Omni’s Guide To Successful Restructuring

Delivering Real Benefit with Minimum Disruption
If your organisation is considering a restructure, or is going through one, it is likely that this is a reaction to circumstances that require radical and urgent change, and in many cases this means significant compulsory headcount reductions. Immediately management and HR start to focus their attention on the legal ramifications of dismissing staff rather than ensuring the best end result.

Now, it is important to manage redundancy programmes sensitively and within employment law. However restructuring is a legitimate and effective business tool that allows organisations to improve their business performance. Similar to the rules of natural selection, it may be as simple as ‘evolve or become extinct’!

So the aim of any restructuring should not just be to manage the redundancy programme, or even to improve an organisation’s immediate profitability. It should be to build a new structure that allows your organisation to sustain and improve long-term profitability and be able to adapt more easily again as circumstances change.

Based on our experience of successfully coaching organisations through major restructuring projects, Omni has developed a focused and effective methodology for organisational restructuring that can be used by senior executives to support them, their business and HR managers to navigate the organisation successfully through difficult times.

This paper is divided into 2 Parts:

Part 1 is an overview of our “6 Steps For Successful Restructuring” where we describe our overall philosophy to restructuring and describe each step. We also indicate which parts of the organisation are involved in each step by introducing the four restructuring Stakeholder Groups.

In Part 2 we describe how you can make sure your restructuring is a success. We discuss tools and techniques that your organisation can use, and discuss the benefits of using external expert help in the restructuring.
Part 1:
Omni’s 6 Steps For Successful Restructuring

What are the 6 Steps?

Our experience strongly indicates that your restructuring should be run as a formally instituted, funded and managed change programme. A project plan must be developed to understand deliverables and responsibilities.

To support the development of the plan, as well as give you a better understanding of exactly what a restructuring programme looks like, we have developed our 6 Steps For Successful Restructuring.

The Steps are straightforward and sometimes challenging, however each is vital to go through and they are as follows:

1. **Restructure Decision**
   A decision is made by executive management to restructure.

2. **Detailed Plan**
   Responsible management plan the restructure, including any required reduction in workforce.

3. **Ideal Workforce Defined**
   Based on the restructure plan, the future workforce that will take the organisation forward successfully is defined.

4. **Consultation**
   All Stakeholder Groups are consulted on the restructuring.

5. **Implementation**
   The restructuring is implemented, including the newly defined Workforce Structure.

6. **Measure Success**
   The results of the restructuring are measured, and lessons learnt in preparation for any future changes.

Points to note as you go through the Steps are as follows:

- Your restructuring programme is not just about implementing a redundancy process but about delivering benefit and making an organisation ‘recession fit’.
- The emphasis of your restructuring should be on successful business change incorporating planning, implementation, communication and measurement.
- An important facet of your properly implemented restructure, is that it should consider the shape of the remaining future workforce i.e. what does your new organisation look like and what are the type of people that need to be a part of it?
- Although your restructure will have a beginning and an end, restructures should be considered as a series of lifecycles because inevitably one restructure will lead into another.
The 4 Stakeholder Groups

Your restructure will involve a lot of different people, all of which in their own ways are “Stakeholders of the Change”. Omni has defined these into four specific Stakeholder Groups, each of which has their own areas of responsibility during the restructure. They are, with their associated responsibilities:

- **Executive Management**
  Strategy and Decision Making

- **HR**
  Compliance and Process

- **Managers**
  Management and Performance

- **Employees**
  Delivery/Change/Displacement

In the next section we describe in more detail the activities involved in each of the 6 Steps and indicate which Stakeholders have the primary roles.

Description of Each of the 6 Steps

Each of the 6 Steps is a detailed activity in its own right and the descriptions below are therefore necessarily brief. For reference we have represented pictorially which stakeholders have a leading role in each step.

1. **The Decision**

   The decision to restructure will be taken by the Executive Management Team or Board of Directors of your organisation as a reaction to possible deterioration in business performance. They will be looking for significant productivity improvements and/or cost savings. Omni understands that this decision is often a difficult one and is usually taken when all other solutions have been considered. But it is at this stage that you will need to define the success criteria for the restructure and calculate the Return on Investment (ROI) – because the restructure will cost something!

2. **Detailed Plan**

   Once the decision to restructure has been taken by your Senior Management Team or Board of Directors, you will then need to develop a detailed implementation plan. This will make sure that all activities are covered in order to ensure that the benefits of the restructure are realised. The plan needs to consider long and short term business needs and objectives and may involve quick win activities to generate quick returns. You will want to use the Return on Investment targets to define the look and feel of the restructure.

3. **Ideal Workforce Defined**

   Identifying the Ideal Workforce to achieve the objectives of your restructuring is the next step, and one often neglected by organisations which are just focusing on knee jerk headcount reductions. When you consider your Ideal Workforce you will need to think about both the structure of the organisation, as well as the type of workforce required. This typically involves developing a knowledge, skills and competency framework matrix outlining the Ideal Employee. This can also be used to identify ‘at risk’ employees during Step 4 – Consultation, and support any individual redundancy decisions. Remember that it will be your post-restructure Ideal Workforce that will be responsible for the future success and sustainability of your organisation.
4. Consultation
The consultation period is often the most anxious time for everyone involved, and especially for those employees who are, or think they may become, at risk. But it can also be stressful for the managers and HR who are conducting the consultations. And it is often stressful for those employees not directly affected. There are lots of legalities that need to be taken into consideration during the consultation period not to mention the emotive environment that all stakeholders will find themselves in. It is vital at this stage that all your managers feel confident in the message they are delivering and are able to successfully manage all concerns and emotions that arise. From Step 3 – Ideal Workforce, if an employee asks to see the criteria against which they are being measured (which they can legally do), the manager can provide the correct and up to date information immediately. In addition we have found that high “Emotional Intelligence” is crucial during the consultation stage as managers will need to respectively manage their own emotions and those of everyone around them too.

5. Implementation
Your restructuring won’t stop postconsultation. Indeed it’s what happens after the consultation that will really determine the success of your programme. Fully implementing the results of the consultation and the newly defined Ideal Workforce is vital if the restructure is to be a success and achieve the original goals it was designed to. Your managers will need to re-motivate employees to ensure that productivity and morale stay high or at least do not drop. Employees will be looking for leadership and guidance throughout the implementation period as their work loads may increase with possibly no extra training in the short term and/or no extra financial incentives in place. Your workforce will need to be fully engaged and committed to ensure that they understand their role in realising your organisation’s new objectives.

6. Measure Success
Following your restructure/ change programme, you should assess its success against the original success criteria and objective. The criteria by which the success of the restructure can be measured will vary from organisation to organisation depending on the original reasoning behind the restructure but typically, measuring criteria will include:

- Turnover
- Gross and Net Profit
- ROI
- Productivity (e.g. contribution per employee)
- Attrition following restructure
- Loss of any business critical individuals
- Staff satisfaction
- Level of motivation and altruism
- Outlook/forecasts for the company

In Part 2 we discuss the tools and techniques you can use to ensure your restructuring is a success, the benefits of using external expert help in the restructuring.
Part 2: How to Make Sure Your Restructure is a Success

Get It Right First Time!

Restructuring is one of the biggest decisions your organisation can make and you will find it much harder to undo damage done by a poorly managed restructure than it is to ensure that the restructure is a success in the first place.

It’s likely that your managers and HR staff will not have undergone a restructure before and therefore lack the knowledge and experience of conducting one. If they have, then their previous experience may have been focused on improving their own individual circumstances. They may have limited knowledge as to how things could or should have been done better at an organisational level.

So a poorly executed restructure can do more harm than good. Typical issues you may find are:

- De-motivation and lack of productivity from anxious employees.

- Emotional cost of a poorly managed restructure process which could leave remaining employees with fragile psychological contracts and low organisational commitment.

- Resentment by displaced employees if not supported adequately infecting remaining workers.

- Cost of losing business critical members of the team due to the uncertainty they may feel towards their job.

- Cost of absenteeism due to stress and anxiety.

- The inability to recruit the necessary talent into the organisation following a poorly managed restructure due to damage done to the employer brand.

We recommend the following three strategies for ensuring your restructure is a success:

1. **Strategy 1.**
   Follow Omni’s 6 Steps For A Successful Restructure

2. **Strategy 2.**
   Use appropriate and proven tools and techniques (explained more in this Part of the document)

3. **Strategy 3.**
   Consider using independent, expert support such as that available from Omni…..
Why Independent Expert Support Can Help...

Although there may be objections to engaging external experts at a time when the idea is for costs to be reduced, using independent help will undoubtedly improve your chances of getting it right first time.

Here are six reasons why...

1. There will be plenty of vested interests trying to influence the direction of your restructure – independent experts can view issues and support your decision with more objectivity.

2. Each area of your organisation will have its own challenges – experts can identify the most appropriate solution to a particular problem based on real experience.

3. Record keeping at this time will be important but those responsible may well not have the time or the inclination – experts can monitor, audit and support your organisation’s requirements in this area.

4. Executive, HR and managerial staff may not have experience in restructuring – experts can train and support those responsible for the restructure.

5. Individuals will require support and remotivation – experts independent of the organisation will be able to provide impartial support and advice.

6. Someone will be held accountable for the success (or failure) of any restructure – experts can make sure everyone is properly supported throughout and provided with the necessary training and advice to ensure that they have the best chance of implementing an improved organisational structure and not left to pick up the pieces of a damaging cost cutting exercise.

The question at this point should not be what value can be added by providing expert, independent support and advice on a restructure, but what will be the cost if the restructure is not a success and does not achieve its objectives.

Tools and Techniques to Make Your Restructure a Success

Whether you are looking for help, or intend to do the restructure yourself, there are some key tools and techniques we have found invaluable in making sure a restructuring is successful.

We’ve put these into an easily referenced table, mapping each tool or technique against the relevant step in the 6 Steps for a Successful Restructure.
<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
<th>Lifecycle Stage</th>
<th>Benefits</th>
<th>Group Involved</th>
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<tbody>
<tr>
<td>Success Criteria Definition, ROI Development, Restructure Planning</td>
<td>A formal method for the development of Success Criteria and the Return On Investment of a Restructuring Programme. Looks at both intangible and tangible benefits. Considers both short term quick wins and sustainable benefits. Planning for the restructure in the context of the 6 Steps.</td>
<td>1</td>
<td>Defines the investment case for the restructure, and the benefits it will achieve. Ensures everyone involved clearly understands the reasons for the change and the importance of its success. Sets baseline against which success can be measured in Step 6.</td>
<td>Primarily: Executive Management</td>
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<td>Restructure Training for Managers</td>
<td>Designed to provide your managers with the necessary tools to ensure that your restructure is a success. The training is delivered by an Occupational Psychologist in Training and covers all the steps that help ensure that organisations are stronger following a restructure than before it.</td>
<td>3</td>
<td>Ensures restructure is aligned with business needs and objectives. Makes sure all communications are legal. Helps managers to deal with concerns (theirs and others).</td>
<td>Primarily: Executive Management</td>
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<td>4</td>
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<td>Secondarily: HR</td>
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<td>Defining Ideal Workforce</td>
<td>A structured approach to the definition of the new organisation and the Ideal Employee. Development of associated Competency Frameworks need to show that all decisions you take are made with the organisation’s best interests in mind, all decisions are legally defensible and everything is documented should any workers appeal. (Managers often benefit from support at this stage when they are expected to make those very difficult decisions regarding specific employees.)</td>
<td>3</td>
<td>Ensures that managers are able to select the ideal workforce. Helps managers and staff feel secure and confident about difficult decisions.</td>
<td>Primarily: Management</td>
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<td>Emotional Intelligence Training for Managers, Facilitated Forums, Open Surgeries and One to One Counselling</td>
<td>Anxiety levels are often raised during times of restructuring and often employees, managers and even HR, benefit from talking to an experienced professional about their concerns. Employees often turn to HR or their line managers at these times, but often HR and managers are too busy to sit down and hold open surgeries or have One-to-Ones with their employees. Employees, whether at risk or not, often feel more comfortable talking to someone independent and neutral. Facilitated Forums and open surgery sessions are also a good way for managers to get an insight into exactly what their team members are going through and summaries of these sessions are fed-back to the managers. One-to-One counselling is also available for more serious concerns needing professional support.</td>
<td>4</td>
<td>Ensures that the organisation is showing duty of care to its employees. Aids the anxiety and stress levels of workers and managers alike. Frees up managers and HR times to focus on their core roles. Provides managers with an insight into their staffs specific concerns. Can eliminate anger and retaliation from displaced workers. Can increase managers’ emotional intelligence so they are better prepared to manage their own emotions and the emotions of those around them.</td>
<td>Primarily: Employees</td>
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<td>5</td>
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<td>Secondarily: Executive Management, Management and HR</td>
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<td>Outplacement</td>
<td>Looking after displaced workers and ensuring they are provided with the correct help and support can greatly improve the impression and subsequent motivation of existing employees. Omni’s Outplacement Service includes: • CV Master Classes • Competency Based Interview Training • Psychometric Testing • Financial Advice • Career Mapping • Job Board Workshop • Agency and Network Training • Other services such as Retirement, Further Education and Starting Up your own Business can all be supplied on request. All outplacement services are delivered by BPS and CIPD qualified professional and are tailored to your organisation’s requirements.</td>
<td>4</td>
<td>Provides support to displaced workers. Reassures remaining employees that their former colleagues have been well cared for. Promotes a positive outcome for all following a restructure. Reduces likelihood of damage to the employee brand. Helps displaced workers find new roles and possibly new careers.</td>
<td>Primarily: Employees</td>
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<td>Motivation of Remaining Employees – Pro-Motivate</td>
<td>You should be aiming to keep the motivation levels of your remaining employees as high as possible. Omni has a specific training course called “Pro-Motivate” which has been designed to help employees feel engaged, motivated and committed following your restructure. The success of your organisation is dependent on your remaining employees performing to the best of their abilities and by using a combination of Motivational and Positive Psychology techniques, our consultants can help you achieve this.</td>
<td>5</td>
<td>Creates positivity and optimism. Can reduce absenteeism. Increase altruism. Improve productivity and motivation amongst workers.</td>
<td>Primarily: Employees</td>
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<td>Measures of Success</td>
<td>To measure whether the restructure has achieved the objectives and to gauge if there are any further improvements to be made, Omni has developed a method of defining the criteria by which to measure the success of the restructure against, including productivity, motivation of employees, employee commitment and satisfaction and original restructure objectives.</td>
<td>1</td>
<td>Provides an objective measure of whether or not new business objectives have been met. Highlights what could have been done better (for future reference). Provides staff with the reassurance that the organisation values their opinions.</td>
<td>Primarily: Executive Management, Management and HR</td>
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Omni is the UK’s leading Recruitment Improvement and HR Consultancy. Omni was established over 10 years ago and during that time has helped numerous clients to radically improve employee recruitment, retention and performance.

Omni has an in-house Psychometrician, Occupational Psychologist in Training along with Change Management Specialists and experienced HR Business Strategists. All our consultants are regulated members of the BPS and CIPD. Omni is privately owned and independent of any recruitment agency.

In 2003 Omni was voted the UK’s 46th fastest growing company in Virgin’s fast Track 100. Omni is the current holder of the “Best Recruitment Managed Service” category in the Recruiter Awards (2008).