



**tom brown**  
*inside*  
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# Dark At The End Of The Tunnel

Corporate Layoffs Are A  
Failure Of Management

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## **TOM BROWN**



**T**hey're still happening. Quite regularly. They may be lost among the other, much more dramatic, headlines, but corporate layoffs — a dozen employees here, a hundred employees there — are now so routine, one can imagine future management textbooks having complete chapters on “How To Terminate A Thousand Employees At Once.” We have made layoffs Standard Operating Procedure.

I've heard managers say that layoffs are part of the “new reality,” that they are essential to the implementation of any strategic plan, that they are necessary in today's topsy-turvy marketplace. The United States, via its Bureau Of Labor Statistics (BLS), finds the phenomenon of layoffs so commonplace that they're not taken as phenomenal at all. The BLS now regularly posts layoff stats with a web page that opens with this cut-and-dried mission statement: “The Mass Layoff Statistics program is a Federal-State cooperative statistical effort which uses a standardized, automated approach to identify, describe, and track the effects of major job cutbacks, using data from each State's unemployment insurance database.” Dig further into the website and you find that this federal reporting program “...only tracks and reports on layoffs involving 50 or more people.” So when you procure the staggering layoff numbers, just remember this: the numbers are actually worse.

Some corporate chiefs assure me that layoffs aren't as bad as they might seem. A layoff, I'm told, is a quick way to get a company back on on-track, financially. And most of those employees or managers who are terminated, the chiefs

comfortably assert, find other employment: some even begin other careers. Most times, the chiefs argue, layoffs are good all-around.

I see things otherwise. The wholesale layoff of employees by a company is a failure of management.

I'm not unsympathetic to the realities of business reverses, but a layoff is an admission that management options to cut costs in more graceful ways — or to generate higher revenues in more imaginative ways — have been rejected, ignored, or brushed aside. A layoff says that the only way to save the corporate body is to amputate.

Before you contemplate a layoff, consider what really happens:

***First, the buzzing*** It's impossible, no matter how tight the executive doors, to keep hushed the prospect that hundreds of employees will be severed — always, of course, for “a temporary period.” Hallways become chatterboxes of speculation on the scope and depth of the layoff.

Water-cooler conversations burn with whispers and worry. The guessing is widespread: Who will stay? Who will go? What severance packages will be offered?

Such dialog replaces normal hard work. During the buzz stage, productivity plummets.

***Second, the axing*** Few companies are able to professionally handle a simultaneous announcement of all the people affected by a layoff.

Little training is given to the supervisors who must trim their department rolls — and the “right timing” for one department often comes days after another department's.

Worse, when the corporate public-relations office makes some kind of blunt public announcement, it is usually in round numbers. It might be days, even weeks, before an employee actually gets his or her pink slip — accompanied by the supervisor's unconvincing dismay over “the tough decision.”

During this stage, nearly everybody writhes in anguish about car payments, mortgages, and what's going to fill the kids'

school lunch boxes. “It’s impossible to get anything done during periods like this,” one recent layoff victim confided.

And after the bad news is ultimately delivered, the “survivors” almost always engage in myriad commentaries about who went, who didn’t, who’s still vulnerable — and what the impact will be.

***Third, the bleeding*** Corporate wounds do not heal fast.

An organization and its members “bleed” when wholesale cutbacks occur. And the bleeding is exacerbated by strung-out “farewell” parties — and by outplacement counseling (which can often keep layoff victims awkwardly “on the job” for a month or two.)

Little creative work gets done — and even routine tasks become mired in the process of searching for emotional Band-Aids.

***Then, the churning*** Those who remain cannot possibly feel the same about their company when workers of 27 days or 27 years have been expelled. The erosion of trust is amplified if strong signals are not given that “it’s over” — that there won’t be further reductions.

Despite occasional spurts of productivity after a layoff, there is an immense risk that the most creative, most loyal employees will begin to think: “There but for the grace....” This is especially true if the layoff claimed the career of even one high-potential, fast-track employee whose talent and commitment were valued highly.

Yes, from time to time, an employee who survived a layoff will say something like “We’re leaner and meaner now. Only the deadwood was chopped.” Far more common are razor-edged comments that reveal a heavy residue of fear, anxiety, panic, and cynicism.

Sooner or later, of course, the CEO of a company that experiences a layoff must confront employees face-to-face to give the “state of the nation.” The employees will be searching the CEO’s eyes, wondering about the alternatives that might have been pursued (such as universal pay reductions) and

questioning executive perks — like corporate jets and country club memberships — that survived the financial purge.

And woe to the CEO who doesn't convincingly depict a bright future for the company that has just suffered sweeping human resources casualties. Unfortunately, such a vision may be truly bright only in the minds of those who commanded the layoff to begin with. For there can be few happy tomorrows for a manager who excels only by spreading top-to-bottom the dark at the end of the tunnel.

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**Tom Brown** is a champion of vanguard thinking about leadership.

The author of hundreds of articles, he also wrote the first online book on leadership: *The Anatomy Of Fire: Sparking A New Spirit Of Enterprise*, which explores the look and feel of leadership in the 21<sup>st</sup> Century. To learn more about Tom, including his major role in *Business: The Ultimate Resource*, the largest handbook/database ever on managerial leadership, go to [www.tombrown.us](http://www.tombrown.us).

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