



Effective Organisational Consolidation following Business Transformation: a Point of Engagement (Jan 2007)

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Introduction – Employee Engagement and Transformation

As experienced organisational transformation consultants, our experience is that far too many organisational transformation initiatives, (restructuring, downsizing, mergers, outsourcing and so on) fail to generate expected commercial and effectiveness benefits within an optimal period, given a tendency for organisations to flounder in that hazy area beyond the operational project plan called *employee engagement*.

'Employee engagement' is an old concept, re-clothed in new HR-speak, but essentially it is all about ensuring that people are well informed about 'what's good and what's bad', they have the opportunity to feed back their views on opportunities and threats, they are supported through any dissonance caused by organisational change, they are trusted by the organisation, they have reasons to trust the organisation and its leadership, they are motivated to perform, the organisation is seen to be reducing or removing sources of day-to-day hassle and irritation, credible evidence is provided by the organisation that the 'grass is still greener here than elsewhere', and so on.

When people are engaged, good things happen, motivation breeds success and progress is swift. When levels of engagement are low, things meander, and 'overhead' is a by-product; translating into lost time, impaired competitive position and lost money. Following organisational transformation, organisations are eager to revert to 'business as usual' as soon as possible, albeit that the business may look and feel like a very different organisation, with some or entirely new objectives. Low levels of engagement make this process creak.

Where the change has been particularly drastic and unpopular, (eg. where there have been redundancies, where transformation objectives have not been bought into by the team, where the need for speed has necessitated curtailed prior-warning, where the perception is that the change has been clumsily managed and so on), then poor engagement levels can have more debilitating effects, impacting reputation and employer brand.

Unfortunately, as people are a volatile organisational resource, with complex individual and group interests and motivations, it's never particularly simple to create a comprehensive employee engagement support infrastructure, regardless of the size of the organisation or the level of complexity of its transformation. For this reason, we often come across organisations embarking on successive organisational transformation processes, necessitated because of an incomplete consolidation job at the previous stage which has had direct impact on the commercial viability of the organisation.

However, no generalised advice fits all situations, or even most situations.

Nevertheless, it is crucial for organisations of all sizes to recognise that truly effective post-transformation consolidation requires the *recognition* that employee engagement can be a maker or a breaker of post transformation success.

Our view is that, during the consolidation period directly following an organisational change decision, (when it is crucial to move forward and not meander), it is useful to compartmentalise the key employee engagement to-do's under two areas of focus:

- A. Mitigating the people risks, and
- B. Getting back to 'business as usual'

A. Mitigating the People Risks

1. Re-establishing employee trust

A typical by-product of organisational restructuring and a round of redundancies is an increase in team unease and an increase in distrust – most often fuelled more by a degree of post-restructuring disorganisation (“things were much better before”) rather than by any clearly identified misrepresentation by the organisation's leadership. Often people will have lost respected colleagues and close friends as a result of the restructuring, and this sense of loss and unhappiness can create a very sensitive and sometimes volatile environment (subject to the overall culture of the organisation) – potentially leading to the further development of the grapevine culture which may have started ahead of the restructuring process. This often leads to an unproductive “playing it safe” approach by team members, or to isolated incidents of employee displeasure.

Where these incidents strictly occur within the organisation, they are more easily managed. Where they happen outside of the organisation, and within customer/external stakeholder lines of sight, this has potential to discredit the organisation, and damage the *employer brand*.

Organisations which consciously set out to re-establish trust in the leadership team and its decisions, and to do this with sincerity are most often successful in keeping eyes on the ball, mitigating the risk of the loss of key skills, reducing negative behaviours (eg. absenteeism), and reducing the likelihood of bad-mouthing. As with most things, trust is most often re-established with frank, open information sharing, (*the good and the bad*), via eliciting employee feedback on an ongoing basis, and by being seen to be concretely addressing this feedback in a competent and structured manner.

2. Employee wellbeing focus

In addition to the potential for increased incidents of employee coping difficulties and stress during organisational transition, it is often very useful for organisations to illustrate that they are making an enhanced effort to support the wellbeing of the “*survivors*” of recent restructuring. This is reasonable as change will have brought about a degree of disruption, and the potential for an increase in levels of stress, which in turn lead eg. to behavioural issues in the workplace, increased absenteeism, and potential for stress-related claims against the organisation.

Organisations in the UK will do well to be familiar with the (very reasonable) *HSE guidelines on stress*, which address employee stress related to a) workplace demands, b) the degree of control over one’s job, c) the degree of support provided by one’s manager and the organisation, d) the quality of workplace relationships (linked to bullying), e) the degree of understanding of one’s role, and f) the degree to which one is afforded a participative role in the change process.

Bringing together complementary elements such as stress and wellness policies and practices, EAP’s, employee surveys, counselling, coaching and specific communication is a useful start to mitigating potential risk in this area, and to ensuring a high level of employee wellbeing.

3. Talent management focus

Most often organisations managing a round of restructuring-related redundancies are faced afterwards with the legacy of urgently needing to *retain* those elements of their *leadership and technical talent resource base* which are crucial to the success of the business, post-consolidation. The cycle is repetitive in many organisations we come across – a good deal of effort is put into managing the redundancy process, far less the survivor engagement and retention strategy.

Our view is that organisations in the process of consolidating a recent restructuring would do well to look broadly across the organisation at the elements likely to impact positively or negatively on talent retention, and to closely manage these elements via a comprehensive process of: a) communicating the organisation’s recognition of what’s important, b) eliciting feedback from the organisation on “how it is feeling”, and c) showing evidence of direct follow up on the key areas likely to create disengagement, and risk of de-motivation and key talent losses.

HDA frequently uses the following *HDA Employee Engagement Framework* © to measure and manage team engagement and the likelihood of key skills losses – measuring 9 key aspects of the organisation which together are most likely to impact team engagement and retention following organisational change.

PROCESS The right processes are in place to support the business	ROLE CHALLENGE Roles are challenging, and motivating	VALUES Company values are clear, and are clearly subscribed to by management
WORK-LIFE BALANCE Workloads are full but not excessive	INFORMATION Line managers and CEO provide business with appropriate level of information	STAKE / LEVERAGE REWARD/ RECOGNITION People have significant long-term stakes, & rewards / recognition & career leverage are competitive
MANAGEMENT Performance objectives are clear, performance is regularly reviewed, and performance is fairly managed for ongoing improvement	WORK ENVIRONMENT The work environment is supportive & empowering	PRODUCT Products and services continue to excite and challenge

B) Getting back to Business as Usual

1. Managing "compression" of accountability and structural adjustments

Following most restructuring, there is a degree of *role/accountability dissonance* which often creates a high degree of day-to-day "churn" and dissatisfaction; specifically, there are most often fewer people to carry out the same level of activity or often fewer people to learn and adopt new rationalised processes.

We find that organisations which are pre-emptive about planning and managing the details (who, where, how, when) in respect of expected new accountabilities are best placed to ensure smooth acceptance, and "business as usual" following the restructuring.

Poor planning in this area impacts motivation, levels of trust and team engagement – and in turn increases the likelihood of poor talent retention. HDA recommends a range of "*accountability de-compression*" approaches and tools to reduce this regular organisational consolidation problem.

2. Re-establishing normal management structures

Similarly, any restructuring and downsizing leads to a re-calibration of management structures. Often, the new org chart and the reality on the ground are somewhat different.

Managers often take time to talk to and establish a relationship with their new charges, take time over re-organising and re-scheduling work, and then often assume that it's business as usual. This getting back to normal period often leads to a degree of resentment and fear the longer it takes to settle in, and often takes a good deal of time to fix where time is *squandered* engaging and settling in a new team, vs managing this at speed.

In our experience, where organisations place emphasis on managers getting around and talking to their new teams as soon as possible following a restructure, whilst armed with the right level of information (*"what I know and what I don't know yet"*), this often leads to a more successful integration of manager and team.

3. Establishing new processes

Often organisations place a good deal of focus on tightly project managing the restructuring process, and on defining any new processes necessitated by the change in the way that work is carried out. Often also, the definition of new processes is not matched by clarity on how new structures and new levels of resource impact the day-to-day activities of the team. In our experience, many organisations tend to restructure and leave people in a *process/practice detail vacuum* for a longer period than is optimal.

This leads to people slipping back into old or known ways of doing things, (simply because things still need to be done), adding confusion and impacting morale and engagement. Few organisations are good at getting this right, but with recognition up front of the likely *accountability-process disconnects*, organisations can provide people with a sense that this degree of imbalance is relatively normal for a while, and that "management is on the case".

4. Re-establishing normal communication / information-sharing structures

Just as much as clear and compelling internal communication will have been crucial prior to and during the restructuring/downsizing, we would argue that providing clear and compelling communication to the "survivors" is even more crucial as they need to continue to be engaged and provided with information key to them. Often we find that organisations take the view following a restructuring that it's "business as usual" again, albeit that any change creates a degree of dissonance likely to mean that people now need *more rather than less* information.

Organisations that closely link their messages and information to both external and internal constituencies are best placed to maintain both their external and employer brands. *Honest and informative communication* and providing the opportunity for feedback and questions breeds trust. Staff intranets, staff magazines, information mailshots, team briefings, employee help lines, EAP's, internal surveys, etc. should have greater emphasis placed on them following restructuring and redundancy.

5. Creating Reality Checks

Just as much as communication is a good thing; often business circumstances following restructuring and redundancies don't improve overnight. Often a period of consolidation is matched with poor or slowly improving business conditions. In these circumstances, being upbeat all of the time can appear dishonest and shallow. In our experience, organisations and leadership which keep survivors *informed in a balanced way*, openly identifying the problems and constraints that need to be surmounted are best at generating trust, employee engagement and motivation to succeed.

6. Re-establishing Team Development Programmes

Restructuring often leads to a need for technical and supervisory re-skilling, as people take on new activities and roles needing *new competencies*. Often training budgets are cut around the time of organisational changes, as a commercial necessity.

Funding provided - being seen to be putting weight behind and re-investing in training and development is often an early sign to the survivors of restructuring that the re-organisation has led to an improvement in learning and development opportunities. Where cash remains tight, organisations which focus on providing *flexible high value, low cost learning opportunities* such as project assignments, secondments, coaching, mentorship, etc. tend to create greater survivor engagement. Ongoing development implies continuity.

For more information on any of the above please contact Sweta Patel, Campaign Manager – HDA, at:

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More on HDA:

HDA's range of consultancy services support organisations in all sectors (ranging from FTSE/Fortune 100 companies, to SME's, to public sector organisations), to manage the human aspects of business capability and organisational / career change.

Our work ranges from closely partnering with client organisations to manage large scale organisational change and restructuring processes, to facilitating behavioural change and development within teams and individuals; both in established and early-stage organisations.

HDA provides consultancy solutions in: organisational change consultancy, group facilitation, career management and outplacement, leadership development and executive coaching, employer branding and talent development, performance and productivity management, employee retention and motivation, stress management and employee counselling.

More on Clayton Glen:



Clayton Glen is Commercial Director with HDA (www.hda.co.uk), a privately-owned human capital consultancy, based in London, Manchester, Leeds, Birmingham, Bristol, Glasgow, Swindon and Bournemouth. He has accountability for all commercial activity across the company's business streams.

Clayton has held senior HR and commercial roles in the UK, the USA, continental Europe and in Southern Africa; in a range of industries, including chemicals/fmcg, automotive, e-commerce consulting and mobile technology. He has an MBA from the University of Wales. Prior to joining HDA, he was Head of HR & Finance with a venture capital funded mobile technology start-up (www.shazam.com), where he had accountability for building an international team and infrastructure in London and the USA.
