

20 May 2016

# 3HR Legal Weekly

## Employment

### How to Successfully Restructure Your Business: The Key is in the Planning

The economic climate is as challenging as ever and small businesses to large, international companies are having to consider ways to make their business more profitable in order to survive.

Restructuring can be a daunting and challenging option for business, but often it is essential to ensure the survival of the business through more efficient operations.

Most people find change unsettling, and this is the same for businesses and their employees. Proper planning and seeking specialist legal advice is key to avoiding the difficulties and legal complexities that restructuring can create. It is also important that the restructuring plan allows the business to continue to function during and beyond any structural changes that may eventually occur.

Below are the key questions that you will need to ask about your restructuring process to ensure you conduct and implement the right restructure for your business:

#### What are we trying to achieve?

It is important to consider in detail what the business' ultimate aims are. Proposed new structures for the organisation should be drawn up with the strategic aims in mind. The implications of the proposed changes, timescales and impact to roles and responsibilities will need to be fully taken into account.

#### Will new roles need to be created or are we simply streamlining?

When putting together your proposed new structure, think about the types of roles that will be required to ensure it is operationally sound and can work efficiently. Look at job descriptions and job titles of the current and proposed organisation model. If new roles are being created, ensure that there are distinct differences to the existing roles. The employees will be looking for comparisons in order to avoid redundancies, so you will need to be prepared for questions likely to be raised in the consultation meetings.

#### How many redundancies are there likely to be?

The consultation process and the legal obligations that the business will have to follow will depend upon the number of redundancies that you are planning to make as a result of the restructure and when these will occur. For all redundancies, in order to ensure a fair dismissal, a fair procedure must be followed, which requires consulting with the staff on an individual basis. There are additional obligations if you are proposing to make more than 20 employees redundant within a 90-day period, including that you will need to inform the Secretary of State and also conduct a collective consultation process.

#### What is the best way to communicate with staff?

It is important that the business adopts a consistent approach through its communications with staff and that line managers are supported during what is likely to be a sensitive and difficult time. It is sensible to map out which managers will inform and consult with which staff, the order for the announcements, and consultations with the associated timescales for these steps. You should bear in mind the importance of keeping all employees informed, regardless of whether they are affected or not. Individuals or teams unaffected by a restructure will still be concerned about their job security and, to ensure business continuity, open communication is vital.

#### Who should conduct the consultation process?

Businesses should not presume that all managers are comfortable or have experience with dealing with restructures and redundancies. Managers should be supported throughout the process and you may wish to provide them with appropriate training and be available to answer any questions that arise.

#### How can we ensure that the process goes smoothly?

Preparation, preparation, preparation! Create as much documentation in advance as you can, including announcements, FAQs, proposed selection criteria and job descriptions. It is essential for a fair process that the consultation process does not appear as a foregone conclusion.

For more information about how 3HR Corporate Solicitors can successfully support your business through restructure, including consultation, training and drafting documentation, please get in touch.

**Emma Mursell**  
Solicitor/ Head of Employment  
E: [emma.mursell@3hrsc.com](mailto:emma.mursell@3hrsc.com)



This newsletter is designed to provide general information only. It does not constitute legal or other professional advice and thus should not be relied on. Definitive advice can only be given with full knowledge of all relevant facts. If you would like to discuss any aspect further, please contact us.

3HR Corporate Solicitors Ltd is a Solicitors Practice, authorised and regulated by the Solicitors Regulation Authority, No: 597935. The registered office of 3HR Corporate Solicitors Limited is New Broad Street House, 35 New Broad Street, London EC2M 1NH, registered in England and Wales  
no: 08198795

VAT Registration No: 163-5744-93 Tel: 0207 194 8140 Web: [www.3hrsc.com](http://www.3hrsc.com)

