Effective and facilitated workforce reduction

**Shaping the path from COVID-19 to the “new normal”**

The COVID-19 crisis requires careful management of a variety of strategic, operational and financial challenges to prepare for the “new normal”. After emergency short-term response, next steps include financial and operational measures followed by the preparation of strategic realignment.

Our holistic Deloitte restructuring approach combines the required strategic, operational and financial levers to create an integrated concept.

**Balancing of financial, operational and social goals**

In most cases, workforce reduction is a challenging topic for management. A number of competing goals require balancing depending on specific situation and framework conditions.

Professional communication and goal-oriented stakeholder management are further essential elements in order to act adequately in difficult situations and successfully manage necessary changes.

**Fig. 1 – Illustrative competing goals**

| time | operational objectives | social compatibility | costs | etc. |
Tried and tested workforce reduction approach
Deloitte’s six-step workforce reduction approach (WRAp) integrates all key elements starting with situation analysis up to operational implementation.

International expertise and experience with global programmes
Deloitte provides leading expertise in the field of workforce reduction in all relevant regions which allows efficient management of complex international projects without relevant interfaces.

Our team has comprehensive experience in the field of national labor law and combines it with tried and tested concepts for efficient international workforce reduction programmes.

Fig. 2 – Deloitte six-step approach

1. Situation & key objectives
   - Understand and identify key objectives, framework conditions, existing risks and mitigation strategies

2. Scoping & specification
   - Define, break down and specify planned workforce reduction

3. Concept design & scenario evaluation
   - Generate and evaluate scenarios
   - Design reduction concept at a level of subsidiaries and locations

4. Legal framework
   - Design of legal framework of defined measures including management of legal risks

5. Methodology & negotiation strategy
   - Specify workforce reduction measures and develop negotiation strategy

6. Action planning, implementation & controlling
   - Develop, implement and track specific measures

Fig. 3 – Cross-functional Deloitte network

Deloitte Restructuring
Deloitte Legal

Fig. 4 – Regulatory conditions for workforce reduction*

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* All evaluations are subjective and reflect the combined experience of a number of people. No single person has conducted a process in all countries. In addition, there are cases that differ from the trend statements presented, which are explicitly not presented. Each practical case requires an individual case assessment by qualified lawyers.
Quick scenario modelling using our „OrgRadar“ tool

The integrated Deloitte „OrgRadar“ tool facilitates quick and flexible modelling of workforce reduction programmes, organisational changes and required social selection processes. Existing risks can be identified and mitigated at an early stage.

The modelling process considers a large number of parameters for quick and transparent illustration of workforce reduction scenarios. This allows efficient communication and negotiations with works council and trade unions.

One-stop service for efficient workforce reduction

Our restructuring and legal experts collaborate with the client’s project team from the very beginning to ensure an aligned approach and avoid delays. Due to our experience, we relieve the burden on management through operational and labour law restructuring expertise and minimise disruptions to business operations.

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