



Case Study: Closing an entire R&D site

BUSINESS INTELLECTS



The Task

An European MNC which was a publicly traded professional services company was going through some tough time and their new CEO wanted some site consolidation to happen and Bangalore site was asked to close quickly. There were existing projects and contracts locally and few engineers working for global teams that had to be considered, as well as the 150 odd people that would be impacted in this whole exercise. Not something anyone would like to do but a good leader has to take up this task professionally and ensure least impact to all stakeholders. The push from senior leadership was to close the site the very next day without even thinking of any customer consequences and other operational and local issues.

The Path

First and foremost, it was important to communicate the news however bad it may be to the impacted employees and then follow up with a message about the package that they were entitled to get – every closure has a budget and HR had to work out a reasonable package given the local prevailing norm and not only meet the legal minimum. Also the final date of closure was established – which was two months later which gave enough time for the employees to look around for next opportunity and have no gap in employment. A list of much needed folks for closure were established – to ensure they do not leave mid stream before closure, an attractive bonus package was initiated and communicated to them.

Then it was critical for the organization to establish a Help program to place the impacted employees in other jobs – this is the least that can be done given the bad news anyway, with no guarantees though. Also it was important to give an update both to the top management and to the employees on a weekly basis as to what is happening next. Lots of companies were invited on campus and they were asked to sell their company and post what they are looking out for, and interviews were scheduled for one day for each company with final offers being rolled out then and there, both to the HR and the employees.

The admin person was asked to put a list of assets available and after getting approval from the senior manager, there was plan as to what needs to be done with them. Same way the ICT had a list of computing and phone assets and plan was established as to what is to be done to them. If the situation allows it, and the assets were not to be shipped elsewhere, a garage sale can be held for the employees as a good price for them to pick up the items – although this could not be done in our case due to some legal clauses of our operation.

Towards the end of the closing period, it was important to have a daily check of events to happen so that the management was on top of things. Throughout it was important to be focused on both physical and intellectual security issues and this was taken care meticulously.

All customer related projects and the employees who were needed for extra time were handled separately and different packages were offered to them to ensure the project comes to a logical conclusion. All the customers were notified and the remaining work tracked and handed over at the right moment.

The Outcome

The organization was able to attract 11-12 local companies during the first 3-4 weeks and about 60% of the employees got placed and had couple of offers in hand – they were made to choose one and join immediately and HR gave the relieving letter accordingly to the new company and the employees. It



worked well for those companies as well as they had a guaranteed join within a week of offer.

The assets were all packed in boxes and shipping to couple of other centers globally during the last week before closure. There was no security related issues and all the assets were tracked and documented. The senior management folks who stayed back till the last day also were either absorbed by other sites or given an option to move elsewhere. All the customer related projects were handled well – customers were notified about the closure and the plans due to the impact created and properly handled to a good handshake, and they felt good about how this was handled entirely.

Few Hiccups

- It was not possible to plan about 30 odd engineers due to their communication skills as well as due to skill mismatches, and it was important that even after closure that the senior manager were recommending them to potential opportunities.
- Some assets could have been disposed and the employees were ready to buy them for a 'fire-sale' price but this was prevented by senior management who wanted all of them to be packaged and shipped along with the other required assets.

