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## *Restructuring*

### **Five Ways To Reorganize Right**

By Katharine Giacalone

Just the word *reorganization* often stirs emotions and brings on headaches. Organizations usually have good reasons to reorganize: the economy has changed; competition has brought on new challenges; technology has advanced; or the company has solvency issues and needs to cut cash expenses quickly.

As a leader, there is a huge commitment to the organization and its employees. You don't want to "shake-up" the entire organization and potentially drive away the top performers without providing a clear benefit and rationale. Before you start a reorganization, evaluate your resources and tools and consider the following five steps:

1. **Frame your work.** Gather together the senior management team and think through the vision and the goals of the reorganization. Is change happening to respond to the economy? Is it to react to new challenges from the competition? Is it to address financial issues and save money? What are the short- and long-term gains?

Create a plan with milestones and make sure there are timelines for the process. Assign roles and responsibilities to each member of the management team. It is helpful to have a third-party facilitator for such a meeting. The HR executive, who is often given this facilitator role, should play an active role in the planning, not run the meeting.

2. **Know the business model.** Think about the future, not the present. So many executives make mistakes because they reorganize around the facts that reflect the current state and not the future. Make sure the business model, which includes the organization's mission, vision, values, products and services, is clearly stated. A good test of clarity is to ask a simple question: Can it be clearly communicated to a stranger outside the industry?
3. **Examine business processes.** Here's where organizations continue to make huge mistakes-two-hour meeting are held with senior executives who aren't intimately involved in the day-to-day inner workings of the company. Their tools are organizational charts with people's names and titles and their goal is to reduce the number of boxes. Decisions are made with no empirical data. To be effective, you need to include the

finance department to help identify exactly where "costs" can be taken out of the business. You also need to include the people who actually do the work and know where the gaps are in the business processes. By involving these two groups, you'll find the real cost savings and uncover them much more quickly and accurately.

Working with employees, look at the business processes and do some process mapping. Costs can be clearly taken out of the business in areas such as repetitive business interactions, duplication of efforts and ensuring the proper use of technology. Make sure the internal business processes match with the customers' needs and what your employees can provide.

4. **Reengineer the way things are done.** If processes have to change in order to continue with the reorganization, go ahead and maximize the way the work is being done. This task also can be accomplished through the efforts of people already in your organization. One caveat, though: If you are going to change the processes make sure the changes are carried out and maintained.

There's no efficiency in reducing staff to support a new system, which is never correctly implemented. More importantly, once you have the new system in place, train your employees to use it. It will never be adopted if people can't make it work or don't see the need for it.

5. **Take an inventory of the organization's talent.** Here's where the cost cutting comes into play, right? Wrong. This is another data collection point. How many people does it take to run the business without the risk of destroying customer satisfaction? Do you have the right people in position since you've changed your processes? Does the staff have the right mix of background and management skills? Have you promoted someone to his or her level of incompetence? These are the questions an organization has to answer before the final decisions are made as to who goes, who stays and what positions remain.

### **Now Reorganization Begins**

Once the data-gathering work is completed, senior management is able to talk about real issues and make real decisions about organizational talent. While it may be a lengthy process, the overall benefits far outweigh the costs.

Finally, the most important step in the whole process is to communicate. People aren't as clueless as management thinks. Employees figure things out. Worse yet, if they aren't told about something, they'll make it up!

Details don't have to be worked out on the first day, but communicate with employees as soon as more information is available. If senior management doesn't know an answer to a question, now is the time to understand the question and research the answer.

Reorganizations are painful for people making the decisions and for those for whom the decisions are being made. It is a process that shouldn't be taken lightly. Organizations have to maintain their image and know that their customers-both the paying kind and future employees-are always watching for results. By taking these five steps before embarking on a reorganization, you increase the odds that results are positive.

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