

A LEADER'S GUIDE FOR ETHICAL LAYOFFS

How to center dignity and humanity in times of crisis

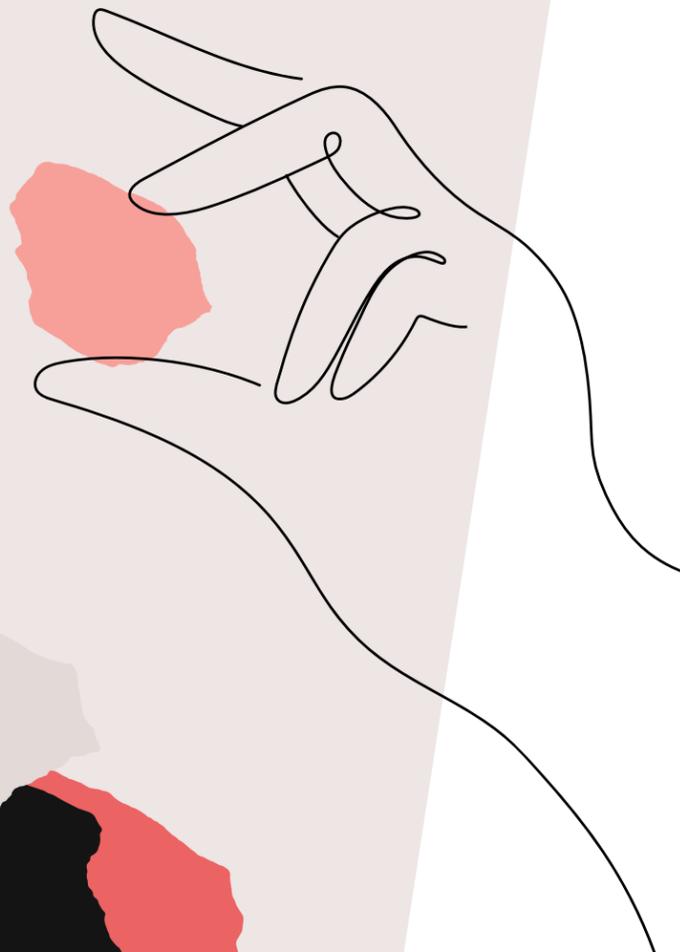
All organizations will face a time when they must make tough decisions that impact the jobs of their employees. It's quite possible that how you got here involves circumstances that are beyond your control. But what you can control is how this process unfolds. You can handle this in a way that cares for the people that have worked hard towards your organization's mission. You can do what's right for the business while still honoring your values and being mindful of the greater impacts to society.

This guide was designed to help you evaluate, plan, and communicate layoff decisions with **equity**, **honesty**, and **compassion**.

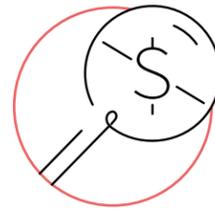
EXPLORING YOUR OPTIONS

The first reaction in times of financial distress is to look at labor savings. If your outlook has the potential to be short-term take the time to first consider all other cost-cutting measures. Then explore other innovative alternatives.

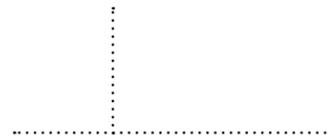
Although labor is often your biggest expense—it also creates the most value.



KEY QUESTIONS TO CONSIDER:



What costs can you reduce or eliminate in order to save jobs?



Subscriptions

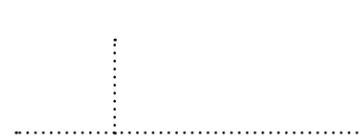
Perks

Executive pay

*Re-negotiable
contracts & terms*



What assumptions do we have about how our organization runs that can be challenged in this moment?



Changing customer needs

Changing employee needs

Infrastructure

Societal impacts



How can we innovate what we do or how work gets done in order to protect what matters most?



*Working from home/co-working
with another organization*

Supply chain alternatives

Expanding products and services

Compensation changes

GET CLEAR ON YOUR END GOALS

If you have explored your other options and still need to reduce staff, it's important that leadership is aligned on the intended outcomes. **This is your moment to design the organization for the future, not recreate the past.**



KEY QUESTIONS TO ALIGN ON AS A LEADERSHIP TEAM:

STRATEGY

Will our business model and/or strategy need change in the future? Are there roles that will be critical in the future state that we might not think of as critical today?

CULTURE

Is our goal to retain the current culture or change it in our future state? If we wish to change it, what do we want to change it to?

STRUCTURE

- Are we the right size and shape to deliver on the future state of our organization?
- Are there departments that have grown beyond the need?
- Do we have the right ratio of manager to staff for our business?

VALUES

What unique organizational values do we need to make sure we honor in this process? How will we do that?

DEFINING SUCCESS

Based on this discussion, what will it look like at the end of this process if we are successful?

MAKING TOUGH DECISIONS

Your financial analysis should give you an idea of how deep you need to cut but here are some other factors to consider:

MEASURE TWICE, CUT ONCE

Don't underestimate the cultural and productivity impacts of letting people go. It's important that you cut deep enough to only have to go through this once, otherwise, your remaining staff will always be on edge, distracted by the thought that another wave might be coming and that they might be next.

GENEROUS SEPARATION SUPPORT

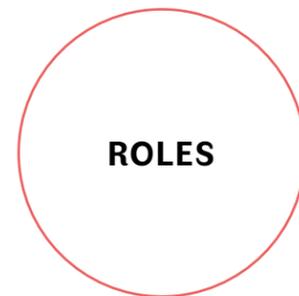
The end of employment can be one of the most important touchpoints in the employee journey. Being let go can impact a person's sense of self-worth, confidence and independence which then impacts their ability to effectively care for themselves and their loved ones. Your plan should enable you to provide generous separation packages to those that are leaving. The support you are able to provide could significantly influence their ability to bounce back and rebuild.

If a cash separation is not possible for your organization, what is possible? Could you provide tech, placement services, references that could aid them in their job search?

ANTICIPATE ATTRITION

Know that there is often some level of attrition after layoffs. Despite your best efforts, some employees may feel that they need a new beginning. The size of this attrition will depend on your culture, circumstances that led to this, and how you handle this process.

As you begin making personnel decisions we recommend you evaluate:



ROLES

Based on your goal setting you should have an idea of what roles will be most impacted. In this first pass you are focused on building a structure that will allow the organization to thrive in the future state.

CAREFULLY CONSIDER:

- Departments or positions with low utilization
- The size of leadership and management
- Duties that could be eliminated, consolidated, or outsourced for less

EQUITY

Evaluate the work of your first pass through the lens of equity.

KEY QUESTIONS:

- What is the demographic makeup (age/race/gender/ability, etc) of those that would be impacted? What is the demographic of the staff that is not impacted? Could you defend or justify these results in a court of law if needed? Could you defend them to the public?

Operational roles are often looked at first and these roles are more likely to be filled by women, people of color, and younger employees.

- Will these results advance or retract our progress towards building a diverse, equitable, and inclusive organization? If these changes will make our organization more homogenous, how can we retain or reassign people into different roles?

- Have we acknowledged the power and privilege that comes with being a decision-maker in this moment? Have we evaluated our own roles with the same scrutiny that we've looked at others?

It can be challenging to look at our own roles without bias. Partner with other governing bodies (leadership, HR, the board) to solicit broader perspectives.

INDIVIDUAL

Once we've evaluated roles through the lens of equity we can look for exceptions based on individual strengths and weaknesses. Layoffs should not be a mechanism with which you address your performance issues (those should be proactively managed) however it is ok to make efforts to retain the people that are most adaptable and resilient in times of change. You will need to protect and/or rebuild culture coming out of this and you'll need culture champions to help lead the way.

KEY QUESTIONS:

- Is there talent or skill that can be leveraged in new ways?
- Are there culture champions with transferable skills we would like to utilize in other roles?
- Are the roles we can offer them a good fit for their skills and passions?

DELIVERING THE NEWS TO IMPACTED EMPLOYEES

Delivering the news with impacted employees can be one of the hardest moments of a leader's career, and because of its importance, it should not be outsourced. Leadership and HR should partner on these conversations but **we believe that those that made the decisions bear responsibility in executing them.**



✓ DO	✗ DON'T
<ul style="list-style-type: none"> ✓ Respect and acknowledge each circumstance individually 	<ul style="list-style-type: none"> ✗ Lead with efficiency through group meetings, email, or recorded videos.*
<ul style="list-style-type: none"> ✓ Prepare your talking points ahead of time. Write down what you will say. 	<ul style="list-style-type: none"> ✗ Be scripted. ✗ Let legalese or professional jargon override being human.
<ul style="list-style-type: none"> ✓ Allow silence. ✓ Respect the time it takes to absorb difficult information. ✓ Count to 10 after delivering difficult news. ✓ Allow for emotion. 	<ul style="list-style-type: none"> ✗ Fill up space with nervous chatter or appeasements. ✗ Make this about you or the time you went through this.
<ul style="list-style-type: none"> ✓ Let the employee set the pace for receiving information, this will vary person by person. 	<ul style="list-style-type: none"> ✗ Feel the need to communicate everything (especially the details of severance) in one meeting.
<ul style="list-style-type: none"> ✓ Share what you can. Employees will value different information at this time but it's common to ask who else has been impacted or what the plans are for their position moving forward. 	<ul style="list-style-type: none"> ✗ Default into everything as private/confidential.
<ul style="list-style-type: none"> ✓ Provide a knowledgeable contact person that can answer questions when ready. 	<ul style="list-style-type: none"> ✗ Send them with nothing more than complex documentation.

**NOTE: We know sometimes, due to extenuating circumstances, this is unavoidable. Perhaps employees work remotely and it's not possible to meet face to face. Or the volume of impacted employees would make it impossible to notify people individually. In those cases, ask yourself, how can we do this in a way that respects and values the individual? In what way can we honor their different needs and circumstances? How can we lead with our values?*

COMMUNICATING WITH THE ORGANIZATION

By the time you are ready to communicate with remaining employees you will have been on this difficult journey for some time. **Keep in the mind that the journey of understanding is just beginning for the rest of the your organization.**

WHAT YOU CAN EXPECT:

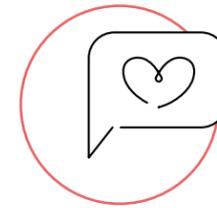
It's likely that some, if not all, employees have been speculating, and dealing with the fear and anxiety of the unknown for a matter or days if not weeks. Their initial response might be relief to finally be "in the know" and still have a job. But a second wave of emotions will follow which may include guilt, concern, judgement and fear.

TIPS FOR HOW TO RESPOND:



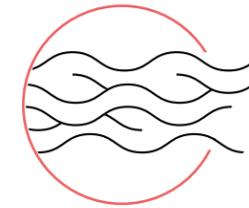
SHARE WHAT YOU CAN

Employees will want to know not only who, what and why but they also will want to know that people were taken care of, how decisions were made, and what signs to look for that this could happen again.



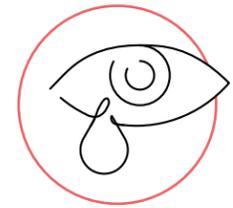
RESIST THE URGE TO "CRAFT THE NARRATIVE"

It can be tempting to try to craft yourself in the best light and have all the answers. What if instead you led with honesty, vulnerability, and truth? What if you gave yourself permission to say, "we don't know"?



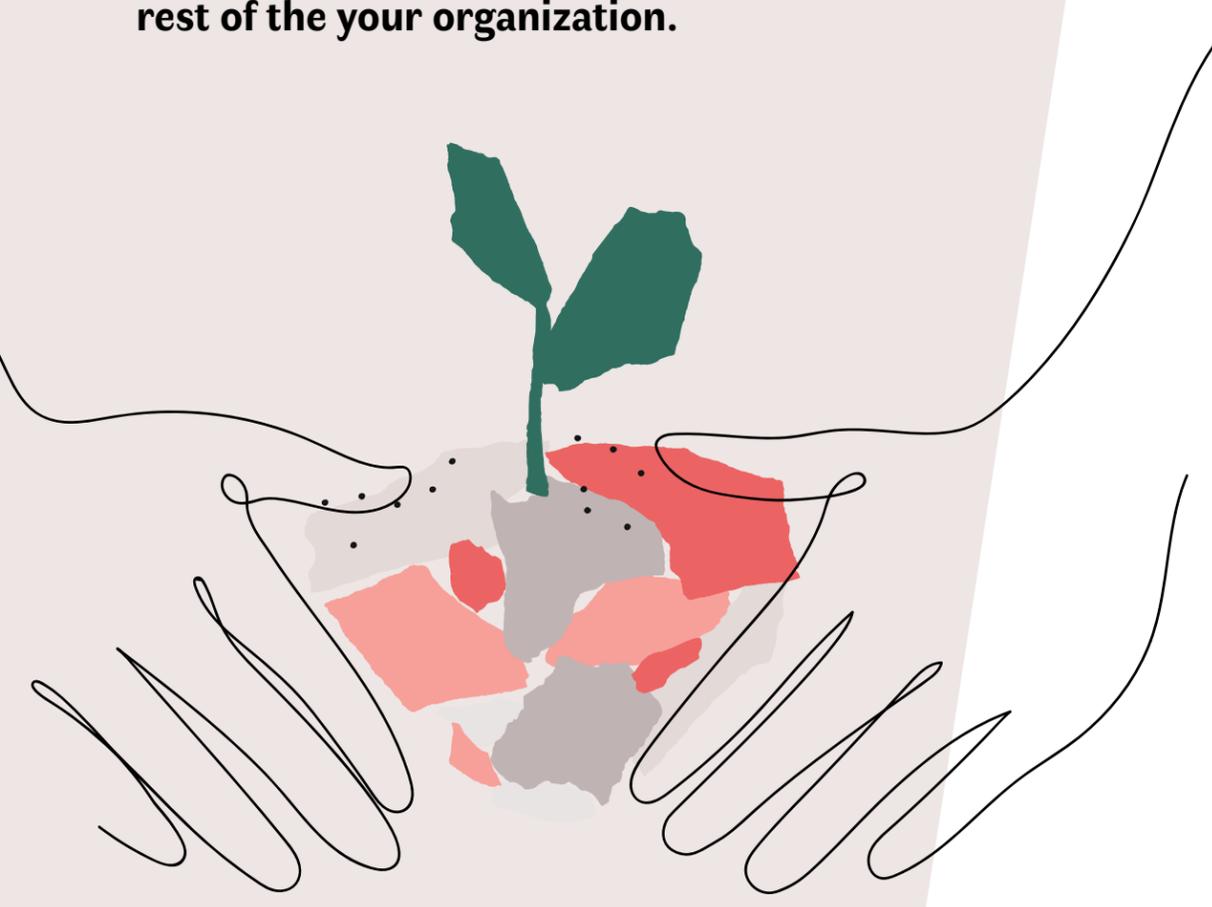
DON'T LIMIT OR CONTROL INFORMATION FLOW

Efforts to shut down communication are rarely successful and can lead to mistrust. Instead, provide easy and unfiltered access to leaders and encourage difficult and direct questions. Additionally, don't try to restrict communication with employees that have departed.



ALLOW THE ORGANIZATION TIME TO GRIEVE

Lower productivity expectations during this time and allow time for teams to process.





www.futurework.design

Difficult times like this require that we act fast and do what's best for the organization. But by acting quickly we must not overlook the value of the people that helped us become who we are today. This is a moment for us to slow down, be thoughtful, and consider the impacts of everything we say and do. The decisions you make now, will have lasting consequences for your employees, culture, and brand.

We know this is hard. Be brave, be thoughtful, be kind.

**FUTURE
WORK
DESIGN**