

## ‘Rightsizing’ for organisational survival

As firms face a number of challenges post pandemic, they should remember redundancies are not the only option, says Dr Madeleine Stevens

by Dr Madeleine Stevens 1 November 2022



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Post-pandemic, organisations are facing unprecedented challenges. From the rise of hybrid working to the increase in demand for digital capabilities, quiet quitting, the Great Resignation and a growing number of union strikes.

According to the CIPD’s [Labour Market Outlook](#), 47 per cent of employers have hard-to-fill vacancies. Businesses continue to be disrupted on a global basis by the Covid pandemic, prompting them to adapt how, why and where work is undertaken, all while facing the challenge to remain competitive as a business that is ever present, leading to ongoing pressure to cut costs while the cost of living escalates.

During the pandemic we saw redundancies rise to a record level. Data from [Statistica](#) revealed that 402,000 jobs were lost in the three months leading up to November 2021, compared to the maximum of 311,000 for the three months leading up to April 2009 amid the economic market crash. Implementing redundancies is often perceived as a conventional response to cut costs and increase profits. Indeed, the aforementioned CIPD report highlights that 13 per cent of employers are planning to make redundancies in the next year. Businesses should remain cognisant that implementing redundancies can have a catastrophic impact on organisational sustainability because of the negative consequences of decreased employee commitment, loyalty and engagement, as outlined in my research: Strategic Redundancy Implementation: Re-Focus, Re-Organise and Re-Build. Subsequently, low levels of job security and morale impacts organisational performance and productivity.

## **Rightsizing**

Considering the current challenges in the workforce while operating at a time of economic pressure, redundancies may not be the only answer – ‘rightsizing’ may be a more considered approach.

Rightsizing, not to be confused with downsizing, essentially implies the process of bringing an organisation to its optimal size. The process of rightsizing includes the phenomenon of restructuring, which may include workforce reduction with the aim of reducing costs and improving profitability. Through the process of rightsizing, employers determine the right number of workers for their organisation in the right areas, with the ultimate aim of getting the balance right.

What sets rightsizing apart from downsizing, redundancy or retrenchment in a business context is that, in theory, rightsizing could also involve the increase of the workforce. As an example, during the pandemic Amazon’s rightsizing approach was to increase the workforce to cope with online shopping demands.

Notably, an increase in the workforce is rare. Rightsizing, however, requires a structured approach, where the infrastructure of the workforce is adapted along with other cost savings, while there is a focus on mobilising internal talent and recognising niche skills.

Before implementing rightsizing, employers should first ensure that excellent levels of employee engagement and culture are clearly established through psychological safety to limit low morale and feelings of job insecurity. Ideally, instead of diving into a long-term

project of rightsizing, employers could adopt a process of continuous review, where workforce planning and operational analysis occurs regularly and thus workforce adjustments and corrections are carried out consistently as the need arises, and a lack of alignment between organisational goals and the workforce is identified.

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