

THE JOURNAL

THE MAGAZINE OF THE BCCJ

BUSINESS

Downsizing Dilemma: Hard Decisions For Tough Times

*Thomas J. Nevins, leading business consultant,
shares his views on a timely topic.*

*What are some of the
critical points when
reducing staff? What can be
done to avoid losing the
best people?*

One of the most strategically critical points when handling a staff reduction is to make sure you tap out as many of the noncontributing, poor performers as possible and not lose any of your competent, productive people. The term *Katatataki* is used to mean that the less promising, poor-performing individuals are tapped out and pressured to leave, generally accepting an extra retirement benefit made available. In working with clients, experience has shown us that it is even more important to first speak to your top performers. Tell them that either a selective or orchestrated and announced staff reduction will be carried out but that even if those top performers resign at the same time the programme is offered to employees, the extra retirement premium benefit will simply not be made available to those key men and women needed by your company.

Actually, this may go one step beyond the normal Japanese practice. But unfortunately in a Japanese company, giving encouragement to key managers and staff and imploring them to stay on to help out and turn the company around may be enough to anchor those people in; even against their own self-interest of signing up for the extra retirement premium benefit added to their normal lump sum benefit. It is true, then, that in a number of Japanese companies, if a key manager insisted on taking the retirement premium and leaving the firm, it probably would be made available to him.

Our experience has shown, however, that in multinationals where many of the employ-



MANCHESTER
THE OLYMPIC