

The Right way of Rightsizing



**Anthelio Business
Technologies Pvt. Ltd**

**Block 1, 3rd Floor
DLF Cyber City, Plot No
129-132
APHB Colony, Gachibowli
Hyderabad, India -
500019**

+ 91 40-49005544

25-May-2012

Harjeet Singh Khanduja

Senior Vice President & Head – Human Resources

Pranshu Keerti Mishra

Assistant Manager – Human Resources

Introduction

In today's constantly changing world, Corporates are often forced to take tough decisions which may at times include closing down a particular business process. This poses an equally challenging situation where HR has to rightsize the organization as well as handle survivor's syndrome and other repercussions that the exercise leads to.

The purpose of this white paper is to explain how to rightsize in a positive way, handle survivor's syndrome and convert it into an opportunity for employer branding. The paper provides an overview on how Anthelio healthcare Solutions managed the entire cycle of rightsizing and handled the after-effects of it. The paper also describes how corporates can use a similar approach and transform the threat of rightsizing into an opportunity for establishing an employer brand.

Defining Rightsizing

The process for a Corporation reorganizing or restructuring their business by cost-cutting, reduction of workforce or reorganizing upper level management. The goal is to mold the company properly to achieve maximum profit.

In April 2012, Anthelio revamped its business focus to build specific domain expertise and help clients in meeting with the challenges in the healthcare IT industry. As a result, the management decided to restructure its business strategy and close its PFS (Patient Financial Services) business process. This meant reduction of 80 employees who were working for PFS business process. Rightsizing the organization for business realignment was a huge task to accomplish as it can lead to resentment from the affected employees; negatively affect those who are retained by the organization and effect brand image of the company as a whole.

Key Challenges in any rightsizing exercise

Possibility of High Attrition

Rightsizing often leads to job insecurity among existing employees, which causes high attrition. Managing rightsizing well is all the more important as attrition in profit making areas can hit the top line directly.

Possibility of Offer Drop Outs

In case the news of rightsizing is communicated to media or posted on social sites, it may rise concerns among candidates who are offered to join and can result into offer drop outs. This may severely affect deliverables at the clients' end, as we secure several projects on the grounds that we have relevant resources in the pipeline.

Possibility of increase in Recruitment cycle time

Rightsizing negatively affects the brand image of an organization. As an employer, this poses a lot of challenges in recruitment and selection of new resources, as candidates resist joining an organization which goes through such exercises.

Possibility of breach of Physical Security

During such exercises, affected employees often show resentment by causing physical damage to the organization. Being an IT organization with costly assets, physical security poses one of the biggest risks.

Possibility of breach of Data Security

As an IT company, data/information is an important asset without which we cannot operate. Employee resentment often poses threat to Data Security as well.

Possibility of Legal Suite

If not managed well, rightsizing can pose a potential threat from legal perspective too.

Possibility of impact on Existing Clients

Since almost all the employees are customer facing, another challenge was to ensure that no wrong message or miscommunication goes to the existing clients, which could affect business relations with them.

Possibility of impact on Re-Hiring of Resources in Future

Though we have realigned our business strategy to suit IT business, we did not want to close opportunities to work on PFS side of Business in future. This means that we might want to keep the option open for hiring on PFS side in future, given the opportunities that might arise for the business. Rehiring in same domain can be quite a challenging proposition to deal with.

Possibility of Negative Publicity on Social Networking Sites/Media

With the presence of social networking sites and various other platforms, it becomes very difficult to ensure that the brand image of the organization does not get affected.

Training of HR Team

A basic issue faced by HR team at Anthelio was that most of us did not have any experience in handling such situation and had never witnessed such an exercise in our career. Managing Rightsizing well was the toughest and biggest challenge for us. We arranged for an external training. The Training Program consisted of Simulation Exercise, Role Plays & Movie-based Training. The program not only helped us in understanding the importance of handling the exercise in a systematic way but also to understand the situation from both the employee and employer perspective.

As part of this training, we did various analyses which included listing down the various categories of employees that were supposed to be separated in terms of On-Probation, Confirmed, Experienced, High Cost/Low Cost, Supervisors, Mentors, and High Performers. We created Work Flow Diagrams and included various associated activities along with the responsibility of each and every team member.

We also did a brainstorming on the threats that this exercise can pose to the organization and assigned severity level to each threat. We then identified the preventive and mitigation steps for each and every threat and assigned responsibilities to the team members to handle them.

While going through the training exercise, we realized that while we can handle rightsizing very efficiently in the way it is handled by most organizations, we would like to do it in a different way altogether thus maintaining the sanctity of the values we cherish.

Rightsizing: The Anthelio Way

Most of the companies go through similar exercises. What makes a difference is how we deal with the situation. In our case, we tried our best to empathize with the affected employees and make sure that these employees are supported both financially and emotionally. In such a situation, emotional side of people plays a critical role. Brands are built or destroyed based on how people emotions are dealt with. However, emotion management needs strong hygiene factors and very strong support of processes.

Our first priority was to ensure that our employees do not end up being jobless. We found that more than the fact of going jobless, it is the thought of going jobless and job insecurity that leads to stress and frustration among employees, which can come out in any form of violence. We had two options before us – Internal Redeployment and Outplacement.

Establishing the Bridge: The Connector

We decided to establish a stronger communication bridge. We started communicating with employees about the business situation and kept them aware of what is happening. We explained them the rationale and the kind of support we will provide if things change. We also worked in detail with the people who were opinion leaders and were respected and trusted by people.

The direct formal communication and strengthening of the same by opinion leaders helped us in handling this tough situation. We rolled out several IJPs (Internal Job Postings) for available positions.

Internal Redeployment

We had openings in IT and coding support; we rolled out IJP and gave preference to AR (Account Receivable) resources for appearing in the interviews. We were able to place 11% employees through Internal Redeployment Exercise.

Out-Placement

Once organization decided to take a call on rightsizing from the business, we poured in all our efforts to provide outplacement opportunities to the affected employees. We reached out to 15+ organizations with similar operations and invited them to come to our premises for placements. The entire activity was purely driven by the networks and linkages of HR Team and leadership, as we had their full support and consent on the way we decided to conduct the rightsizing. This was also a good example of collaboration among competitors who are serving the similar markets.

Before arranging the interviews, we arranged a few sessions with the employees, amicably and peacefully explaining them the business situation and communicating them about our efforts to outplace them; thus taking care of their emotional side. Balanced communication during these interactive sessions played an important role. In addition, the role played by “The Connectors” proved to be a boon in giving these interactive sessions a positive dimension.

We were able to place 60 employees. It proved to be a major relief for the employees as it helped them in coping with the stress of financial stability as well as job security.

Exit Operational Activities

30 April, 2012 was the proposed last day of PFS resources. We wanted to ensure that our employees faced no problems in terms of settlement and their queries were duly resolved. We also had to ensure that end to end exit formalities and associated activities of 70+seperations were completed within a time span of 5 Hours, i.e. between 12 PM-5PM. This was necessary to ensure that their payments do not get delayed.

We decided to handle the entire activity in a systematic manner and tried to digitize most of the things, ensuring that all the formalities are completed without error and in the most efficient way. Entire team worked day in and day out before the proposed date to ensure all the required forms and letters are arranged sequentially, thus nullifying the scope of error.

We also prepared a list of FAQs with responses so that there is no scope of miscommunication and employees receive the information they are looking for.

Anticipating that there might be genuine concerns seeking special attention, we prepared Approval Matrix, defining designates who will be able to address an exceptional case. Though we did not come across any such request by the employees, but putting that in place was a big relief, as we were fully prepared and clear in our minds on how to handle each and every case.

In order to ensure that there is no miss from legal per se, we designed all the relevant letters in consultation with the Legal Team.

Before the D-Day

Prior to the day of exit, we planned the entire exit day. Though we had already satisfied our employees through our redeployment and outplacement efforts, we wanted to make their exit day as painless as possible. Each of the team members played different roles. The objective was to make that day the most memorable day in Anthelio for all the affected employees.

The 30th Day of April

On the proposed date, we conducted one-on-one with each and every employee to make them understand the situation, help them with their settlement and address their queries as smoothly as possible. The best part of the entire activity was that none of the employees showed any negative action or resentment, instead they were nostalgic about Anthelio. We were able to achieve zero forced attrition, as all the employees tendered their resignation willingly.

Exit Interviews and Note of Thanks

Though processing 70+ separations in a single day - that too along with full and final - was a tough job, but we did not miss on getting feedbacks from the employees. Employees were asked to give their feedbacks and express themselves by writing on a wall. We did an analysis of the comments to find scope for improvement and got the following results:

Employees were treated with dignity	100%
Employees were treated fairly	90%
Employee complaints were addressed	82%
Company is sensitive to employee needs	83%
Company's effort for in - placement	78%
Company's effort for out-placement	83%
Will you rejoin the company - Yes	96%
Will you recommend company to your friends - Yes	97%
Work environment of company - Positive	85%

Finally our Training Personnel met the employees and gave them laughing Buddha as a token, bidding them good wishes for all their future endeavors.

Anthetude

We at Anthelio believe in developing the right attitude – ‘Anthetude’. We are always sensitive to the learning needs and career enhancement of our employees. We are proud to say that we take care of the same needs for our ex-employees as well. At the time of bidding farewell to them, we offered them option to nominate themselves for ISO Training Certification Program, fully sponsored by Anthelio. 90% of the ex-employees opted for it, came to office on the specified dates and participated. Even though the Training Program did not have a business reason, it did carry the humanitarian aspect and was offered more as a blessing to those parting employees for their individual career growth.

After meeting the Training Team, employees were given opportunity to meet a career counselor. 25% of the employees opted for the counseling service. It helped them gain a positive approach and attitude to handle such life events amicably.

Freedom of Expression

We wanted to help the employees vent out their feelings; good, bad or ugly whatever it be. This was basically designed to ensure that employees could express themselves without feeling a need to go to social sites or blogs to vent out their frustrations. We provided a space to the employees and arranged for a small wall on which they can write whatever they wish to write, as a feedback or suggestion. But to our utter surprise, the responses were extremely positive!!

While we were able to handle separation on a very positive note, the next most important part of the exercise was still not complete - handling the emotions, anxiety and feelings of insecurity among the retained employees.

Handling the Survivor's Syndrome

To maintain the productivity and achieve the rightsizing goal, it becomes all the more important to deal with the survivor's syndrome effectively. Post rightsizing, we organized leadership interactions to officially communicate and manage employee queries and concerns. Employees were addressed by the Leaders and Departmental Heads and their queries were resolved by the Management.

While the official communication from Leaders did prove helpful in handling sentiments and anxiety on the floor up to a certain extent; we found that the concerns and insecurity could not be eliminated completely and we started facing attrition on the other side of the business.

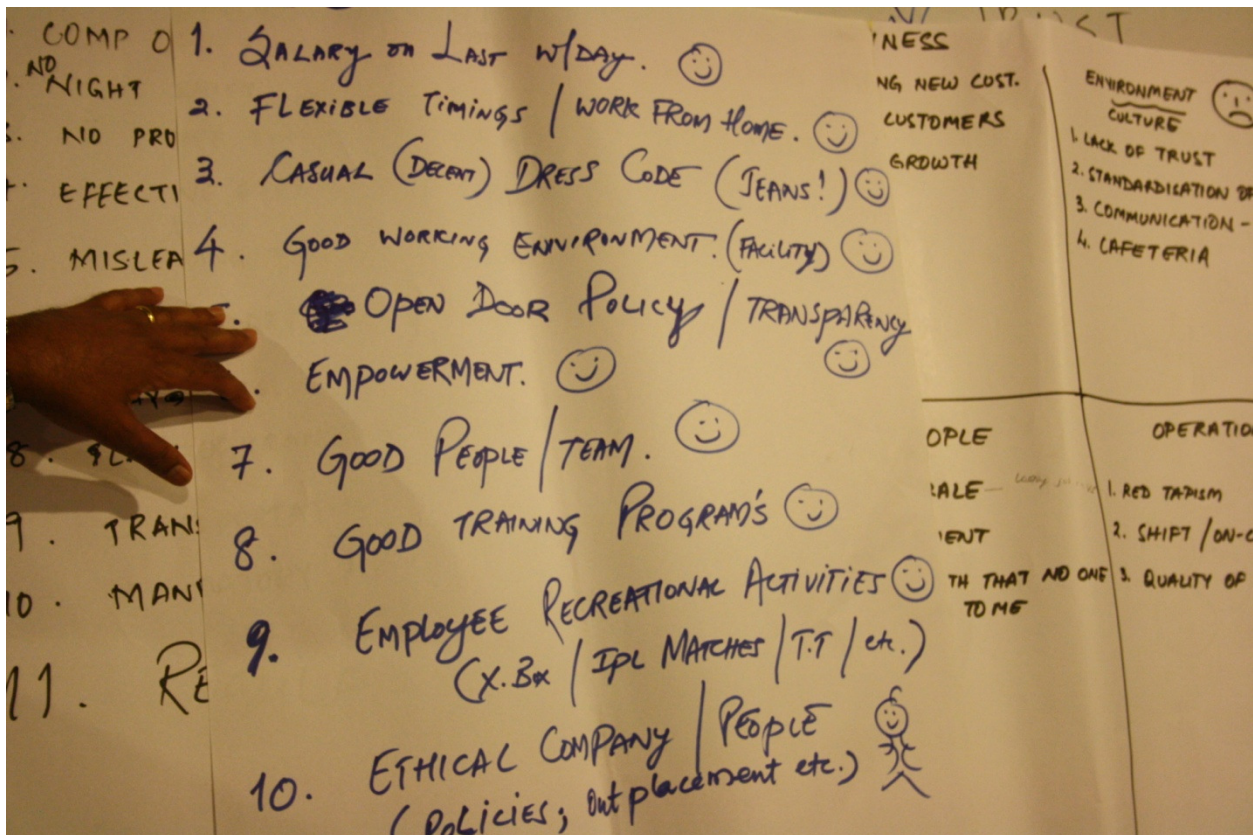
In our effort to find a solution to this, we found that the employees mostly get affected by the views and opinions of their immediate supervisors. Since the managers and supervisors themselves had job insecurity and negativity, no matter what we intended to communicate to employees through leadership interactions, our efforts will not yield any significant result. Emotions and anxiety of employees can only be dealt effectively when their managers have a positive attitude, which trickles down to the lower levels.



In order to handle the same, we designed an Offsite Training Program for all the Operations Managers with a prime focus on Team Building, Motivation and Ownership; using OD techniques like Simulation

Exercises and Appreciative Inquiry. A two-Day overnight offsite program was planned and the Operations Managers were invited to attend it.

A variety of activities formed a part of this Training program including Glad Mad Sad (Appreciative Inquiry), Fish Philosophy (Developing Right Attitude), Business Simulation (Ownership), Star Wars and Earth II (Team Building & Communication). The Training Program not only helped in achieving the objective for which the entire training was designed, it also acted as an ice-breaker platform where managers could freely explain their concerns and issues in an informal environment, unlike the formal platforms that were provided to them earlier.



Building the Trust Factor

In order to infuse positivity all around and to ensure that the employees get engaged, we personally talked to each and every employee and asked for a wish list of the engagement activities they would like to have in Anthelio. We noted the points and implemented a few of them in a very short period of time. Besides helping in bringing fun to the floor, it also helped in developing trust among the employees that the organization listens to their wishes and is committed to accomplish them.

Kids Day@ Anthelio!!



Establishing Communication Channel

While we did have one-on-one discussion with employees on a quarterly basis, we increased its frequency to weekly with a more formalized approach. The same is intended to ensure that a proper two way communication channel is in place, so that employees are able to express themselves and get their concerns resolved on time. While we are almost done with the completion of this rightsizing exercise, journey to manage the same is still on, as it's less than a month since the exercise began.

The Business Rationale of doing it the way we did it!!!

While we did have an option of doing it the way most companies do, we had enough reasons to do it in a different way. Unlike other companies, we did not have to pay a hefty compensation package to the employees; we just had to pay them an amount equivalent to their notice period. About 90% of the employees got placed in other companies before their formal exit at Anthelio. Notice period payment came as an extra bonus!!

We did not have to spend hefty amount on managing physical, data, brand risks, we were able to manage sentiments and emotions of employees much in advance of their formal exit day. Exit day was designed in a way that the employees got all the positive vibes, through distribution of Laughing Buddha as a goodwill gesture and ISO Certifications sponsorships.

We did not have to spend on an exclusive marketing drive to ensure brand image is not lost. We did not have to worry about media, networking sites or blogs and any potential legal issues. All the employees left the company on a positive note without a tinge of negativism. They all showed respect towards the company's efforts to ensure that their employees leave on a good note and have a secured career going forward.

All in all, our way of handling exit helped in minimizing the potential risks and threats as well as the cost implications that this rightsizing could have brought in. To add to that, the activity in fact did Word of Mouth publicity for the organization, as the employees who left from here to join other companies are appreciative of the way in which they were treated here and have lot of positives to share with their new colleagues. Existing employees were also appreciative of the way in which we handled the entire rightsizing exercise.

Going beyond the Business Rationale, we are proud of the fact that we were able to live to our people values in this tough time as well. Unlike most of the organizations who pack off their employees in least possible time in such a situation, we made sure that we still live to our values of respecting the human resource that we have and contributing to the learning need of each and every employee.

Conclusion

While corporates have been facing rightsizing from a time immemorial, there has been little innovation in handling it. Most of the organizations perceive rightsizing as a threat and do it in the most forceful way it could be done. While doing it that way not only brings a major hit to the brand image of the organization, it also acts as a major blow to the organization's people vision and mission, thus creating a distrust among the survivors and society at large.

The brand image of an organization depends a lot on how efficiently rightsizing exercise is carried out. Doing it the traditional way maximizes the threat and risks for an organization. By adopting a different approach, not only the Brand image but goodwill of an organization can also be saved. In fact, it can be used to establish the brand as employee friendly and make the organization one of the best places to work for. Organizations can save on cost front as well, and at the same time, gain employee appreciation for handling it with a human touch.

While we do not claim that ours is the Best Practice to adopt, as the situation and environment in which one organization operates is always different from others in the market, we hereby would like to stress on the fact that there is a definite need for the entire HR fraternity to evolve and innovate itself in this segment of employee lifecycle.

While we have done a marvelous job by setting best practices in various HR domains, be it Recruitment, Performance Management System, Training & Development, Engagement Activities and Business Intelligence; in today's world of economic ups and downs that Corporates are facing, time is ripe now to set a higher aim and a newer standard in this much neglected but very own domain of Human Resources.