

*[The following article is reprinted as it appeared in the March/April 1997 issue of the Journal of Employee Communication Management. The article was subsequently published in 1999 in Strategic Internal Communication, a London-based journal.]*

## **A commonsense guide to reaching the heads and hearts of employees**

*During a traumatic downsizing at Firststar Corp., Anne Curley tested an approach she calls “Intuitive Communication.” Judging from the reaction of the workforce, Curley’s little theory ought to become a new law in employee communication.*

THE PAGE ONE HEADLINE IN THE MILWAUKEE JOURNAL-SENTINEL WAS BIG, bold, and blunt: “Firststar to cut 2,500 jobs.” My heart was pounding as I began to read the story.

This was the news we had been preparing our employees to handle for the past nine months. From May 1995 through February 1996, while planning a stem-to-stern restructuring of our \$20 billion regional bank holding company, we had provided employees with a steady flow of information on why and how changes would be made. But can you ever really prepare someone for the loss of thousands of jobs? I was about to find out.

First came the facts, stated accurately and in context. So far, so good. Then came the anonymous quotes from employees. I braced myself and read on. “Employees interviewed as they left work at the Firststar Center said they had been well prepared by management for Wednesday’s news...,” the article read. “I see all the buyouts of other banks. They have to keep up with the bottom line,” said the first employee they quoted. The article continued:

“A woman with two years’ experience at Firststar said employees understood the pressures banks are under. ‘Every industry, especially banking, is looking to be more efficient,’ she said. ‘The whole process has been rather civilized.’ Employees said they appreciated being included in the reorganization process. ‘There’s a certain amount of anxiety right now about individual jobs, but it’s been handled as well as could be expected,’ said a woman who has worked at Firststar for five years.”

As I read and re-read these quotes, I was stunned. I was relieved. I was thrilled. It was by far and away the most gratifying moment of my career to date. Everything I believed in, everything I had worked for and argued for regarding employee communication had been confirmed. There was the proof. Even as they faced the possible elimination of their jobs, employees were telling reporters why we needed to do this and that we were doing it well.

And I thought back to the initial controversy that surrounded our communication plan – to several colleagues who had argued, “Hey, there’s no way to put a pretty face on this. The less said, the better.” I wondered what they were thinking as they read their morning newspaper over breakfast.

Following that most gratifying day, we made a significant communication mistake which I’ll confess later in this article. But first, let me tell you what we did right, judging from the reactions of our employees to the layoffs news.

Very simply stated, we engaged in style of communication that was very human – personal, sensitive, respectful and, as it turned out, highly credible. And we proved what I know every employee communication professional believes – that how you communicate bad news makes a huge difference in how it is received. If you treat employees with sincere respect, they can sense it. If you acknowledge and address their emotions and questions, then they're ready to listen to your point of view. Sometimes, believe it or not, you can even use a little downsizing humor to connect with people. But I'm getting ahead of myself.

This style of communication might be called “intuitive communication.” What it really comes down to is using one's own sensibilities as a human being to understand what others want and need to know and then giving it to them in human terms that they can grasp and internalize.

It's a deceptively simple strategy but one that appears to be rarely employed. Before we announced that layoffs were coming, I did a fair amount of homework on the subject. The libraries of the International Association of Business Communicators and Public Relations Society of America sent me case studies detailing other companies' restructuring communications. I collected files from other financial institutions that had conducted similar projects.

Here is what I found: There are plenty of good communication plans out there – matrixes of audiences and communication vehicles, timelines, checklists...that sort of thing. But there was precious little good communication content. Most of what I saw had been heavily influenced by legalists, bureaucrats, and other strangers to clarity and common sense. There were hollow pep talks. There were weasel words aplenty. There was an impersonal, almost clinical feeling to much of what I read. Quite frankly, a lot of it was insulting to both dignity and intelligence.

A classical example was a two-page letter to employees from the CEO of a major financial institution. There are 17 paragraphs in the letter. The first 14 tell employees that a great and wonderful restructuring plan has been developed for the company. The 15<sup>th</sup> paragraph tells employees the 3,000 of them will be laid off. Then the 16<sup>th</sup> paragraph tells them how much the board appreciates their support. And the closer tells them how important it is that there be minimal disruption to the company's business. Have a nice day.

You've no doubt seen other examples of how not to deliver bad news to employees. The question to be addressed here is how to do it right. Following is a 10-point plan for intuitive communication.

**1. Long before restructuring is even a glint in the CEO's eye, establish a track record as a trustworthy employer.** Several years ago, when doubts were first raised about the re-engineering craze, I attended a Steven Covey seminar. I had a chance to ask him what he saw as the main difference between companies where downsizing had worked and those where it hadn't. He said it all came down to employee trust. If employees trust management, an organization can actually use a restructuring to build a stronger culture. On the other hand, if they don't trust you going into a downsizing, that's a stronger predictor that you won't come out very well. The strategy I am outlining here will only work if employees consider the employer to be fair and decent.

**2. Establish the CEO as the principal information source.** This helps in two ways. First, it's a sign of respect to your employees. This is serious business and it's got major implications for your people. If this isn't important enough for the CEO to communicate directly with employees, what is? Second, intuitive communication doesn't work unless it comes from a real person.

The alternative is to develop a newsletter or to have different communications come from different sources. But with these approaches, you lose the chance to forge that personal connection. You have "the company" talking, rather than another human being. Or you might have another executive serve as the primary communicator. But this begs the question, "Why is our leader missing in action?" The key to our strategy was to rely heavily on our CEO to carry the ball.

Firststar Chairman Roger Fitzsimonds was a leader who respected the chain of command and took pains not to execute end runs around his lieutenants. Those who knew him prior to the restructuring knew he cared a great deal about the welfare of employees. But few of our 10,000 employees knew the man, much less his personal style and feelings. That changed over the course of this communication initiative.

Fitzsimonds communicated mainly through a letter called "The Chairman's Report." It came out about every three weeks. In it, he talked about whatever seemed appropriate at the time, and also responded to questions that had been left on the "Chairman's Hotline," a voice-mail box set up for that purpose. At a couple of key moments in the project, we used video to support these written pieces. Perhaps most important, at the start of the project, the CEO met with about 1,000 managers and supervisors face-to-face at 30 "town hall" style meetings. These face-to-face meetings made the written communication that followed much more meaningful to participants.

Early on, Fitzsimonds established that his way of communicating on this difficult subject would be personal and employee-focused. In the very first communication on the restructuring, he concluded by saying, "I feel a great sense of responsibility to you... My goal is to carry out that responsibility so that, once this project has been completed, you and your co-workers will feel it was conducted in an intelligent, fair and caring way." The message: I care what you think, and your perception of how this was handled is how I'll measure our success.

**3. Always look through the employee's eyes.** It's critical to begin the communication process by going where your audience's collective head is. Before I tell you what I mean, here's an example of what might be called "Counter-Intuitive Communication," or "Going Where Their Heads are Not." This comes from a newsletter that one company established to keep its employees informed during a restructuring. The target audience was all employees:

"This year's planning process will be radically different and scaled down. As a starting position, the noninterest income and expense budgets will be the baseline budgets created for [the restructuring project] with simple adjustments made at the corporate level. We will also simplify the way we plan net interest income, balance sheet volumes, and credit-related costs and activities."

Can't you just hear the average employee saying, "Gee, they must have read my mind! I was *wondering* what those baseline budgets would be."

Here's a contrasting example. Our company, like most mid-size regional banking institutions, was a frequent target of takeover speculation. As we began experiencing the

pain and stress of restructuring, that speculation surged internally. So it became the topic of a Chairman's Report that began this way:

"Phone calls to the Chairman's Hotline have been few and far between lately. Yet there is clearly one central question that remains on many minds: Can Firststar remain independent?"

The letter goes on to establish that the writer is quite aware of the less polite ways in which people were actually posing the question.

"The skeptics ask, 'Isn't it just a matter of time before a larger institution acquires Firststar?' or 'How can a company Firststar's size possibly expect to survive?' Some employees, feeling the stress of our current transition process, express the thought a different way, asking: 'Is it really worth putting ourselves through all this change when we may have to change yet again?' Others worry, 'Isn't this project just making us more attractive to a potential acquirer?' ...

The writer could have launched into a response immediately after posing that first rhetorical question, "Can Firststar remain independent?" But it would not have been nearly as effective a hook as posing that same question in the more skeptical ways that people actually put it when they're not being nice to the CEO.

The more candid approach evokes within the reader the thought, "Hey, this guy's in touch with what people are really thinking and saying. And he's not afraid to address it. Let's see what he's got to say."

In intuitive communication, you always begin by establishing that you really do understand where the communication receiver is coming from. If you can establish that connection, everything you say after that has a much better chance of getting through.

Of course, it's not enough to be responsive to employee concerns in words alone. As always, actions count more. For example, we knew that one source of employee anxiety pertained to severance terms. Not only did they not know whether or not they would continue to have a job, employees also didn't know what kind of support they would receive if they lost their job. This latter question was one we could address a full six months before we would resolve the former. But the idea of telling employees what their severance would be if they lost their job, months before the actual staff reduction would occur, did not sit well with some who participated in this decision. Why talk about such an unpleasant subject before it was necessary, they asked. After all, most employees would ultimately learn that they were keeping their jobs.

But Fitzsimonds held to a promise he had made to employees that he would provide information as it became available. Naturally, details of the severance package were of concern to employees. After all, wouldn't anyone want to know how they would fare in a worst-case scenario? We responded to this obvious question by laying out the entire severance program.

The immediate impact was a heightened sense of anxiety. Suddenly, the coming layoff seemed more real to many employees. But over the next six months, it became clear that we had done the right thing from the standpoint of both morality and morale. The knowledge that Firststar would provide a very fair severance package had eliminated a significant source of anxiety for our employees.

**4. Respect employees' intelligence.** This elementary principle of employee communication often goes by the board when the subject is negative or sensitive, doesn't it? The best form of respect in these situations is to give employees the facts they need to

draw their own conclusions (which, of course, is something they will do with or without the facts). Returning to the “Can Firststar remain independent?” example, the idea is not to simply assert, “We’re committed to remaining independent.” Instead, you need to make the case for why that’s a rational position. In the same letter, Fitzsimonds went on to dispute the common wisdom that mid-size banks cannot survive. He noted that there is no empirical evidence to support that assumption, and went on to say:

“It makes more sense to argue that a first-rate company in our size range offers the best of both worlds – strong local presence and world-class resources – than to express the reverse point of view. The airline industry offers a good analogy. On one end of the spectrum are the giant carriers such as Delta and American. At the other end are the small commuter airlines serving local markets. Between these two extremes are two of the most successful airlines in the country, Southwest Airline and Midwest Express...”

Too theoretical for the average employee? Only someone who is out of touch with the average employee would think so.

Perhaps the best way to respect employees’ intelligence is to use what PR pundit Pat Jackson calls “transparent communication.” Jackson asserts that it is not enough to say you’re going to have “open” communication with your employees. You need to go a step further and give them transparent communication. He likens this concept to a mechanical process that occurs in a see-through box. The output at the end on the process is a statement such as, “I sincerely believe it is in your best interest to stay with this organization and work hard to make it better.” In itself, such a statement has minimal impact. However, if you show each key piece of the “logic machine” that generates the statement, and then let employees make up their own minds about whether the statement represents a valid conclusion, you have potentially powerful communication.

A good example of this was the answer Fitzsimonds gave to a question phoned in to the employee hotline: “Should I be looking for another job?” The response: “It’s only natural to wonder, ‘Am I better off jumping ship before I get pushed?’ But let’s think about that for a minute. In the first place, it’s substantially more likely that you will continue to work for Firststar than that you won’t. Second, where would you go to find ironclad job security? Even government doesn’t provide 100% guaranteed jobs these days. Third, on the other hand, there are lots of places you could work that don’t treat their employees as fairly as Firststar does. Firststar’s not perfect, but it is clearly one of the better employers in our markets...”

Over lunch in the cafeteria on the day this answer was published, I overheard the comment, “Well, it’s hard to argue with his logic.” Exactly.

**5. Go where their hearts are.** The highest form of intuitive communication entails more than going where people’s heads are. It also goes where their hearts are. It opens people up emotionally as well as intellectually.

A rare example occurred at the annual All-Employee Celebration held by our lead bank. Roughly 3,000 employees attended. The event occurred a few months after we had announced plans to restructure. This had typically been a very festive event, and now here we were, in the shadow of an impending layoff. Once again, we needed to establish up-front that the speaker understood where our employees were coming from.

Let me set the stage by telling you that Chris Bauer, chairman of Firststar Bank Milwaukee, is an exceptionally engaging communicator. This was the third annual All-Employee party he had thrown and both he and this event were very popular. Still, as the serious portion of the evening began, there was tension in the audience. Employees knew Bauer would be discussing the restructuring and people wondered if this would turn out to be a grim occasion. His opening comments were not what they expected.

After talking about the fun slated for later in the evening, he continued: “But as we all know, life is not all fun and games at the bank.” (Long pause here. The audience responded with a small laugh.) “It never was and it certainly will not be over the next 18 months. We are about to enter into what I expect to be the most demanding, unsettling period in the history of our company.

“I know that many, if not all, of you are feeling apprehensive, wondering how this will all shake out and what it will mean to you and your co-workers. I’ve heard the gallows humor about job losses. And it is not true, by the way, that next year we’ll be holding this meeting in the Hales Corners High School gymnasium.” (Bigger laugh. No one expected humor, but it certainly felt better to laugh than to cry about the situation.) “I know that some of you have even been referring to this party as The Last Supper.” (Major laugh. The release of tension was palpable. I could almost hear the audience thinking, “This guy is for real. I trust him.”)

The humor wasn’t sidesplitting, but it was as welcome by this audience as it was unexpected. You could sense a surge of relief, triggered by just laughing out loud about a subject the audience assumed would be handled with kid gloves.

Admittedly, it’s not too often that you can write a laugh line into a downsizing communiqué, but I cannot begin to tell you what a transforming effect those comments had on the audience. It was as though the speaker had opened up their heads and let the pressure out. Truly, I think the best word for what happened is decompression. This executive made an emotional connection with his audience and, once that happened, they were ready to hear everything he had to say.

**6. Make it personal.** Just as employees want to know that the CEO understands how they are feeling about the possibility of losing their jobs, they also want a sense of how the CEO is feeling. They want to know that he or she is experiencing their own emotional reaction to the situation. Obviously, one can carry this too far. Nobody is in the mood to hear the CEO tell them, “This hurts me more than it hurts you.” Sure it does, Mr. Big. But at the same time, they want to know this isn’t a cakewalk for their leader. Our outplacement consultants at Drake Beam Morin felt strongly that Fitzsimonds should express how difficult it was for him personally to approve the elimination of 2,500 jobs. Here is what he said:

“Recommending a plan that will bring about such a significant reduction in jobs is the hardest decision I have ever had to make. I believe it was the right decision for two reasons...[which he went on to review briefly]...But regardless of business necessities, competitive realities and all that, the truth of the matter is that this is a traumatic day for Firststar. I am sure you will be feeling upset, frustrated, and disappointed that the good job we have done has not prevented this from happening. I have experienced all of those emotions over the past several days. Some of the people who will lose their jobs are longtime associates and friends of mine. Others are people I’ve just recently become acquainted with, through the visits I made to a number of locations last fall. Those visits

were a wonderful opportunity for me to connect with thousands of the people who make this company go. They certainly re-emphasized to me the human side of corporate decision-making. I hope you will believe me when I tell you that if I thought we had any reasonable alternative to this staff reduction, I would have taken it.”

Employees may have been more likely to believe that last statement because they had glimpsed the personal side of the CEO in earlier letters. These communications were not overly personal, but they did convey some sense of how he thinks and feels. For instance, when the decision was made to reveal details of the severance package months before staff cuts were made, Fitzsimonds talked about this thought process:

“Some people felt that bringing up the issue of severance did more harm than good by making employees more anxious about something that a large majority of them will not have to deal with. It’s a classic communication dilemma: Do you share information that raises anxieties you’re not in a position to dispel? Or do you remain silent and allow speculation and rumors to fill the void? For me, it was not a tough call. I promised you that I wouldn’t keep you in the dark. I told you that as soon as decisions were made, I would tell you. I intend to keep that promise...”

Sometimes, the personal touch was expressed in much smaller ways. For instance, after explaining a rather complex change in the organizational structure, Fitzsimonds asked the reader, “Are you still with me? I know this is a great deal of information to digest in one gulp.”

Over the nine months that elapsed between announcement of the project and announcement of the staff cuts, many Firststar employees went from perceiving the CEO as a distant figure to feeling quite differently about him. This change occurred because he was not afraid to get personal.

**7. Don’t always wait for complete information.** One of the first issues that Fitzsimonds addressed was his lack of ready answers to employee concerns. After a broad-brush explanation of our restructuring project, he said:

“I realize these statements raise more questions and anxieties than they resolve. I wish I could tell you right now what the specific results will be and how you personally will be affected. But I do not intend to sit in my office and make those decisions in some isolated, arbitrary way...”

Right up-front, he established that he was not going to be the Answer Man for quite some time, but that he’d stay connected with them through the period of uncertainty. Employees give managers enormous credit for the simple act of admitting there’s a lot they don’t know, and then staying in touch anyway. They appreciate that this is a departure from the traditional managerial instinct to dot every i, cross every t, and wrap everything up in a nice, neat package before laying it on the audience.

**8. After you’ve admitted there’s a lot you don’t know, tell them what they can count on.** Obviously, employees are looking for any reassurance they can get. So you want to balance what you don’t know with what you do know regarding how the company intends to treat employees throughout the process. After admitting that much was up in the air, Roger added:

“What I can say with certainty is the following: Employees will be informed of any significant decisions as soon as they are made...Employees will play a key role in developing the recommendations. Employees whose duties are changing will be assisted in making a successful transition...Those employees whose positions are eliminated, for

whom suitable alternatives within the company are not available, will be treated with the utmost respect and fairness...”

In other words, when you can't really give your employees a clue regarding the outcome of a corporate restructuring, you ought to try at least to give them a very clear idea of the process and, particularly, how they will be treated at each step along the way.

Regarding that last promise – that affected employees would be treated with the utmost respect and fairness – the cynic would argue, “Those are just words. Why even bother to make the statement? Time will tell how respectfully and fairly this is handled.” That’s exactly what one of our executives said to me. But let me tell you something: Those are words employees want to hear. And unless an employer has abused the trust of its employees in the past, those are words that make a difference in people’s comfort level. They don’t eliminate anxiety, but they do make a difference and they are worth saying.

A final thought on this: It’s probably a good idea to tell employees they can also count on management making some mistakes in the restructuring process. First of all, it’s true. Second, people give you credit for admitting it, and they will cut you more slack when you do err.

**9. Address real questions with real answers.** The Q&A may be the most effective format ever designed for written communication on complex subjects. Yet it is also regularly misused as a propaganda tool: “Q: How can I best contribute to the company’s earnings this year? A: Each of us has a crucial role to play...”*ZZZZZZZZZZZZ.*

To use the Q&A format effectively on sensitive subjects, start by using “real” questions. For example:

“I was just curious as to why Firststar is cutting employee benefits when I see in the newspaper that you plan to donate \$35,000 to a local charitable cause. Not that it’s not a worthy cause, but it seems a little hypocritical for Firststar to donate \$35,000 when so many cutbacks are necessary.”

As you can probably tell, this question – which was phoned in to the Chairman’s Hotline – was published as it was spoken, with no scrubbing to simplify or sanitize the language. The conversational (“I was just curious...”) to slightly harsh (“It seems a little hypocritical...”) language gives this question the ring of truth and tells employees we’re not afraid of straight talk.

Real questions, of course, demand real answers. Here are two approaches to answering the same question, which regards the procedure that we and a number of other companies employed to identify spending cuts. First, the less effective approach, which appeared in an employee newsletter:

***Clarification sought on 50% stretch target***

*The 50% stretch target is an analytical tool that helps identify every potential cost-saving idea. Using this approach ensures that even the “sacred cows” or pet projects are analyzed and considered for potential approval.*

I like the use of the term “sacred cow,” but find the answer generally unenlightening. Here’s another take on the issue, as printed in the Q&A section of our Chairman’s Report:



***Q: I'm having trouble understanding this concept that areas are supposed to come up with ways to cut their budgets in half. That sounds very unrealistic. What's the point?***

*A: The 50% goal forces us to rethink everything. If we had said, "OK, Mary, you need to cut costs by 20%," the likely result would be efforts to do basically the same things with fewer people – in other words, the "work harder, run faster" school of cost reduction. What we are asking areas to do sounds drastic. But it's also liberating, in a way, because you simply cannot come up with a 50% cost reduction and continue to operate basically the same old way..."*

Of course, by encouraging employees to leave messages in the CEO's voicemail box (typically one set up just for this purpose), you create an opportunity for oral "hate mail." To my surprise, we never received any. However, we certainly were prepared not to publish every question we received. The idea is not to engage in corporate masochism. The point is simply to acknowledge people's real concerns and questions, and pay their issues the respect that they deserve.

**10. After a brief grieving period, help employees to refocus on a positive future.** In February 1996, Firststar notified roughly 1,400 employees that their jobs were being eliminated, and told another 8,600 their employment was secure. The communication planning surrounding this notification period was elaborate. Like the months of communication leading up to notification, this planning paid off in an amazingly tempered employee reaction.

Unfortunately, that was where our communication planning began to break down. Once all employees were informed of the status of their positions, it was felt that there was no longer a need for a strong, centralized communication program. Now it was time for managers to manage, communicating with their staffs as appropriate. There would be quarterly updates from the CEO, but nowhere near the heavy flow of communication that had characterized the period prior to staff notification.

It seemed like a logical transition at the time. It turned out to be a serious mistake. From the point of view of the average employee, suddenly the information pipeline had gone dry. While we were planning our restructuring, employees were receiving updates every few weeks. Now here we were actually doing the restructuring – a very stressful, often disheartening process – and people felt cut off from the flow of news and encouragement they had come to expect.

Among the middle management ranks, where the burden of executing the restructuring fell heaviest, there was a sense of drift in some quarters. These critical employees were experiencing the industrial-strength headaches that characterize any restructuring worth its salt. They could see all too plainly the months of toil and stress that lay ahead. The problem was that many could not see beyond this. They understood that the organization could not survive without restructuring. But mere survival is hardly a motivating vision. They needed a reason to believe they would likely have more opportunity, more success, and more fun working at this company in the years to come than somewhere else.

Clearly, it was time to put forth a more compelling vision of our future.

The good news is that we did develop a new corporate manifesto called "The Firststar Way" that expressed just such a vision and explained how we intended to achieve

it. The bad news is that almost a year elapsed between the staff reduction announcement and the introduction of this new strategic vision.

In retrospect I can see we should have been ready to lay out a vision of life beyond restructuring within a month after employees were notified of their job status. As has often been noted, it's important to allow for some grieving time before you begin focusing communication on better days ahead. But it seems to me that three weeks would have been about the right interval for that. Ideally, we would have developed "The Firststar Way" prior to the restructuring so that employees could better envision the payoff beyond the pain.

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In conclusion, a few philosophical comments. Whether it's called a restructuring, downsizing, rightsizing, or plain old layoff, this type of organizational upheaval is never pleasant. Yet in two respects, it represents a marvelous opportunity for an internal communication professional.

On one level, of course, it's a resumé-builder. It gives us a chance to play a more strategic role, drawing closer to the people, and influencing the decisions, that drive the organization during this period. While internal communication is often treated as a peripheral function when times are good, it's more often seen as critical success factor in times of major change. If we do it well, it can make a real difference in our careers.

More important, if we do it well we can make a real difference in the lives of others. After all, work is where most people spend a large piece of their life. For many, what they do is who they are. When life at work is suddenly upended, people's assumptions about their value, their security, and their future are called into question. Our work can address those questions, relieve anxieties, and contribute to peace of mind. It can make people feel respected and "in the loop." It can give them the information they need to make intelligent decisions. It can help them to get through the rough patch and look to the future.

In short, I've come to realize, our work really can work wonders if it speaks to both head and heart.