

**Company:** Donington Group  
**Date:** 28 October 2008  
**Publication:** Human Resources Magazine  
**Page:** 1

# Finance hit by outplacements

By Craig Donaldson

THERE HAS been a jump in the demand for outplacement services, as companies are seeking increasingly to cut costs in the face of a worsening economic downturn.

The finance sector is the hardest hit so far, with global financial institutions reducing their current staffing levels based on decisions made in US head offices.

Bruce Anderson, managing director for Lee Hecht Harrison in Australia, said the global economic downturn has reduced confidence in

the future for companies and their workforces, given the previous decade of strong economic growth and prosperity.

"In the first instance, there have been a number of global financial

institutions who have slowed and/or frozen recruitment activity in Australia and reduced their current staffing levels based upon decisions made in overseas head offices," he said.

"This has flowed on into the same decisions in a number of local Australian financial services businesses."

Anderson said Lee Hecht Harrison

(continued p8)



## Outplacements jump in finance sector

(continued from p1)

is experiencing an increase in demand and enquiry from Australian companies for restructuring support and outplacement services.

"It does appear that Australia is facing a period of reduced prosperity where businesses will need to reduce their costs in order to maintain profitability to an acceptable level," he said.

"Tighter economic times also generate the need for organisations to review their business structures, systems and resources to meet the change in demand and reduced revenue. It is most likely in this situation that restructuring will occur, creating redundancies."

Anderson said many employers communicate regularly with their employees, who are well versed in the pressures on the business and the need to improve productivity and reduce costs. "The regular media reports of job losses across many large employers, and site closures, adds to the anxiety among the Australian workforce," he said.

“There is no surprise that the current confidence levels amongst consumers – read workers – is at record lows today as compared to the results for the last decade. Expectations of increasing unemployment add to the anxiety and loss of confidence in the future.”

Bridget Beattie, regional general manager for Right Management, said demand for the company’s career transition services has jumped by more than 50 per cent this financial year, indicating that the jobs market has begun to feel the effects of the economic crisis. “The current flurry of job cuts is not simply a reaction to events in recent weeks; it has been a long time coming,” she said.

“The tight labour market in recent years saw many companies ‘warehousing’ talent – hanging onto skilled people in case business picked up again. However, with the market conditions continuing to soften, they have finally made the decision to release these employees,” Beattie said.

Right Management expected the increase in career transition activity to continue at its current pace until at least early 2009.

“Dampened consumer confidence, decreasing discretionary spend, and tighter business lending conditions will see companies respond by cutting their cost base – and that often means reducing employee numbers,” Beattie said.

Geoff Officer, CEO of the Donington Group, said that CEOs and their executive teams face a career-defining moment as they lead their organisations through uncharted waters.

Data from US outplacement firm Challenger Gray & Christmas found that one in six job losses has come from the financial sector, where employers have announced 111,201 job losses in the nine months to the end of September 2008. This compares to a total of 763,090 job cuts across the country.

As such, Officer said Australia’s finance sector is likely to face a sustained period of job losses. “The Australian finance sector takes its lead from the US, so we have every reason to believe that there will be significant job losses here in the local market as well. In fact we are already seeing this among our own client base,” he said.

Against this background, Officer said the defining challenge for the leaders of Australia’s financial institutions is to lead their organisations through a global financial crisis which has no historical parallel in their working lives.

## A strategic approach to job cuts

1. Plan ahead. Understand the business strategy, map the workforce to identify the critical roles/skills that must be retained and the strategies needed to keep them.
2. **Communicate well and often.** People will assume the worst if they aren’t given enough information; they will also resent insensitive methods of communication, such as announcing redundancies by email or reading about it in the media.
3. **Don’t assume it’s “business as usual”.** Employees will need time to deal with the process, and the business will need to realign and reaffirm its strategy. Specific interventions will be required to achieve this.
4. **Provide support to departing staff.** Good corporate citizens know that they must provide help with career transition; it also sends a message to remaining staff that the company cares about its people.
5. **Don’t forget about the “survivors”.** Those who stay may feel guilty for doing so, and will need help and time to re-engage with their normal work and changed workplace.