

Learning from experience: 3 things the GFC taught us about redundancy



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By Guest Author

Remember how the Global Financial Crisis (GFC) wreaked havoc on stock markets, financial institutions and businesses whose profitability and growth forecasts were bedevilled by unanticipated, rapidly unfolding events?

While Australian businesses and workers got off lightly, compared with their counterparts in other developed nations and economies, the downturn nevertheless generated a wave of lay-offs, as organisations looked for ways to cut costs and shore up their positions.

Fast forward 12 years and there's a feeling of déjà vu – amplified. The COVID-19 pandemic has thrust Australia's economy into an overnight recession, with sweeping shutdown restrictions and slowing demand putting formerly thriving enterprises under intense cost pressure. Savage cutbacks have occurred across the board, with 2.7 million people losing their jobs or being stood down between March and April, according to the Australian Bureau of Statistics.

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That's a previously unimaginable figure. And while the introduction of the JobKeeper program is enabling thousands of businesses to tread water during the shutdown period, it's naïve to think we won't see further rounds of redundancies through 2020 and 2021. As the economy progressively reopens, right sizing and rationalisation initiatives are likely to lead to businesses finding it's no longer viable for them to maintain their pre-COVID-19 headcounts.

It's a challenging time for employers and employees alike. So, what are some of the lessons from the last major crisis that companies can use to manage the process well this time round? Here are three things the GFC taught us about redundancy programs.

Planning pays off

When circumstances change rapidly and for the worst, panic can be a natural human response. While taking swift action may be necessary to stem losses, it pays to hasten slowly when it comes to making people redundant. Rigorous planning is needed to ensure the process runs smoothly. Ideally, it should begin with extensive consultation with leaders from across the enterprise, to determine which employees are essential workers and which are candidates for redundancy. How the latter individuals will be exited from the organisation also needs to be carefully mapped out before any action is taken.

Support outgoing employees

Maya Angelou famously said that "people will forget what you said, people will forget what you did but people will never forget how you made them feel". When it comes to giving employees the generally unwelcome news that they no longer have a job, there was never a truer word spoken. Clear, consistent and sensitively delivered information is needed to let people know exactly where they stand – but good communication is only half



the story. Backing it up with an effective outplacement program that assists employees to transition out, pursue new career opportunities and approach the future with positivity means they're less likely to leave your employ feeling discarded and disgruntled.

Conversely, demonstrate an absence of care in the way in which you handle their last weeks and days with the organisation and the experience is likely to cancel out the goodwill that's accumulated over the preceding months and years. Ex-employees' negative opinions may well be shared on social media, via their professional networks and with their new colleagues, should they stay in the same industry. That's a bad look for your business and one which will serve you poorly when times improve and you're looking to attract top talent to your team.

Make morale a priority

Redundancies are rough on all employees, not just those who've been selected to leave. 'Remainers' often feel guilty that they're still in work when former colleagues and friends have been let go, and insecure about their prospects, even if assured their positions are safe. That's why maintaining morale needs to be a priority in the weeks and months that follow a major redundancy round. Being as transparent as possible about the organisation's plans and managing the transition process with sensitivity and respect can help remaining team members feel more positive about the future, for themselves and the business.



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