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“Leaner and Fitter” Are Not the Same: Don’t Let a Slogan Dictate Strategy

By Adrian W. Savage, President of PNA, Inc.

In the current recession, many companies are reducing employee head counts. Unfortunately this often produces only a short-term boost to the bottom line. The true key to being “fitter” as well as “leaner” comes after the cuts. How will the cuts affect competitive standing? What’s needed to prepare the ground for recovery? This white paper, the third in a series by Adrian Savage, warns that many companies are in danger of sacrificing long-term prosperity—and even their future existence—by eliminating positions before thinking fully about what comes next. “Leaner” is simply a matter of cutting. Without an equal focus on getting “fitter” the effect on the company’s long-term potential can be disastrous.

Many organizations today are looking to make cuts to maintain profitability or minimize losses. In putting a brave face on the inevitable, a phrase that gets bandied about is becoming “leaner and fitter.” If you think about it, being leaner is easy: you just cut people. Of course, simply being leaner doesn’t make you fitter. It just makes you thin. If organizations cut head counts and nothing more, they risk making themselves weaker and putting themselves in a risky situation for the longer term. It’s like saying, “I’m ten pounds overweight, so I’ll saw my foot off.” Then waiting until after you’ve done it to work out how to get around now that you can’t stand up anymore.

If organizations want to be leaner and fitter they have to address the “and fitter” bit at the same time they plan head count reductions. Whether they need to cut because of market decline or because there isn’t enough work for all their employees, the people left after the cuts are all the organization will have to survive and rebuild. They are the only base from which to move into the future. Being fitter means being better able to do what they are doing today with fewer people—and being better prepared for what they will need to do in the future to rebuild markets and profits. The folks who are left won’t be any fitter unless you do

something positive about it. They have to take on more work at the very time that they’re likely to be feeling least secure. Let’s face it, they’re going to be less fit than they were, not more.

Ten Percent Cuts Look Impressive, But Who’ll Do the Work?

Leaner might look better in the short term. But when you cut people and you don’t cut the workload in same proportion, you have a problem. Ten percent of the workforce lost doesn’t necessarily mean ten percent of the workload gone as well.

Across the board cuts are very blunt instruments. In recent weeks I’ve talked with several managers who tell me that their organizations let large numbers of employees go—and a couple of weeks later had to call and try to hire some of them back temporarily as consultants. They let people go without thinking through whether they could truly do without them. They tried to deal with downturn in the economy and did themselves more harm by the way they did it. Beyond lower head counts, they clearly had no strategy for what to do next.

Trying to produce more or less the same amount of work with ten or twenty percent fewer people—people who have just seen their colleagues lose their jobs—is a

tremendous challenge. What happens if the company doesn't get the productivity increase it needs from these remaining employees? They must become instantly able to cope with the extra demands that have been tossed at them. If they don't, the organization simply fails to keep going even on the new, reduced scale. It becomes weaker and less able to cope, suffers more set-backs, so it lays off more people and becomes still weaker...and so on into a downward spiral.

We all like to feel secure. Against the background of job cuts we feel much less so, even if we're not among those who got this round of pink slips. More of our attention and concern goes toward worrying about whether we're next. We wonder if we should move somewhere else. We become "semi-detached" from the work situation. All this anxiety produces less productivity, not more. Employers who do nothing more than cut a portion of the workforce and assume those left will step up to the challenge without help and support, are like people who beat their children to make them more loving. It's a crazy strategy that assumes even while people are feeling devalued and threatened they'll naturally become more committed and productive. Would you?

Cutting "Soft" Spending Doesn't Mean a Soft Landing

When companies make job cuts, they usually move to eliminate discretionary spending as well. Such cuts tend to fall disproportionately on certain areas—especially training and employee development. The softest target of all is the training budget. It feels like something you only do in good times, so it nearly always goes out the window as soon as companies begin feeling the cold winds of recession.

This is a bad error. When you've made cuts, people have to take on more work, different work or greater responsibilities. Not only

that, they have to do still more to get the organization growing and thriving again. That's no time to be cutting back on the help they need to develop and turn in better performance. Only unthinking managements believe they don't need to train the people who remain—or see it as a low priority when other areas are clamoring for more of a shrinking budget. Both views are wrong. It's so easy to fall into the trap of associating training and development only with growth, to be stuck in a drawer labeled "when times are good" and forgotten. In bad times, training and developing to get fitter becomes much, much more important—even crucial—to the overall survival of the business. The employees who are left after job cuts face more demands. They're required to deliver the same amount of work or output, even though they're fewer in number. Besides, when times improve, they'll be asked to deliver still more productivity to support the upturn. If you freeze or eliminate training budgets, you cut off the ability to train them to do this new work. You make the organization leaner and weaker, not leaner and fitter.

"Leaner and weaker" occurs whenever you pile work on people and don't help them cope. It's no use expecting people to accept this simply because they still have a job. Job cuts push people toward re-evaluating their options. The better performing ones may well feel they shouldn't put up with this treatment. They leave. Then the level of morale falls even further as those who are left feel still more overburdened and frustrated. They naturally blame their pain on the company and so become more detached and less committed.

Don't ask your people to do the impossible. That will make the organization weaker. When opportunities come, you won't be strong enough to take advantage of them. If your competitor has done a better job of training the people whom they have left, they'll forge ahead while you're trying to get started. Imagine two runners about to start a

sprint. One has been training and is fit and ready to go. The other has been starving himself for six weeks and can barely put one foot in front of the other. They might get out of the gate at the same time, but is there any question about who's going to win the race? Some formerly great organizations have ended up like the starving sprinter. They've cut and cut and said blithely that they'll be leaner and fitter. Instead they've become steadily less able to cope with change. They've lost market share, cut again, and eventually become so weak that a gentle breeze can put them on their backs.

Being leaner and fitter requires an equal amount of attention and investment in both areas. Many HR departments at the moment have focused their attention only on the "leaner" stage, because they have to deal with the distasteful job of laying people off. They should be asking whether top management has a strategic plan for what happens when these people are gone? If not, the organization will be less able to cope with what's thrown at it, less able to pull itself up by the bootstraps. It risks cutting itself into oblivion.

Many current managers have known only the boom and growth of the 1980s and 1990s. They've never faced a true recession. It's not their fault if they don't have the faintest idea what to do. Knee-jerk reactions are almost always the worst option. It means you do what you've always done without thinking about it. And what you've always done has been in a completely different context than the one we face now. The only sensible thing is to stop, look and try to understand the new context. Ask yourself what you need to do. It's likely to be quite different than what you did in the past.

Here's the bottom line: the people who remain after the cuts are all an organization has as the starting off point for rebuilding. They need to learn to become fitter and be able to take on not just more today, but more again tomorrow. They need more training and

development to help their organizations take on a tougher world climate. In my experience, there's usually a basic willingness amongs employees to help their organization out, try harder, put in longer hours. This quickly evaporates if people feel they're being ignored or exploited. Becoming fitter takes hard work. Like athletes, organizations need to watch their weight and work hard to get stronger. In tough times like these, it makes the best business sense to help people to access more of their potential and become able to do things that are different than – or in addition to –whatever they're doing now.

Only the Fit will even Stay in the Race

Our recent organizational past has all been in the context of a buoyant economy. When companies faltered it wasn't usually for lack of business, but because management made mistakes or became over-extended. Companies encountered tough times, but were usually able to snap back fairly fast once the problems had been put right. Today even many of the best companies are struggling. It's a whole new scenario.

In unsettled times we easily fall victim to slogans intended to rally support and raise our spirits. We use stock phrases to deal with things we don't want to talk about in detail. "Leaner and fitter" is one of those phrases. Take the time to stop and think about whether it's true. Is it a canned phrase in your organization that everyone throws around and just hopes will come about? If all you do is cut, you'll certainly be leaner, but you won't have a clue whether you'll be fitter. Chances are you won't – you'll just be thinner and weaker.

People run businesses, and whenever we humans are afraid, we tend to get into a huddle, pull the blankets over our heads and hope the bad things out there will go away. It's not enough to deal with the immediate loss of cash flow and hope for better times. You can't afford that. If you do, you'll be still

weaker when the next blow comes. Worse, you'll only be able to respond feebly when signs of growth appear. It's time to toss off the blanket, get up and start actively getting fitter. Fit people – and organizations – always cope better with demands, even if they can't know today exactly what those demands will be. It's been demonstrated over the past months with appalling clarity that our views, estimations, plans and predictions about the future can be totally overturned in an instant. The world is a different place than it was and we have to cope with that. We can't turn around and say this wasn't what we expected, so don't blame us if we fail.

Organizations need to start working now on getting themselves fitter. It's in everyone's interest that we should help the economy come back up again. But you don't get stronger by making a large percentage of your people unemployed, or by blindly repeating the automatic reactions learned in days of plenty. Faced with a recession, too many executives are still doing what they've always done. It isn't enough. It's time to face reality and get on those developmental exercise bikes!

About the Author

Adrian Savage is an international authority on organizational development and potential. More than a decade ago Mr. Savage co-founded the forerunner of PNA, Inc. to help clarify the way people view employee and organization potential. Mr. Savage believes that employees can align themselves more successfully with their commitments and opportunities by exploring their unused talents and fundamental values.

PNA, Incorporated provides corporations with solutions for talent management, organizational development, succession planning and key staff retention. Using proprietary approaches that have been developed and proven over more than 15 years, the company helps national and

international clients maximize individual, team and organizational strengths to achieve their business goals. PNA is part of the global RSM International network. Visit www.nettps.com for more information or call 908-541-1700.

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Founded by Camille Smith, Work In Progress Coaching specializes in increasing the performance and productivity of executives, managers and teams. Her approach enables people to achieve organizational goals while maximizing personal and corporate resources. "When people access their potential and produce results that they thought were impossible, two powerful things happen: the bottom line benefits and people's view of what they can accomplish together is expanded. This gives the individual and the organization the ability to create and fulfill rewarding futures."

As an associate of PNA, Inc., Camille is a certified NetTPS™ Solutions Provider. For more information, call 831-685-1480 or visit www.wipcoaching.com.