

Service & People Final Project

Motivation and Downsizing



Gossip Girls : Ashley Lin

Linda Tsai

Tamara Chen

Prepared for : Dr. James Stanworth

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I. Introduction

A. Research purpose

Recently, the employees in technology industries have laid off or been placed on administrative leave. From this matter, we searched the other similar case as well as other information, and we want to know the company how to conduct the downsizing and what the effects on employees who do not be laid off .

✓ ok

B. Definition of downsizing

Downsizing is a commonly used euphemism which refers to reducing the overall size and operating costs of a company, most directly through reduction in the total number of employees. There are several reasons to engage in downsizing. The primary reason is to make the daily operations of a business more efficient. For example, a company may be able to replace assembly line employees with machines which will be quicker and less prone to error. In addition, downsizing increases profits by reducing the overall overhead of a business. In other instances, a company may decide to shut down an entire division

What is the source of this?

II. Methodology

A. Case study

Resource : HBR ca 09
Topic : After the La
Case :

We search for a similar and relevant case. The case that seemed most useful was....

Harry Denton, the CEO of Delarks company was discussing the color of the fall season with Claire Ladd, a major apparel distributor for Delarks. But Harry could not concentrate on their discussion, he just worried the news : "Delarks Merchandising Chief Defects-Will Others Follow?"

Denton had transformed Delarks from a boring, outdated chain into a fun, interesting shopping mall, and company's board also satisfied his performance. But the success of revenues increasing and stock price growing were not tasting as sweet as Denton had hoped.

The problem, Denton knew, was that he laid off many staffs when transformation. He knew Delarks' "no-layoff" policy, but he still decided to cut 20% employees, about 3,000 people in all. Actually, most people understood the restaurants had to be shut down, but people could not stand Denton laid off several longtime saleswomen. In fact, he had predicted such a reaction, but he knew he had no choice : many old employees were the lowest productivity and they could not realize

① ?

Delarks' offered : urban, modern, and fashion.

Denton had lived through about a dozen downsizings in his career, so he did not believe there was "kinder and gentler" way to fire people. The best way was to do it quickly and to make sure everyone got a fair treatment. The laid off people could get two months' pay and offer free outplacement services for one month.

Still, the reaction had been severe. Most of the fired people went quietly, but the survivors were angry, and even the new staff that Denton had brought in Delarks were upset. They considered Denton should tell them about the layoff in advance. Denton not only faced the problem that Rachel Meyer leaved to their competitor, Blake and Company, but also employees did not trust him. Moreover, he feared Rachel would take other people with her, what if she would take Liz Garcia, Delarks's director of sales-associate training.

Next situation, Thomas Wazinsky, Delarks's head of human resource, told Denton that rumors were flying : four or five senior people and a number of salespeople prepared to leave the company. For the series of matters, Denton and Thomas decided to held a series of "town meetings" that they could talk straight with the employees. However, it seemed no used. (Exhibition 1)

However, this approach was not used.

B. Case analysis

(A) Problems and influence

1. Inappropriate layoffs- Individualism Leadership

➤ He does not discharge the responsibilities of forewarn. Because Denton always acts according to his will regardless of other's important person, for example, he should discuss with Thomas and informed Sylvia before the layoffs. He doesn't trust in his employees for fear of the news leaking during layoffs, so that people feel like senior management isn't honest with its people. His independent way leads to a misunderstanding and no confidence.

➤ He neglected to explain for the layoffs' necessity and fairness. People took the firing of several hundred longtime saleswomen very hard, and also had some guilt for their pay which their friend doesn't have anymore.

good.
Effective downsizing needs to use highly effective communication.

This is also called the 'survivors' syndrome'

2. Defected crisis-staff have no trust in the new CEO

Although Denton's new policy makes a high performance, everyone in Delarks seems want to leave. The reason is a series of layoffs.

- For employees, they are hurting and require to make up the past, or they won't coordinate.
- For senior managers, they can't stand working in a place where everyone hates coming to work.

good

3. Morale is really low

Layoffs usually tend to increase stress, burnout, and insecurity and to decrease job satisfaction, and trust. It is linked to greater turnover, diminished willingness of employees to help one another, and poorer job and company performance. According to Maslow's hierarchy of needs, people feel they lose the routine, position and Familiar environment in daily life. In other words, staffs lose their safety needs and the levels of needs' satisfied go down. (Exhibition 2)

Yes - critical and with this performance is low, too.

(B) Solution :

How to solve these problems and help survivors be more effective?

After layoffs, it effects on motivation not just for those who has lost their jobs but also for those left behind. For those left behind, it is tend to increase their levels of stress, burnout, and insecurity and to decrease morale, job satisfaction, and trust. Just we said as above, it corresponds with the second of Maslow's hierarchy of needs- Safety needs. They lack of security and tend to become tense, uneasy so that affect the job performance. So, the primary task for company is to rebuild employees' trust to help survivors be more effective.

YES!

For the company should repair the damage caused by a mismanaged downsizing. As a result, after layoffs we point out some solutions thereafter.

1. Stabilize key people and keep the “star”.

Research shows that those with the most training, education, and ability are the most likely to quit if dissatisfied. In the case, Delarks must carefully assess his senior staff, deciding how much he trusts each person and determining the value that each brings to the company. He should express his confidence in them, and his desire to have each person on his team.

We must pay special attention to high performers. Provide support and encouragement, and help them see that downsizing opens new opportunities and channels for promotion.

2. Drive out fear and build in trust.

Let the survivors know the downsizing is necessary and company have no alternative. In the case, Denton should remove as much uncertainty as possible by declaring layoffs a last resort and by being clear about how decisions affecting individuals will be made.

Company should declare no layoffs temporary, and even if that commitment to have time limit, there will still be helpful.

3. Communicate, communicate, and communicate.

Downsizing tends to disrupt social networks and information exchange within companies, adding to employees' negative feelings. Communication must be constant, candid, and two-way. In the case, Denton should also resume the town meetings. It let frontline people vent their feelings and know that they had been heard.

Leaders should encourage increased contact among managers and employees, promote active listening, institute open-door policies, and get employee input into decision making.

4. To reduce the turnover

One research shows a substantial increase in voluntary departures after layoffs, even if the downsizing was small.

Because the costs of being understaffed and of employee replacement and training are particularly unwelcome when a company is attempting to save money.

And for the future, institute HR policies that promote a sense of justice, such as confidential problem-solving avenues and effective grievance or appeals processes. Companies with those policies had smaller increases in voluntary turnover after layoffs.

III. Conclusions

We use HBR case study “After the Layoffs, What Next?” to overall the downsizing condition. Delarks Company was on the verge of bankruptcy. In order to cut down the too much expense and increase the efficiency, Harry Denton decided to downsize and do layoffs.

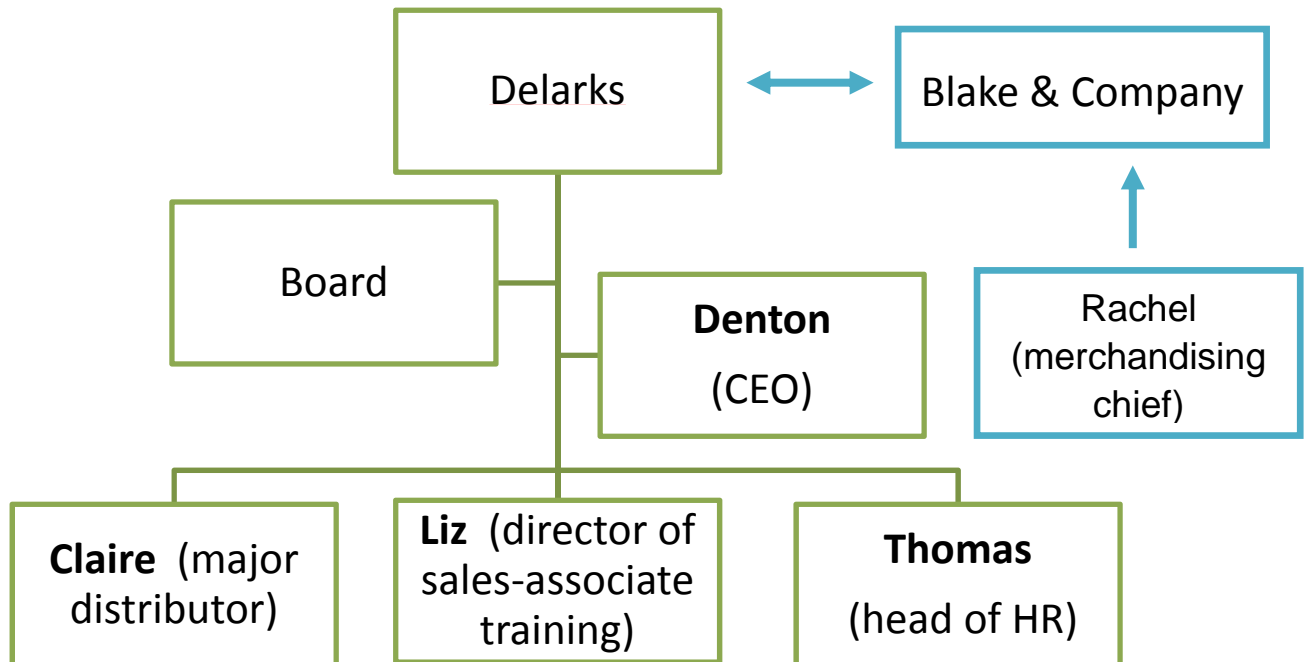
Surprising, who lost their jobs don't make too much complain instead who those left behind in company. We guess the unemployed receive some good redundancy pay and have free outplacement services, so they don't have too much displeased. Instead, the survivors afraid they would be laid off every day so have very high fear and low trust toward company to affect the performance.

Use the motivation theory- Maslow's hierarchy of needs we can know, survivors lack of security and safety needs so that reduce the level of satisfaction. It make them decrease morale, job satisfaction, and trust.

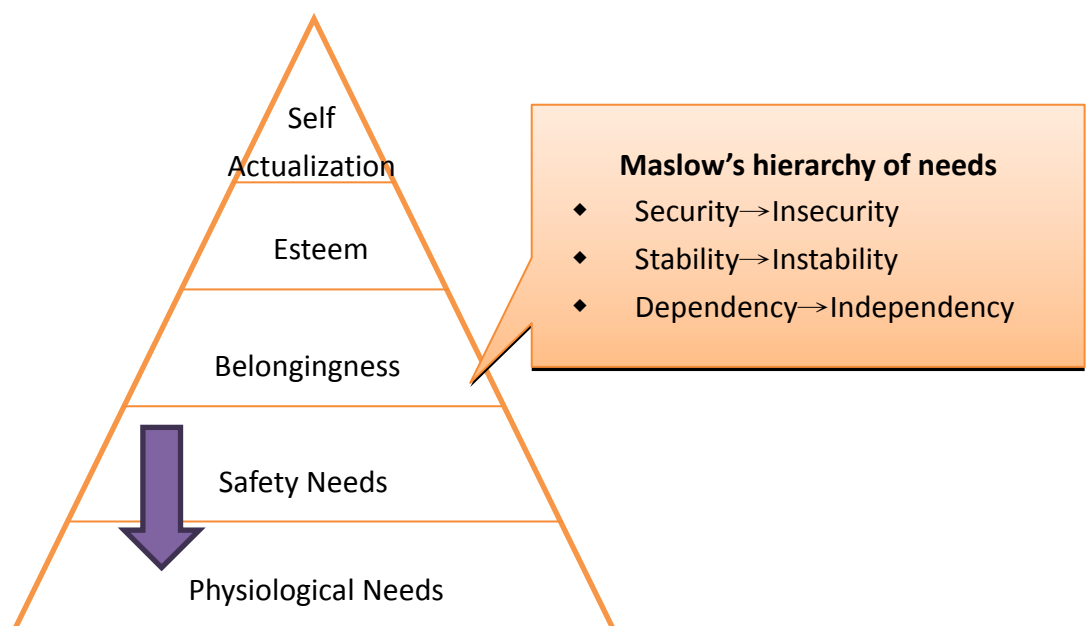
So, the primary task for company is to rebuild employees' trust to help survivors be more effective. We find out some solutions including Stabilize key people and keep the “star”, Drive out fear and build in trust, Communicate and reduce the turnover are all very important.

Appendix

Exhibition 1 : Case roles



Exhibition 2 : Maslow's hierarchy of needs



FEEDBACK ON YOUR PRESENTATION

QUICK PRESENTATION FEEDBACK			
GROUP:	GOSSIP GIRLS		
A	B	C	D
Are ideas presented connected with the aim of the presentation?	Are the ideas presented clear supported with evidence and logical argument?	Is it easy to follow & to understand? (Are the slides clear and easy to follow e.g. use of new pictures, words, graphs)	Overall impression (is it a group presentation etc.?)
40%	30%	20%	10%
<p>Comments</p> <p>Start ok – but a little quiet</p> <p>PowerPoint is clear.</p> <p>Come early – to setup and test. Arrive at 9.30 and make sure everything is working.</p> <p>Good use of the animate.</p> <p>You spend too much time on the organization chart slide.</p> <p>Use the headings in the powerpoint more effectively to tell us more.</p> <p>Good job!</p> <p>90%</p>			
Grade: 0%			