

DownSizing Times

DownSizing Strategy (603) 767-0480

Organizations have a choice. If they succumb to the negative environment they may suffer prolonged and irreparable damage

Downsizing Will Last, But it is Also an Opportunity

The downsizing phenomenon began in the 1990s when organizations found that domestic and foreign competition forced them to make strategic and substantive changes in order to survive market competition.

But downsizing during this recession has reached alarming proportions.

The natural question we all ask is how long will the pain last. A truthful answer is that nobody knows for sure, after all, most economists were caught by complete surprise as this recession went from bad to worse. With that

warning, let me attempt to summarize what most economists are saying today.

Unemployment rates, one measure of the pace of downsizing, is currently at 7 ½ percent. However, it is almost certain to increase until at least the last quarter of this year. Many are predicting that it may top out at between 9 to 10 percent.

In addition we are experience negative rates of growth in GDP, the stock of unsold houses is at a record high, we are suffering from signs of deflation, and the

consumer has stopped buying.

With this as a backdrop it is very unlikely that downsizing will subside for at least another year.

Sounds terrible, but organizations do have a choice. If they succumb to the negative environment they may suffer prolonged and irreparable damage. If, on the other hand, they respond to the opportunities left by those who are carelessly downsizing and firing good workers, they have the once in a 70 year chance to move ahead when this is over.

Management Must Protect its Human Resources

Downsizing and its consequences are terrible. Period.

Those who still hold their jobs suffer from more work, more responsibility, demanding bosses, and the continued threat they may be next to go.

In a study I conducted about the survivors of job layoffs, one of the workers interviewed said it this way. "Presently, management is attempting to get more work out of us

– no raises this year. We are not getting any recognition for increasing our work load and helping out. If we are not at work, we are being harassed by phone calls to come to work! We are on a sinking ship with no life rafts or life preservers in sight."

While this is just one company, what this does bring to mind is that during these tough times companies can abuse the willingness of the

workforce to help out. But in the end it only backfires as workforce morale drops off a cliff.

Organizations must keep in mind that key to surviving this crisis is not only preserving financial resources but also human resources.

A little recognition can go a long way.

A little recognition can go a long way.