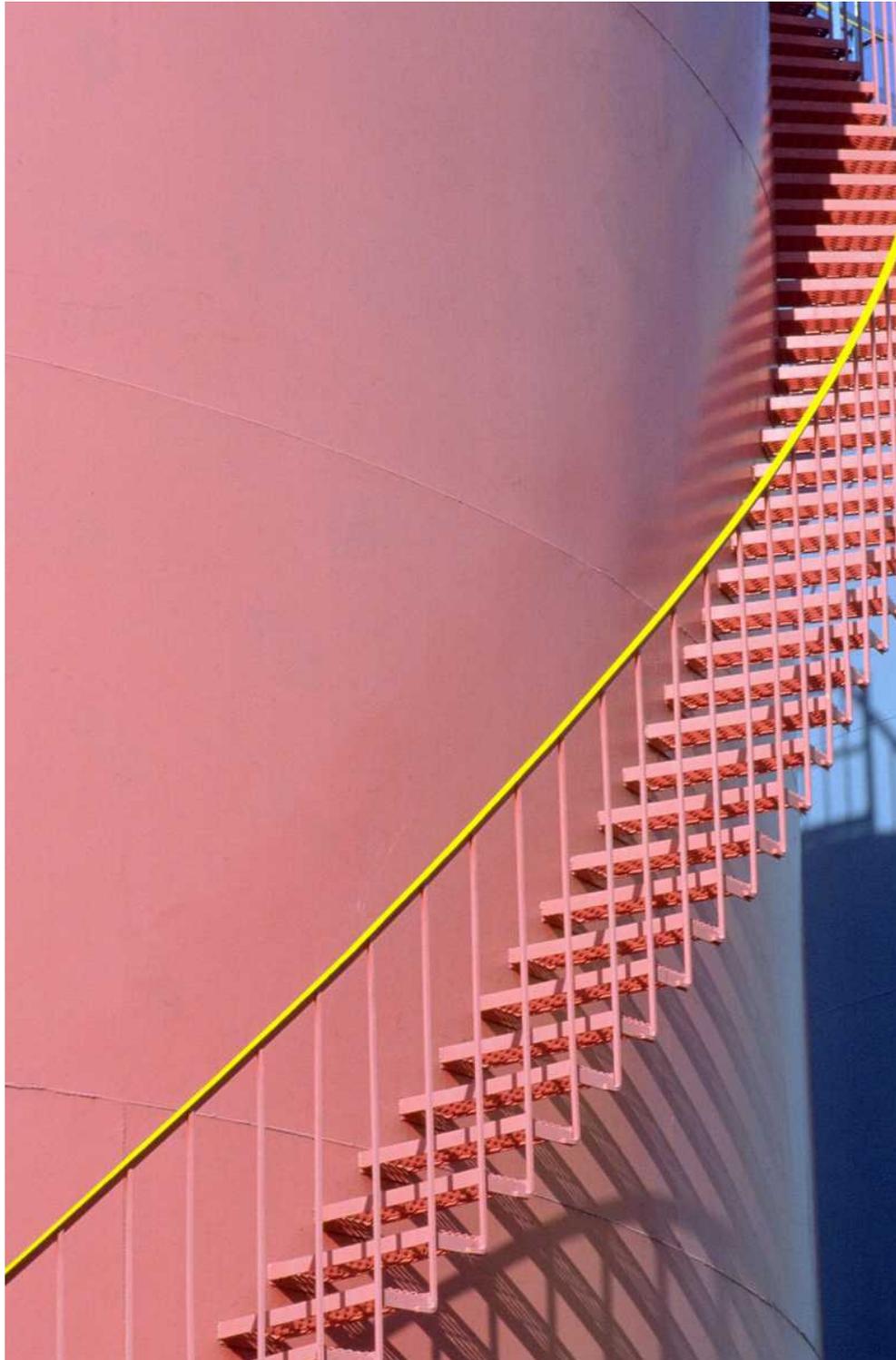


Working It Out |



Rebuilding Worker Commitment and Productivity after Downsizing

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No one wants to reduce staff. When reductions and reorganization are necessary due to an economic downturn or to a merger or acquisition, the sheer magnitude of the downsizing task can leave upper-level managers drained and disinclined to attend to key factors determining post-downsizing success. The most strategically adept leaders distinguish themselves in such situations **by the quality of their post-downsizing execution**, by rebuilding employee morale and ruthlessly ferreting out and eliminating no-longer-appropriate artifacts left over from the previous organizational state. The importance of such post-downsizing execution cannot be overemphasized, for it distinguishes the winners from the losers. Fortunately, an established, tried-and-true methodology exists for righting an organization after downsizing. That methodology, pioneered at GE and successfully implemented in other subsequently high-performing organizations such as IBM, Rockwell Automation, and Boston Scientific, is the **WorkOut** process.

The Origins and Purpose of WorkOut

Created by General Electric Corporation as a way to “maximize the gains and minimize the pains” after a period of severe downsizing and restructuring in the late 1980s, the WorkOut process answers this question:

When you significantly reduce your workforce, what happens to the work and to the remaining workers?

In 1988, Jack Welch began to wrestle with these issues and recognized that the solution to the one problem was also the solution to the other. If one reduced bureaucracy and gave every employee, from managers to factory workers, the opportunity to influence and improve day-to-day operations, doing so would simultaneously improve employee engagement and commitment. Improved employee morale would in turn be reflected in improved operations. It was a positive feedback loop, and like all such loops, it would operate exponentially. So much for the theory. The enabling methodology to put this theory into practice at GE came to be known as WorkOut. It was a process that engaged workers across levels and functional silos to collaborate in what Welch called “a relentless, endless companywide search for a better way to do everything we do.” The exceptional results of the WorkOut methodology as implemented at GE are now the stuff of business legend.

Sapience consultants were directly involved in the creation and implementation of the WorkOut process from the beginning. Since that time, Sapience has implemented WorkOut, with success similar to that achieved at GE, in a variety of settings—large companies, multilateral institutions, federal agencies, and nonprofits. The methodology has become widely recognized for its ability to increase organizational capability, capacity, efficiency, and effectiveness, but what people sometimes fail to remember is that **WorkOut** was

designed specifically to solve problems resulting from restructuring and downsizing—precisely those problems presented by the current economic downturn.

What Welch found at GE and what Sapience has found in many other companies and institutions, is that workforce reductions do not automatically create comparable reductions in the amount of work to be done. In fact, in most cases, after a reduction, the remaining workers are tasked with picking up the load of their former coworkers. This additional burden on remaining workers creates severe disaffection and widespread burnout. It's not uncommon to hear people say, "The good news is that I still have my job. The bad news is that I still have my job." That's where the WorkOut methodology comes to the rescue.

At its most basic and beginning level, WorkOut addresses artifacts of bureaucracy—reports, approvals, meetings, measurements, practices, policies, procedures—with little or no value, such as that voluminous report developed and issued weekly but used by a handful of people for a small portion of its data or that multi-level approval process that someone with a multimillion-dollar budget must go through in order to purchase routine stationary supplies or that weekly meeting attended by a group of general managers, each of whom participates in and benefits from only one short part of the agenda and time.

At another level, WorkOut is a process for recommitment and healing on the part of "survivors" whose psychological contracts with the organization have been compromised. In the WorkOut process, employees experience a catharsis that leads them to recommit to those contracts. They leave WorkOut sessions feeling that "they got something"—a changed policy, an eliminated meeting or report, a modified policy or process—that made their work easier and more effective.

At a third level, WorkOut can be a powerful engine for moving from a classic authority-driven control culture to a more participative commitment culture—to a culture founded on 21st-century relationships.

In its many successful implementations, the basic WorkOut methodology has from time to time been given different names. At IBM, a similar methodology called Accelerate Change Together, or ACT, was created to drive Lou Gerstner's goal of fully integrating IBM on a global basis across all major business lines while speeding up decision making across traditional silo lines with accelerated execution and implementation of plans and agreements. In its first year of activity, IBM calculated ACT's contribution as \$900 million in top-line growth, \$700 million in realized cost savings, and \$1.2 billion in reductions to inventory carrying costs. Gerstner considered those significant gains to be "side benefits" to what he wanted real change in the working and operating processes at all levels of IBM. Introduced in 1995, ACT is still being used at IBM today to tackle "the tough issues."

Taken to its ultimate end, WorkOut is a method for creating not just a high degree of productivity and problem solving at the local level but a way to knit the whole company together via a shared philosophy and toolset.

The WorkOut process begins with recognition that although rightsizing may have been completed, realizing the potential gains of that rightsizing depends upon examining, reorganizing, and reprioritizing the work to put in place streamlined processes and structures appropriate to the new staffing levels. Leaders must commit to 1) engaging with all levels of the workforce, providing them with the permission and the tools to identify no- or low-value-added work, and 2) making quick, crisp decisions regarding implementation of identified changes.

How WorkOut Works

Typically, WorkOut as currently practiced begins with training at the line level. Consultants from Sapience hold intensive but introductory-level training sessions at the line level to coach workers in some key concepts—process mapping and identification of waste of various types being fundamental. Then, the participants who are to take part in the WorkOut sessions are given some prework, which varies according to the environment. For example, workers might be asked to bring to the sessions time logs for several days, completed forms that track reports or meetings, or surveys they have conducted with fellow employees. People are then invited to what may be a two- or three-day WorkOut session. The session begins with senior leadership expressing sincere interest in "unclogging" the potential of the reduced organization, encouraging workers to speak truth to power, committing to positive organizational action instead of further reductions, and promising a predisposition to saying yes instead of no. Groups of employees then meet, aided by facilitative help, to pool their identifications of candidates for waste reduction and/or elimination, working together to make those changes they have the authority to make and to develop recommendations for changes to present to senior leadership. Employee

Getting Your WorkOut To explore using WorkOut to right your organization after rightsizing, call (703) 766-6575 or email bbateman@sapienceoc.com to speak with one of our senior specialists.

groups or teams then meet with senior leadership to report and get concurrence and support on changes they will make on their own and to present recommendations for changes that need leadership decisioning. Leaders are charged with making on-the-spot approvals or denials or, on occasion, postponing a decision to a particular date pending additional data. A measure of the power of the WorkOut process is that candidate changes run at an 80 percent approval rate. After the early WorkOut sessions in which low-hanging fruit is picked, groups are called back together to address particular processes or strategic issues using the same basic methodology.

Some nuances:

1. Proper preparation on the part of the senior leadership team is extremely important. Often, it's useful for this team to participate at the outset in a mini-WorkOut to identify unnecessary work that they create for one another that might be modified or eliminated. Doing so can give senior leaders a first-hand taste of the possibilities.
2. Anticipation of candidate changes prior to the WorkOut session can help senior leadership think through the rationales for their responses, particularly with regard to sensitive proposals, and keep them from being put on the spot.
3. For WorkOut to work, there must be a strong

disposition on the part of the leadership to accept cogent analyses presented by employee groups. The predisposition to say yes to proposals must be real.

4. The leadership sponsoring and making decisions during WorkOut sessions needs to

include leaders from at least two levels up and, generally, leadership representation from the highest levels of the organization to short-circuit mid-level control orientations and to make clear to all involved the commitment at the highest levels to effecting real change.