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Leadership After Layoffs

To keep your business going, determine what your clients and prospective customers want most. Then work with your remaining employees to refocus their efforts

By [Karen E. Klein](#)

How does a small business owner manage morale and [regain momentum](#) after making staff cuts? It's important to set the right tone, says Patrick Sweeney, president of international management firm [Caliper](#), based in Princeton, N.J. Above all, rethink your staffing situation strategically and resist the temptation to simply dump extra work on your remaining employees, he warns. Sweeney spoke to Smart Answers columnist Karen E. Klein recently; edited excerpts of their conversation follow.

Telling employees that they are being let go is one of the toughest things business owners ever have to do. But it's also difficult to face your remaining employees after a layoff, particularly in small firms where people become very close.

That's so true. There's really a delicate balance in that conversation, where your people are looking to you for the truth but on the other hand they don't want you to confirm their fears. They need you to replace those fears with confidence, because people become paralyzed if the boss looks scared and vulnerable.

What are some of the right notes to hit in that post-layoff conversation?

It's maybe a little easier right now because what you can say, very truthfully, is that this is not a reflection on your company or on the work being done by the individuals who were let go, it's a reflection of the times. And people will understand and believe that in this economy, maybe more readily than they normally would.

How does an entrepreneur start restructuring the division of labor after cutting some percentage of employees?

Look at all the jobs that need to be done in the company in an entirely new light, with fresh eyes. You can't just ask people to do 10% more work when they were already working hard. That's like telling someone to carry another bucket and try not to spill it. What you want to do is redefine what jobs need to be done in your company, at this moment.

Does that mean reassigning some employees whose jobs are not being eliminated?

Yes, if that makes sense. Look at the people you still have and pull in some of those whose strengths allow them to do something new. For instance, you might decide that the most important task for your firm is to provide your sales people with targeted leads. You need someone who can dig around in your industry, figure out what companies are doing well and identify the individuals at those companies who might buy your products or services. You don't necessarily want to tap the person who's been doing your mailings. There might be someone who would find the research fascinating and who's already familiar with a lot of companies in your space. That's the person you want to handle this brand-new, important task.

But if you've reduced your workforce, some tasks usually have to be eliminated, don't they?

Yes, you do have to deconstruct some jobs and reconstruct them—and it has to be done quickly. The key is to pare the tasks down and figure out what you absolutely have to keep doing in order to get through this economy. Define the essential jobs and look around to see who has the potential to succeed at them. Don't just fall back on your employees' previous experiences. This is a time when business owners really need to understand the talents they have inside of their organizations and how to use them best.

Isn't it difficult for people already worried about the recent layoffs to then get a new position?

It depends on who you're asking and what you're asking of them. When we're asking others to do more, they often don't mind if they know they're working for a good cause that they believe in. And if they feel good about being trusted with this new responsibility, they'll be O.K.. On the other hand if you're just asking someone to do something they're not naturally suited for and they find painful, that adds to their misery index and they won't do it well.

How do you decide which tasks can be ignored or done less frequently and which are too important to let slide?

You need to understand very clearly what your clients are going through at this time and develop the ability to look beyond your clients to your prospects. When you have to let certain things go that you were doing before, it's not just a matter of putting your head down, it's a matter of looking around and seeing what you're doing for your clients and what you could be doing to help them more. And then ask how you could do those same things for your prospects, to bring them in as customers.

In this economic climate, you have to come through for your clients more than ever before. If you focus on doing that, other areas will naturally become less important and those are the ones you let go.

Karen E. Klein is a Los Angeles-based writer who covers entrepreneurship and small-business issues.

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