

What to do when your business is facing redundancy and employee layoffs

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The economic impacts of the cost of living crisis and inflation have taken a significant toll on SME businesses up and down the country. As a result, many are looking at how they can reorganise their operations to get through what could be a long recession ahead.

Restructuring the business to seek greater efficiencies may need to include a number of roles being made redundant. Whilst redundancy should be the last resort for any organisation, there are ways you can help employees to deal with the emotional and psychological impact, and to make the process as painless as possible.

Always do things by the book

The number one thing to consider when dealing with employee termination of any kind, including redundancy, is compliance. Employment laws can be complex, especially when it comes to redundancy, so it's an extremely good idea to consult an employment lawyer before making any decisions or taking any actions. There will be many things to consider and seeking additional advice will ensure you are able to consider all factors.

Don't rush your redundancy strategy

Just like anything else in business, redundancies need a solid strategy behind them. You need to understand why these people can no longer be a part of your team, and how your business will operate without them. If you've switched over to panic mode with your business' finances, don't start slashing your

workforce in search of a quick fix. Whatever situation your business is in, you'll need team members who are great at their jobs to help you get back on track, pivot your business model, or explore other revenue streams.

Be kind, transparent and personalised with your communication

It generally goes without saying, but if you need to make someone redundant – do so with kindness and respect.

Communicate the information kindly but immediately, and be as transparent as possible about why the decision was made. Assure them that it was not a performance-based decision. Come prepared with all the details about the person's redundancy, including their redundancy package, so that you are ready to answer any questions they may have about the process.

To support your departing employee, consider how you might assist them with finding their next employer. Offer to write them a glowing reference letter, and always be available for any reference calls that they might need you to take.

Empathetic leadership is essential

While pressure and stress can be overwhelming, it's important not to remain kind and respectful as an employer. After all, your employees are likely feeling just as much anxiety about the future as you are. Empathetic leadership is one of the most powerful mindsets you can engage in difficult times. Especially when you're doing things like breaking bad news to your team members, it's critical to put yourself in their shoes and treat them how you would want to be treated.