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3HR Legal Weekly

Employment

Is it Time for a Restructure?

It may be that your business has been losing customers and failing to attract new ones, or perhaps you have seen an increase in competition or failed to adapt to the changing market environment. In order to survive and remain competitive, it is vital that businesses recognise the problems and implement the required changes. A restructure can allow a business to adapt its operations, become more efficient and place talented employees in the right areas to help to ensure its long-term success.

Restructuring involves overhauling the debt, operations or structure of an organisation. Restructuring is not always straightforward, however, and there will be numerous matters to consider throughout the process, including employee engagement, redundancies, changes to terms and conditions, operational requirements and management pressures. So, to help ensure a successful restructure, the following should be considered:

Identify the quality in your workforce

In order to become more efficient, the business needs to ensure that there are no knowledge or skills gaps in its workforce or, in contrast, areas which are over-staffed. A restructure is the perfect opportunity to assess your workforce and decide if there are any areas which need more skills or any that can be slimmed down. It will be more efficient in terms of expense and managerial effort to have fewer but higher quality staff, so you should not be afraid to reduce the headcount where you can be confident the necessary skills and resources can be retained.

Consider sustainability

Restructures can be stressful and time-consuming for all involved, so ensure that the restructuring is sufficient to create a sustainable way forward, i.e. one which will be able to support the business and cover the costs of most scenarios. You will want to avoid having to undertake such an exercise again, so spend time considering all possible options to make sure this is a one-off exercise.

Follow a fair procedure

It is vital to follow a fair procedure to help ensure employee engagement remains high (so productivity is not affected) but also to avoid employees bringing any claims against the business. A fair process will involve fully consulting with staff about the proposed restructure, seeking feedback and following the correct redundancy procedure. This is vital if the restructure is going to result in a change of positions or a reduction in headcount. A restructure can be used to encourage natural wastage (e.g. staff opting for voluntary redundancy or early retirement), which can help bring new talent to the forefront.

A business restructure, like any change, can be a turbulent time and result in issues with unhappy employees, legal complications, nervous investors and irate customers. It is important to remember, however, that change is good and, often, necessary for the survival of the business.

Business restructure calls for thorough planning and a considerate implementation process. Consulting with staff and involving all stakeholders who might be affected by the changes is essential for the changes to be accepted. If change is forced, this may be resisted by employees and cause ongoing issues in terms of morale, productivity, employee engagement and staff retention.

3HR will be pleased to assist with the planning and execution of any restructure or redundancy proposals. Our dedicated employment lawyers can advise on the legal process and risks, whilst our HR Consultants are on hand to provide practical, hands-on assistance during the process. For more information, please contact us.

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