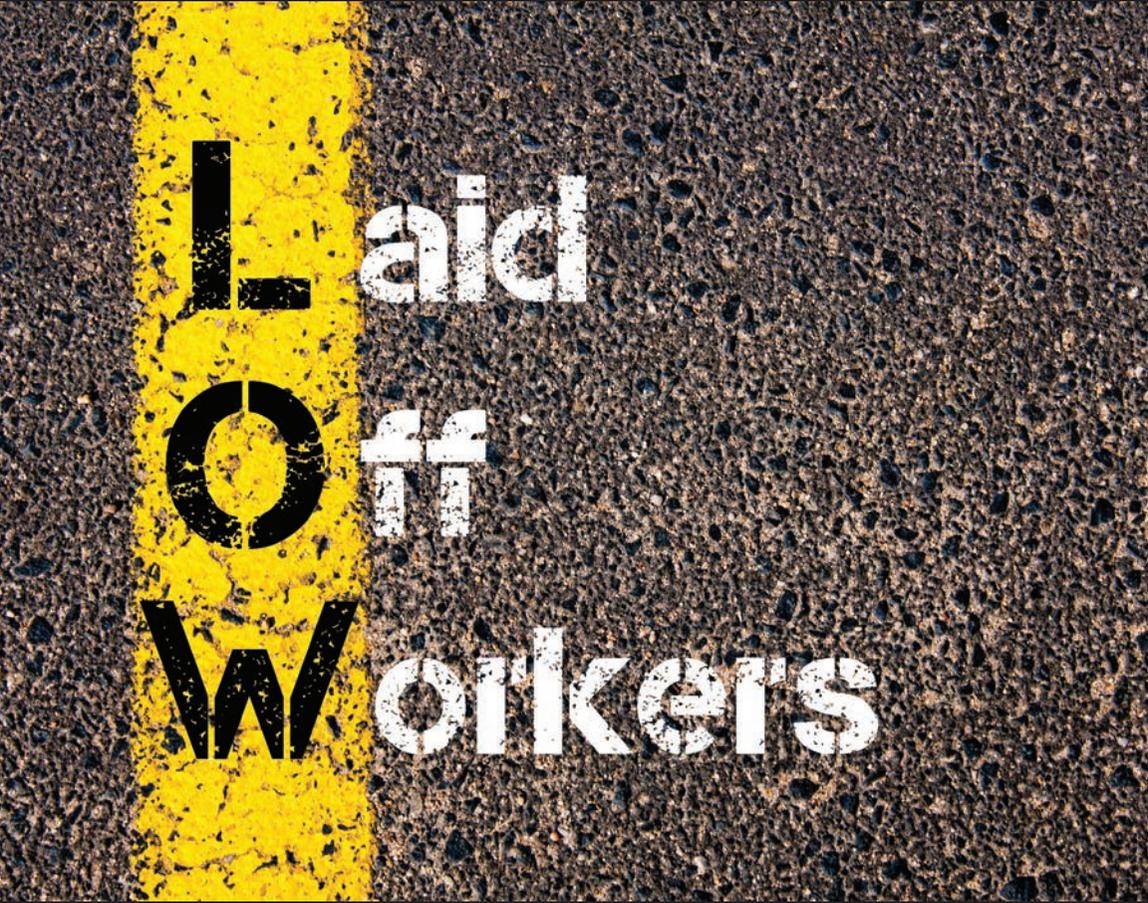


# Organizational Optimization

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*Understanding Why Lay-Offs Happen*



**L**aid  
**O**ff  
**W**orkers

**Vicki Wright Hamilton**

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*Understanding Why Lay-Offs Happen*

*“The real measure of your wealth is how much you’d be worth if  
you lost all your money.” ~ Unknown*

*“It is not the strongest of the species that survive, nor the most intelligent,  
but the one most responsive to change.” ~ Darwin*

Vicki Wright Hamilton

## **Introduction**

How many people do you know that have been affected by a company reorganization and found themselves out of a job? Perhaps this has happened to you. You find yourself asking many questions: What did I do wrong? Why me? I always got great performance ratings. How am I going to make it? I haven't interviewed or looked for a job in ages, as I was loyal to this company. Yes, these are the thoughts that often arise when we are faced with the thought of losing our jobs and being jeered out of our comfort zones.

### **Understanding Restructuring from the Company's Perspective**

Before I begin to address the above, you are probably asking yourself, how does she know and how can she relate to what I am actually dealing with? Well, I am glad you asked. I know because I have been there multiple times for different reasons and on both sides. Yes, the side that had to do the restructuring and the side that has been affected.

I would like to explore the perspective of both ends with you and hope that I can provide some insights to help you understand and potentially move forward.

Let's begin with why does a company do this at all? First and foremost, it is important to realize that it is not about you, personally. Even if you "personally" do not have the skills to do a job; it truly is about the business. I will explain this more in detail later on.

As you continue to read, there is one other thing that I want you to keep in mind: Your household is the foundation of your personal business. So, all of us are a business owner. I will make correlations between the actual company/organization and your personal business. Believe it or not, all of us go through this process for ourselves each and every day, whether it is a formal process or not.

I think we can agree that every organization, company or service is in business to make money, meet their goals and to be successful. Of course that is why they started in the first place. If you can follow this premise, then you can possibly agree that things change. Several factors that contribute to company re-organization; market for your industry takes a hit, competition increases, operational expenses increase i.e. Health care, taxes, etc., need a change in strategy or direction and many more. Each one of these areas will cause any leader to ask themselves the question of how to manage the change, move forward and continue to stay alive!

Once the recognition is made that a “change” has occurred or is going to happen, each leader must go through a risk assessment. Not only for today but for tomorrow and into the future. They must understand how much their business is at risk. Now remember, risk can be good or bad. It can be good that you are growing so much that you have to take the risk of how many people/resources to add at one time so you not do too much at once. It can be bad when you have to make harder decisions on changes required to survive.

When a company goes through their analysis, they are required to look at product/services needed, capital & financial impact, skills required, process impact, and customer impacts. As they look at each area, this is where the hard questions come to play. Believe it or not, most companies (*I can't say all, as everyone is not equally effective*) take the names off the table when they begin. They actually start with the strategy and changes required from the impact identified. They have to know where they are going first so the roadmap can effectively be created. Once the roadmap to the strategy is done, they begin to look at the roles and skills required. Then, they map people to each. Now, you are probably saying, “ok I get that”. That makes a lot of sense. When you find a role that is needed and the person doesn't have that skill, why can't they train them? Why can't they invest in “their most valuable resource”? This is a great question. There are several reasons that may be the case.

## **A Practical Illustration**

Let's look at an example to hopefully make this easier to follow. It was time for the company to revisit their strategic plan as the market for their industry was definitely going through a change. So, company A went through their analysis of changes and found these results:

- Financially they were not growing. In fact, they had started hitting a slump in bringing in more revenue
  - Although Company A was aware of potential competition in the marketplace, they did not think the impact would be as big. It looked like the cost of entry was not as high as it once had been. So, three more companies got in and now have part of the market share.
  - Their current technology was starting to wear down. They had done well on their refresh of equipment, but to move forward with additional products, they were going to have to introduce more capital.
  - The skills needed to move the company forward were changing and the workflow to get things done could be streamlined.

As we know, it is much deeper than what is listed above. Yes, “the devil is in the details” but I wanted to just look at a few impacts. I don't know about you but as a leader when I read the above situation, I knew that the real work was about to begin. The bottom line is no matter what I do or the decisions that I make, things are going to change and there will be an impact. More competition took more of our supporters/customers away and definitely impacted our bottom line growth, not to mention, the new technology that is required for our next product. At the end of the day, the company did not have the money to do it all. They had to make priority decisions by looking at the risk in detail. So, at the end of the day, they could not have all of the people on payroll, regardless of their skill set. They could not invest in training for each person and had to prioritize their personnel based on the other skills they brought to the table. We all are not the same in our abilities! So, complimentary skills may make one person less of a risk, than another.

That is NOT to say that we each don't have talents. As that is not true. Everyone has a talent and is good at something, but may not meet the needs at the moment. This is a possible reason around the training.

The impact of process and workflow are critical to position eliminations. They must look at how things have to change to streamline and be more efficient. We all know, when a process is more difficult than it needs to be, it definitely costs more money. They didn't have the money to spend. When the company has to streamline, they must look hard at each role and eliminate duplication of talent, as well as, those that are no longer needed through the change. Ok, I can hear your voice as you are reading this. You are saying, ok I can see that this needs to be done for the company to move forward. But, when you talk about money and financials, I just don't understand why the executives take limos or have extravagant lunches, etc. Can't they save money there? The truth of the matter is Yes. However, that is a part of the culture and the desires of the leader. Some leaders will stop it and some won't.

One of the last considerations that must be developed is communication. Why are certain pertinent details withheld from the staff? Some would say, "they just lie and don't tell us the truth"... "I can't believe them and there is no loyalty anywhere". Let me first say, communication is one of the hardest things to do for any company. I know, you are probably saying, no it isn't...just tell me. Well, let's look at what has to be considered. First and foremost, the security of the business must be kept in place. As we know, there are critical positions that could really harm the business. No one wants to think anyone would do it but it is about managing risks as no leader understands how an individual may take the news of a change. A leader must consider what to say, when to say it, how to say it to staff and customers. Everyone reacts and handles change differently. Now, with that said, a leader must communicate so people understand what is happening.

Now that we have talked about the company aspects, let's now relate it to each one of us. I promised earlier to make a "real connection" between the two. Each day, all of us make decisions for our own busi-

nesses called, “self”. Yes, each of us are a walking business of sorts. When life happens each day, we make the best decision for ourselves, as it relates to us/family. You only have so much money coming into the household. Regardless of the amount, it is never enough when unplanned circumstances present themselves. The first of the month comes and mortgage/rent, car note, insurance, electricity, gas, water, food, etc is due. You sit down to pay all of the bills. Things are great when the money is there. Well, the day that the car needs an unexpected repair, which you must get fixed to go to work, and not to mention that it is the same day that the refrigerator decides to quit working. What do you do? You go to the money and figure out what needs to be cut. Now, you can't go out to dinner, get the grass cut, or have the house cleaned.

Let's explore what you have done to your “employees of service”. The employees that cook food and serve at the restaurant are not able to make the money that they did when you came; the employee relying on the money for cutting your grass or the one that relied on your money to clean the house - now they must adjust their money coming into the household and what they can do. Perhaps you are thinking - others will go to the restaurant or they can get other customers. But, the reality is that we don't know that anyone else will go out to eat or that it will be easy for them to find a replacement client.

## **Moving Forward**

I have actually experienced all of this firsthand. I began to recognize the impact my company decisions were having on others. It happened when it was a little closer to home of not being able to pay for evenings out, much less, for a caregiver required for a family member. The person who helped me counted on that money for her bills. I simply had to be honest and say, I had to reprioritize my expenditures due to money being cut from my budget. That was a hard pill for her but it was for me too as I didn't like her being in that position. But, I had no other choice. Guess what? This is how companies feel when they have to let employees go. It is hard work!

Now that we have both views and impacts, what can we do about it? The short answer is - you can't do anything about a company having to make the hard decisions. However, you can make it easier for yourself when you are prepared. What does being prepared mean?

**It means that you:**

1. Stay on top of the industry that you work in and business impacts.
2. Understand when the market changes and challenges to your company.
3. **ALWAYS** give 200% in all that you do. Working smart and learning more to put tools in your toolbox is for you. It is for you when the day comes and you need to show your diversification and abilities.
4. Don't **EVER STOP** connecting with others to develop relationships, so you can have a true network. Networking takes work and it is not a one time "meet and greet" or "exchange of business cards". It is a relationship where both parties know each other by name.
5. Always volunteer for things to expand your knowledge and experience. Yes, that means you don't get paid dollars but the experience can be worth gold in your next step.

Speaking from experience, you may have emotional breakdowns or periods where things just seem to be low and you are trying to figure it out. It is very normal and ok. All of us just have to get up and put our plans into place to move forward. If you are prepared, the transition can be a little bit easier. At the end of the day, we must remember, "it is not personal - it is just business".