



Restructuring and reorganisations

Introduction

Restructuring, reorganisation, redundancy, downsizing, rationalisation, cut backs, economizing - whatever a business may call it, these are terms that often send proverbial chills throughout an organisation's workforce.

Handled badly, such processes can have a devastating long term impact on employee motivation, retention and performance and can lead to an ongoing downward spiral. Whilst you can only soften, rather than eliminate, the pain for those affected, handled well, these processes can reinvigorate a business and place it on the correct footing to flourish in the future.

A restructuring (which may include redundancies or job losses) can take a variety of forms. These can range from simple headcount reductions in one functional area, to complete site closures or complex post acquisition or merger rationalisations of roles and operational and management structures.

There are, in our experience, common problems and common solutions that arise and apply to all of these situations.

In this fact sheet we look at the single biggest failure in our experience - the lack of proper planning.

Fail to prepare then prepare to fail

The most common problem we find with any restructuring exercise is a lack of proper planning. This commonly leads to the process becoming confused, elongated and not delivering an outcome that was clearly defined

and expected from the outset. A lack of proper planning and thought at the outset before any process is launched can in turn lead to:

"Death by a thousand cuts"

In our experience it is better to restructure less often and more thoroughly than to do so piecemeal resulting in a continuing state of disruption and disturbance to your workforce.

Think about what your business needs now and for the future so that you avoid (as far as possible) more than one restructure, because the first one was insufficient or poorly thought through for the business' longer term plans.

But I want to keep Jim?

Do not create your selection criteria in a vacuum.

We often see selection criteria created with no proper thought given to the end result in real terms i.e. which employees would stay and which would go. It is not illegal to ensure your selection approach leaves your business with the right skills and experience so long as this is properly planned and implemented.

Cut to the chase

The best approach is not always the legally risk free or legally fully compliant approach. In many cases restructuring "by the book", trying to achieve the desired outcome by a fully legally compliant, "risk free" method can actually be counter-productive both in business terms and in employee relations terms.

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The best approach can sometimes be to make the necessary changes under settlement agreements rather than through complex and disruptive restructuring processes.

Whilst this is not always legally compliant, hence the settlement package for those exiting the business, this can, in many cases represent the route that is the simplest, most cost effective and least damaging to wider employee relations, morale and motivation.

How we can help

We have extensive expertise and experience in helping businesses plan, implement and complete restructuring exercises of all sizes.

We can help you develop and design an appropriate plan for your organisation taking into account your key business drivers, your corporate ethos, values and culture. In our experience proper planning does prevent poor performance.

For further information about reorganisation and restructuring, please contact Colin Smith on 01622 776451 or email colin.smith@brachers.co.uk

The information contained in this document provides background information only. The document may be misleading if relied upon as an exhaustive list of the legal issues involved. If any matter referred to in this document is sought to be relied upon, further information should be sought.

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“Its ‘highly professional and knowledgeable’ team is led by the ‘thorough and friendly’ Catherine Daw.”

The Legal 500

Meet the team



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