

Closing Down Process: Groups, Business units or Sites

Rajagopalan Venkatachalam

BUSINESS INTELLECTS





Contents

ABSTRACT.....	3
PROBLEM STATEMENT.....	3
Stakeholders needed	3
HR.....	3
Facilities/Admin	4
ICT Infrastructure	4
Proper process with timelines:	4
Recommendation:.....	8



ABSTRACT

Closing down anything is not something one would wish for or would like to do. But due to business situations, top leaders have to take up this task and are expected to do so professionally, be it a group or a business unit or even a complete site. Although the expectation is not to prolong the process as this may not be very comfortable doing for all parties involved and impacted, there are ways to do this properly and gain some goodwill from the impacted and remaining employees and the way to do has to be direct, honest, transparent and satisfying to the employees and the organization.

PROBLEM STATEMENT

The senior management, either suddenly to show some quick turnaround in terms of consolidation or due to hits in profits after some careful thoughtful deliberation, has decided to close down a business unit. This decision would have been done definitely after some careful deliberation and after a lot of data behind it. Not getting to the details as to why this decision was made as this is not the intent of this paper, let us look at what to do now and how to do it professionally. Let us assume for the decision was taken on the Nth work-week of a year and for doing things professionally, we have to look at both the impacted employees welfare and the organizations health and branding, and get a buy-in from the management as to how many weeks it would take to close down professionally and get it approved. Then the real exercise starts for which a model process timeline has been suggested here.

Stakeholders needed

Four stakeholders are critical for the proper completion of the task – HR, Facilities/admin and ICT Infrastructure – may be finance as well but this usually more centralized. Along with this the Group or Unit senior most leader or the Site leader, depending on the situation to manage the entire process is essential – this person must be the confidante of the senior management and must be given 100% backing in making decisions assuming he would do it good.

HR

HR still has to give proper relieving and experience letters to all impacted employees, ensure that the benefits and dues are calculated well (working with finance), give proper recommendations to the employees and facilitate them to take interviews with other companies, and properly closing files for both the employees and the management.



Facilities/Admin

Admin plays an even more critical role if the site is closing and the lease has to be take care of – not an easy thing to do as usually commercial leasing come with 6 months’ notice period to the landlord and although one can request the landlord to take a look at getting another occupant for continuing the lease and beyond, not necessary that the landlord has to oblige in a hurry as his legal liability is taken care off for the remaining months anyway. The physical essentials like chairs, office and meeting room desks, cafeteria related items and the UPS/Inverter etc. have also to be accounted for, but these need to remain till the last day the employees are present in the physical location.

ICT Infrastructure

There are computers (desktops, laptops, tablets) and phones and even software and licenses associated with any closing down process and one has to ensure that these physical assets are properly accounted for and accounted for well. With this, one need to look into information security needs which has to be tighter now as there are chances of some affected employee doing irreversible damage or some assets with lots of IP in them being lost.

A Recommended process to follow with timelines (in Work Week – WW):

- **WW N:**
 - **Day 1** - An announcement needs to happen which mandatorily must have the rationale behind closure (why), ‘who’ is impacted and timeline of closure activities (when). The “What” and “how” if known can be told at the same time, but it would be better for the employees to digest the news and inform them in the next couple of days.
 - This day ideally must be a day before the salary day of the month and definitely towards the end of the month (last week of the working month)
 - The message must be crisp, clear and consistent and not exceeding couple of slides. The over sync up of this must have happened over the prior couple of days with lots of back and forth feedback to ensure all stakeholders are on the same page.
 - The people who must be present while presenting has to be the above four stakeholders (HR, Admin, ICT, Site or delivery head) + the boss of the site head and overall HR head – prefer them to be F2F (if not a video conference but not on audio alone). The site or delivery head must be the one taking the questions and assisted by others, if directed. This gives a feeling to the employees that their immediate



boss is still in control.

- **Day 3:** Now it is important to know who is impacted and who is not impacted (the immediately not impacted employees may be on active projects or customer deliverables that must not be abruptly terminated) – the HR must have this captured in an Excel with name, end date, package details etc. for each employee.
 - o Now the second meeting with the same audience needs to be structured – this must have been informed during the first announcement as to when the follow-up meeting would occur. In this, it must be clear that employees understand “what” is their impact and their specific package, “when” they would get relieved (differs only for employees that needs to deliver to customer commitments) and “how” the whole thing is going to happen (some timelines here as to recruitment drives, asset recovery, security requirements etc.).
 - o Employees must be given time, preferably one day, to choose if they want to be on the payroll for the notice period (usually 2 months) or not. They must all get back within a day and no more. For those who have opted to serve the notice period within the organization, it is important that the HR asks some companies to come and interview them on their own campus and make offers immediately – the employees are free also to look out for their own and not depend on the organization’s assistance program as there is no guarantee associated with it – this is more a ‘goodwill’ gesture but must be done sincerely.
 - o The last day of closure must be indicated in this meeting – usually the end of usual notice period, say 2 month. Make it clear the unit or site closes on N+8 weeks.
 - o From the package front, it is important not to exceed any budget associated with closure activities and at the same time, being humane is critical. The package must be based on the number of years they have stayed with the organization with an upper ceiling (usually HR knows how long does it take for an individual to get another job in that environment – this must be the cut off). Never do it with the total years of experience of the employees as the discrepancy can be huge to manage and you are not rewarding loyalty which must be the message given. Minimum must be the legal limit of 2 months and maximum can be 4 or 5 months. Suggested path is to give 2 weeks for every year inside the organization to a maximum of 2.5 months’ pay. The additional loyalty bonus does not need to be given for those employees who asked for the organization’s assistance and have also got a job through the efforts of the organizations when a company hires them.
- **Day 4:** Employees come back with their choice – it is important to know who wants to stay and who does not.
 - o In both cases, all the assets that they take out of the office must be surrendered by the next day and all connectivity/VPN access must be withdrawn – to ensure there is no security violation. They have to come physically to office and use their existing fixed infrastructure to access – for the next 8 weeks, it is important to ensure no storage device of any kind or cables are brought into the premises. A printer, fax and scanner must be available for the employees in good running condition with lots of papers.
 - o For those employees who are critical for any existing projects, a separate package can be



announced on a one on one basis, as the usual business may not need to suffer – this is easier said than done, as the employees would not be giving their 100% anyway anymore and it is a farce to expect the same. Their notice period pay and loyalty package would start from their last day of commitment as they are still generating revenue to the organization. It is better for the HR and the delivery head to negotiate with the customers as well that we would transition off our committed project in two months, so that the last day of closure would sync up with the last day of the employees in projects as well.

- Day 5 (prefer this to the last working day of the month):
 - o For employees who did not want the organizations help of any sort, it is better to relieve them this day after collecting everything that they owe to the company. The HR and finance must have been on the job for all the impacted employees and have a list of what they owe (physical properties, loans, etc.). Any deductions must be accepted by the employees before all closures happen. Send the relieving letter to their home and pay them the notice period + package pay in time for their next salary cycle. These employees must not belong to any mailing list of any kind and to any access list at all starting today.
 - o For employees who need assistance, it is critical they have the updated profile sent to HR with target roles they want to play so that the organization can compile all of it and position them better. When the employee list is sent out to the other companies, it is important the contact name, email and phone be of the HR itself and not the employees so that HR becomes the focal point for placement and this is easy to manage. The offer, when given, by companies must be given to HR and the employees simultaneously. The list sent to the companies must also have the last drawn pay of the employee clearly and last year's performance review rating so that the companies have the idea of whom to target.
- WW N+1 to N+5: (about 4 weeks)
 - o The employees who sought assistance have to be in touch with HR and be available in an hour's notice to come to the organization for taking interviews. They must start preparing well for the interviews. As much as possible, they must be asked to take any new offers within a week's time – a reasonable offer is what counts (reasonable means it must at least match the present offer) – once they get an offer, irrespective of whether they accept it or not, they get to lose their loyalty package then and there and they would not be entitled for any more interviews from the organization side. Unfortunately they do not have the right to reject any reasonable offer.
 - o It has to be made clear to the employees that once they are selected to an opportunity, although the HR would try their best to match the salary at the least if not given an increment, they must choose and join soon.
 - o Regular update on the placement of employees and inventory of asset list must be sent out to all stakeholders.
 - o During this time, a complete asset list must be collected and plans to what needs to be done to them has to be agreed with the right stakeholders. The plan must be in place by N+4 week.



- For interviews, it is better to bring the companies in house, irrespective of the number of employees they want to hire or employees available now, so that they give a presentation for an hour and have an interview panel of 3-4 folks who can come and take the necessary interviews and make a final call before they leave the company – they must provide the selected list to the HR before they leave. The interviewing company and their employees must be properly looked after in terms of food and facilities to provide.
- The offer must be made within a day and must be given to the closing company's HR and the employees TOGETHER and the employees must decide within a day to accept or not and enabled to join the new company within a reasonable period. Once the employee joins the new company is when the relieving letters would be given directly to the new company. It is better the negotiation happens in such a way that the employee joins the new company and then given a week off if they ask for it immediately so that all the formalities are done and the new employer also feels more assured.
- At any given point, the employees have to inform the HR and the site manager if they have got an opportunity on their own to pursue so that they get off from the list to be projected to the companies. It is also important for the HR to talk to that company immediately to see if there are other opportunities that one can fit other employees in.
- N+5:
 - It is important to assess the ground situation and inform the employees that it may not be possible for HR to be of full help to them anymore although they are free to stay back for 3 more weeks. They must be told about the package they would get after (since they served the notice period, they get only the loyalty pay package).
 - Now the ICT and admin have to be busy to get the asset list to closure at the right time, and all the vendor negotiations need to happen.
- N+6:
 - It is important for the four critical stakeholders to be given options to stay back in other units of the organization in other locations or at least given a choice to move elsewhere within.
 - All vendors needs to be finalized for disposing off the assets – be it leased companies, be is shipping and relocation services, or be it 'fire sale' vendors
 - It would be a nice idea, if acceptable, to see if some the assets can be disposed at 'throwaway' price to the employees as this would be cheaper than sending used assets by ship to another country. The finance can always take care of the loss through depreciations to some extent.
- N+7
- Resolution of any and all opens items have to be bought off and the packing of assets needs to start with only skeleton assets available for use.
- All the four critical stakeholders must be given one more month to stay back or be available for the organization remotely, just in case any loose ends have to be tied up. Their package must be much better than the usual one given to others. Also sort of arrangement to give their relieving letters



on a later date can be arranged, by stating that they were contracted out for a day or two a week till that time they get a job as part-time consultants.

- N+8
- Day 3: All employees are relieved with the last day at the last day of the month.
- Day 4: All shipping of goods takes place and other than the assets required for the four stakeholders, everything else must be emptied out of the premises
- Day 5: After some cleaning of the premises, it is important that the four stakeholders go out for lunch at the organization expense as they have done some remarkable to the employees and organization.
- N+9 to N+12
- The four stakeholders are available for the organization and shipping of their assets are finalized for the last day of the third month. Their packages and relieving letters are all finalized.

Recommendation:

- Do it professionally and within budget and to the best of one's ability.
- Intention to place as many people as possible properly into new opportunities has to be foremost in the mind of the senior executives.
- The Top 3-4 seniors in the group or the site have to be looked after better than the others as they forego the opportunity to look around for themselves and are constantly helping others. Have a performance bonus based on results achieved in closure.
- Be fixed in the time and the package part, but be flexible to feelings and individual needs.
- Be secure and safe and take all measures to protect the organizations assets and properties.

