

By John Gerstner

good communication

What's a communicator to do in an era of rampant employee downsizing, job insecurity and management distrust?

In a weak moment, I agreed to speak at a recent corporate communication workshop in Chicago sponsored by The Conference Board on the lofty subject of "Structuring Communication for Improved Morale." On degree-of-difficulty, I rated this task about equal to bungee jumping off the Sears Tower ... without a bungee.

I started with a reality check. I asked the audience these questions:

- "How many of you work for organizations that have downsized in the last five years? (Nearly every hand went up.)

- "On a scale of one to five, where one equals excellent and five equals terrible, how would you rate the morale of the employees in your organization?" (Few ones, twos and threes, lots of fours and fives.)

- "Using the same scale, how would you rate your own morale? (Same response.)

"Thank you," I told the group, "You've just written the title of my talk," as I flashed the slide, **BAD MORALE**, on the screen. Then, following Wilde's thesis that "Life is far too important a thing ever to talk seriously about," I showed one of my favorite cartoons about the current employee-morale climate. It shows a table full of dour senior executives. The caption reads: "Then it's agreed. We'll close our plants in Raleigh, Scranton, Kansas City, Toledo, Newark, Sacramento, Taiwan and Toronto. Thank you, gentlemen, it was a very productive meeting."

Considering the downsizing scenario that is being played out all across the world — I do not think I am stretching the facts too far to say that you would have to go all the way back to the great depression of the 1930s to find a time when morale of the worker was lower. Indeed, a recent

Roper poll indicated that morale and job satisfaction in U.S. work places are at their lowest points since the Roper organization began tracking employee attitudes two decades ago. And a recent Gallup poll found only 35 percent of employees are satisfied with their job security, a 10 percent lower satisfaction level than in 1989.

The root causes of bad employee morale are everywhere. We might even label the condition **DOWNSIZING MANIA**. (It's everywhere, it's everywhere!) "Jobs in an age of insecurity" was the headline of *Time* magazine's cover story of Nov. 22, 1993. "The latest survey by the American Management Association of 8,000 of its members showed that 47 percent reduced their staffs during the 12 months ended last June, a trifle more than in 1991-92, and the cuts went deeper: an average 10.4 percent of staff was cut, vs. 9.3 percent the previous 12 months," according to the article.

bad morale

The article was accompanied by charts showing the projected announced staff cuts by U.S. corporations. They totaled an alarming 600,000, up from an estimated 400,000 in 1992 and 550,000 in 1991.

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become dumbsizing?
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A TIME/CNN poll conducted the week before revealed 58 percent of the respondents said they had friends who had lost a job since the recovery officially began in 1991; 66 percent thought job security was worse compared to two years ago; 53 percent thought this greater job insecurity would last many years; and about the same number thought it would be harder to find a job in the next 12 months. And this is only the tip of the downsizing media blitz.

Barron's, May 3, 1993: "Heads have been rolling by the hundreds of thousands from factory floor to executive suite (half a million managers have been sacked since the start of the 1990 recession). And the doleful trend continues: That peerless observer of the economic scene, Ed Hyman, of ISI Group, reports that ... 142 major companies (vs. 126 in the same span last year) have issued a grand total of 223,982 pink slips."

The Economist, Dec. 12, 1992: "General Motors is in the midst of a corporate trauma of historic proportions. It has 44 percent of the U.S. car-making capacity but only 32 percent of car sales. To bring the two figures into line, the company plans to close 23 plants, cutting at least 50,000 hourly paid and 24,000 salaried workers."

**A demoralizing new status
symbol**

Which brings us to a joke making the rounds these days: What's the status symbol of the '90s? Answer: A Job.

Has downsizing become dumbsizing? Some say yes. An article in the May 1993 issue of *Texas Banking*, argued that — as a result of corporate restructuring, downsizing, and outsourcing — "the U.S. is rapidly becoming a nation of contingent or temporary workers, part-timers, freelancers, subcontractors and consultants. The changes transforming the work place are dramatically altering the risks faced by bankers."

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In their attempts to be lean and mean, U.S. companies may be cutting too deeply, some experts say. According to the American Management Association, fewer than half the firms that downsized since January 1987 reported increased profits after the cuts were made, and nearly a quarter say profits decreased. The study also reported that the firms were likely to suffer declines in worker productivity. Quality may have become the sacrificial lamb of choice for cost-cutting executives.

So what can we professional communicators do about low employee morale? Searching through the great chaff of literature on the subject, I came up with these few kernels of apparent wisdom. Actually, the best clues on structuring communication for improved morale may lie within the definition of

the word *morale*. One dictionary defines it as: (1) a sense of common purpose with respect to a group, i.e. *esprit de corps*; and (2) the level of individual psychological well-being based on such factors as a sense of purpose and confidence in the future.

How to bolster morale

So when trying to structure communication to bolster morale, you have to 1) somehow communicate a sense of purpose and 2) communicate a confidence about the future, even when all the news seems bad. How?

Be Up front. Be forthright about the competitive climate your company faces. Communicate as clearly and regularly and as far in advance as you can about what your company is going through and the strategy it is pursuing. Add that all-important perspective from your chief officers on why the changes are necessary, and what they are intended to bring about. Employees should be advised why layoffs will be implemented (and why other options will not work) ... why, in other words, it may be necessary to cut off a tusk to save the elephant. They should also be told what skills will be essential to the business in the future. And don't be afraid to say that some employees' futures may not be with your company.

Be Honest. How you say it is as important as what you say. Lay the bad news on the line with as little spin as possible. Absolutely avoid all propaganda, or anything that approaches it. Employees are much smarter than many executives give them credit for. Rank-and-file employees know when an article is sanitized. Fight for communication that rings with a tone of honesty and forthrightness. If you can't be frank, avoid the subject.

Be Human. Managers should not simply reel off numbers, but give sound, candid explanations in a way that recognizes and respects the feelings of both the affected and unaffected employees. Employees affected should be told in one-on-one meetings with the supervisors first. All comments about the downsizing should be prefaced with sincere, from-the-heart pronouncements about the pain that went into making these difficult decisions. Make outplacement counseling services and training known in a general way to surviving employees. Employees need to be reassured that if they lose their jobs because of downsizing, they'll have adequate time to get back on their feet.

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Be Reassuring. Management must convey a realistic and persuasive case for optimism. Surviving employees (which *The Wall Street Journal* has labeled "the walking wounded") must get a sense that they are part of a new organization that is moving aggressively ahead. As much as possible, employees need to be reassured that the worst of the cuts are behind, that they're on a new voyage.

What is especially harmful to morale is to have a downsizing or structural change within the company, and have everybody working harder and apparently more efficiently, and then have another shoe fall ... more layoffs. This is where management perspective is crucial, plus a campaign to sell change. Hans Becherer, Deere & Company chairman, has stated on many occasions that he views his chief role as being a catalyst for change. The most successful companies in the nineties will be those who are the quickest to change.

Be Real. This is aimed at communicators. We have to be real about our role in the organization. And to do that requires a 100 percent fired-up attitude that what you're doing is damned important and is crucial to the success of your organization. You have to sell communication daily to your colleagues, your audience and your management. And you have to walk your talk.

Good communication is the glue that can bind an organization together in its quest to be the best. Good communication is the fiber optics cable that shines critical light throughout the organization and lets everyone know how the battle is going. Good communication prepares and helps employees change. Good communication recognizes excellence, and promotes it.

Good communication eases the disappointment of scarce promotion and career opportunities. It helps fill the information gap created by supervisors too busy or too demoralized themselves to communicate to their subordinates. Good communication creates a sense of unity and pride. Good communication, finally, helps employees buy into the new business reality with trust, loyalty and enthusiasm. Communicators, then, have the single greatest opportunity to make an impact on their organizations.

My conclusion is that we already know how to structure communication to improve morale. We just have to do more of what we know is right, even if at times it seems like leaping off a tall building, without a bungee cord.

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Footnote: Deere & Company downsized its employment from 65,400 worldwide in 1979 to 33,500 now. On the bright side (and as a counter to the "dumbsizing" argument), Deere reported one of its best years ever in 1993, with earnings of U.S. \$286 million on sales of \$7.75 billion.

DOWNSIZING EUROPEAN STYLE

"Downsizing" is not just an all-American word, judging from a quick sounding of international business conditions. Japan's unemployment rate could rise as high as five percent, more than double the current rate, as the labor force adjusts to a slower rate of economic growth and tougher competition from developing nations. Europe is slogging through what some economists call its worst recession since World War II. The gloom is punctuated by strikes that are erupting daily across the continent in an attempt to curb layoffs, mergers and restructurings.

As in North America, however, the best global corporations are not focusing as much on downsizing as they are on realigning and redeploying the work force for maximum efficiency. "There are a lot of progressive companies here, so it's not a gloomy picture overall," says IABC member Colette Derward, of Smyth Derward Lambert, Ltd., a London management consultancy that works across a broad range of industry sectors including a number of British banks and financial services companies.

"At the best companies the emphasis is on stabilizing and reorienting. There is also a fundamental changing of management structures to make them much more staff based rather than status based."

How's morale in the U.K.I?
"Again, it's hard to generalize," says Derward. "Companies investing in good communication to explain the direction of the company to their staff stand a better chance of having reasonable or good morale. Companies that don't make that investment have more late-in-the-day problems. Then the degree of change is greater and harder on people."