

# What They Don't Teach in Business School

Business schools don't prepare people to be laid off or downsized out, nor do they teach leaders how to lay off people. **BY JANN FREED, PH.D.**



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**W**e are living in a new world of uncertainty. Industries, companies, and positions are disappearing—causing lingering fear and mistrust. As a result, there is a shift in the way people connect with their organizations (employee contract) and expectations. The old reality (old paradigm) was based on employee performance, loyalty, dependence, and commitment. In return, organizations had an obligation to provide long-term employment until voluntary departure or retirement.

In the new reality, job security has disappeared and all employees are temporary. Organizations don't feel obligated to offer long careers, and employees have no trust that their organizations will take care of them. Too often, people are viewed as short-term costs to be reduced or eliminated instead of assets to be nurtured and developed over a career. Business schools don't prepare people to be laid off or downsized out, nor do they teach leaders how to lay off people.

## **BREAK FREE OF ORGANIZATIONAL CODEPENDENCY**

To learn more about this topic, I tapped David Noer, author of "Healing the Wounds: Overcoming the Trauma of Layoffs and Revitalizing Downsized Organizations." Referring to his recent article, "Breaking Organizational Codependence: Downsizing's Liberating Wake-Up Call," Noer says we should perceive ourselves as being self-employed. While we don't have to really be self-employed, the key is to not be dependent or codependent on an organization.

Noer says while there is a feeling Millennials "get it" and the new reality fits their lifestyle and values, his consulting experience does not support this. He has found that "all ages and levels, regardless of age, specialization, or length of tenure, are uncomfortable with the new reality." Since this is the way of the future, leaders need to find ways to help themselves and their employees deal with this "new normal."

One of Noer's mantras is this: "Who you are

should not be where you work." People need the courage to break the codependent relationship with their employers. He explains that people who are organizationally codependent allow the system to control their sense of worth and self-esteem. They exert physical and emotional energy in an unsuccessful attempt to control the system. Since we can only control ourselves, Noer offers these suggestions for breaking free of codependency:

- **Develop personal autonomy and a task focus.** Invest in the task and don't seek organizational approval.
- **Detach your self-esteem from your place of work.** Derive your sense of identity from pleasing yourself, not the organization.
- **Ground your self-definition in good work.** Find work that feeds your soul.
- **Cultivate a diffuse root strategy.** In other words, don't put all of your eggs in one basket—the organization. Spread your roots out into the community so that if the organizational root is cut, you can still survive, grow, and thrive because of contacts, friends, and associations.
- **Stop trying to control the uncontrollable.** To break codependency in order to become independent, accept personal responsibility and embrace autonomy.

These suggestions can be helpful personally, and as leaders we can share them with our employees. When we all view ourselves as self-employed, we are less likely to depend on the organization to take care of our personal happiness. I am reminded of the old adage, "No one said on their deathbed they wished they had spent more time at the office." We do our best work because we are working for ourselves. We need to learn how to define ourselves in terms of what we do, not where we do it.

## **DOWNSIZING: "THE CULTURE KILLER"**

Likewise, business schools do not teach leaders how to lay off people. A college friend told me recently he agreed to "retire early" instead of being laid off. He said the organization was "killing his

soul.” The most devastating consequence of downsizing is how it destroys the culture. Peter Drucker believed in the power of culture and was famous for saying, “Culture eats strategy for breakfast.” Culture is the “invisible tapestry” that weaves people together. When layoffs occur, the threads are broken both for the victims and survivors.

Continuous improvement guru Edward Deming said leaders need to “drive out fear.” When people are fearful, they become risk averse and their behaviors are in direct opposition to what now is needed—innovation, creativity, and productivity.

Since employee satisfaction is a prerequisite for customer satisfaction, research indicates many companies that downsize actually continue to lose money. Most people and companies don’t do it right because these skills often are not taught in business schools. According to Wayne Cascio, author of “Responsible Restructuring,” “Downsizing has attained the (dubious) status as one of the most high-profile, significant, and pervasive management issues of our time. Over the last three decades, downsizing has occurred in virtually all industries and sectors of the economy, and it has affected business, governments, and individuals around the world.” Cascio concluded, “You can’t shrink your way into prosperity.”

Based on his research, Cascio found that companies separate themselves quickly into one of two camps. The larger of the two he calls “the downsizers.” They try to find the smallest number of employees needed in order to operate. They view employees as costs to be cut. He refers to the second group as “the responsible restructurers.” This group views employees as assets to be developed. There is a dramatic difference in how the groups view people and in how they manage their business.

Cascio advocates alternatives to downsizing, but says it is based on whether senior leaders believe the downturn is temporary or permanent. If permanent, then workers need to be retrained if retained. He suggests creating a business decline contingency plan that identifies stages of decline, symptoms, and actions to be taken. He encourages involving employees in defining the actions to be taken; however, this means sharing information, being transparent, and having a high level of trust within the organization. Unfortunately, this strategy rarely is used.

Noer emphasizes how much “harder it is to lead on the way down than on the way up” because of the lack of skills and training. He stresses how leaders need to be brave, to act with courage, and to remember that courage is a skill that needs to be practiced.

- **Face the fears, anxieties, and uncertainties.** Resist succumbing to anger, blame, and cynicism.
- **Help others.** Lead with compassion and empathy. Be present for others.

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—David Noer

- **Engage.** Be visible. Don’t hide. The natural tendency is to hide.

If leaders choose to downsize, in order to heal the wounds of downsizing, both for victims and survivors, leaders need to weave the culture back together. The culture influences how people feel, think, and act. Noer offers this advice to leaders when dealing with fear, anxiety, and mistrust:

- **You can’t analyze people out of their pain.** Connect with them at the heart, not the head.
- **People need high touch and low tech.** In the midst of a loss of position and identity, people are not interested in strategic analysis.
- Let go of the win-lose mentality of competition and **focus on working collaboratively with employees** to make improvements.

Warren Bennis often is cited as saying most organizations going through downsizing are over-controlled and under led. Since most of us did not learn the leadership skills needed in these uncertain times, now is the time to learn them. There are resources available to help. Noer concludes, “Leaders must drop their hierarchical, analytical defenses and become vulnerable to the power of human emotions. When it comes to restructuring, I generally tell people to avoid the four no’s: **no secrets, no surprises, no hype, and no empty promises.** If you can stick to that, people generally will get in step with the program.” 