conversations to show what action you have taken, and when.

You will need to announce the risk of redundancy and allow time for consultation. If you plan to make more than 20 staff redundant within a 90-day period you must complete a form HR1 and undertake a consultation period of at least 30 days. Even with less than 20 staff it is important to consult – it assists the process and protects you against unfair dismissal claims.

Communicate the rationale for redundancies to all. Above all behave professionally at all times.

Management Support

As principal, or managing director, of the organisation you will need support. If you have an HR professional on your team then you are lucky. Use them – lean on them – they will have the expert knowledge to guide you safely through the process.

If you don't have an HR professional on board – then use the web to find relevant information from legal help sites such as ACAS and Department for Business Innovation and Skills. You could also consider drafting in an interim to support you throughout the process.

Your behaviour during the period of uncertainty will be reflected by future staff morale and on the impact of the redundancies on your customer base and market. You cannot afford to get it wrong.

Sue Berry is Director of TimelessTime Ltd.
For more information email sue.berry@timelesstime.co.uk

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