

# The *SECRET* of Communicating Bad News to Employees

by Dennis R. Ackley

**G**ood times or bad, several considerations prevail in developing and conducting a bad-news communication campaign.

**Organizations show their real values when they communicate bad news.**

Years of saying how important employees are and how much the organization cares for them can prove to be empty words based on how the organization behaves when delivering bad news.

Young organizations and “reborn companies” that are fortunate to have only “good-times track records” are probably most at risk. Mature organizations—including those that faced adversity early and survived—have experience as their guide. They learned how to communicate bad news. And many of them learned the hard way by not doing it right the first time.

## ***Bad News “Facts of Life”***

In the big picture of communicating bad news, five basic facts of life emerge:

- ***There is no alternative called “Let’s not communicate.”*** If there’s bad news, it’s certain to find a communication channel. Organizations can either step forward at the outset and orchestrate how the news is delivered or step back and react as the information comes out.

- ***If open and honest communication is not part of the organization’s culture, personality, and history, communicating bad news is bad news.***

***“Communicating bad news to employees is one of the most important and difficult challenges organizations face.”***

Without a well-established framework that supports a dialogue of full disclosure, there’s very little that can be done at the last minute to make the communication

of bad news anything other than a disastrous disappointment.

- ***Supervisors and managers must be included early, kept fully informed, and remain supportive.*** Supervisors and managers are the organization’s most important employee communication vehicle. They provide an opportunity for two-way communication that will help lay the issue to rest as soon as possible. If they’re not on management’s team, the ball game’s over.
- ***Proper planning prevents poor performance.*** This may sound like a panacea—but it is essential in communicating bad news. In fact, organizations that are good at communicating bad news have contingency plans in case they’re needed. Good planning can’t occur at the last minute.
- ***The worst alternative that management considers is likely to be communicated through the grapevine.*** This is the “skid-greasing phenomenon.” In most cases, employees are aware something bad is

about to happen. This is the main reason the “Let’s not communicate” alternative doesn’t really exist. On the positive side, when the bad news is not as bad as the worst alternative, employees sometimes are relieved to hear it.

### ***The Key Audiences for Bad News***

Organizations planning a bad-news event should consider carefully the needs and concerns of various audiences:

- ***Employees/Retirees***
  - Those directly affected
  - Those indirectly affected
  - Those sending the message
  - Those handling the responses
- **Public**
  - Customers
  - Prospects
  - Shareholders
  - Employees/retirees
  - Future employees

When organizations plan to communicate bad news to employees or retirees, often the most overlooked audience consists of the people involved in sending the message and handling the responses. These people suffer a great deal of stress—especially when jobs are being eliminated, benefits or wages are being cut, or other action is taken that evokes a strong emotional response from the affected employees. The employees who are not affected—if there are any—sometimes are also overlooked. They too may suffer stress, including what’s been called “survivors’ syndrome”—the guilt of escaping the actions that affected their coworkers and friends.

The bad-news information shared with the public and shareholders needs to be coordinated and synchronized with the messages that are sent to employees. Employees read newspapers and watch television news—and they are often

shareholders. That’s why the timing of the information distributed outside the organization needs to be linked to the employee bad-news communication effort. But just as important, organizations need to say much the same thing to both their internal and external audiences. If the messages are different, employees will want to know which one is correct and which one isn’t.

### ***Ten Elements of Bad-News Communication***

The following can serve as a checklist in preparing a bad-news communication effort.

#### **Describe the news in a clear and straightforward manner.**

- Do not lie, hide the message, sugarcoat, use jargon, minimize, or downplay.
- Do not make promises about the future that may not hold true.
- Do not overreact.
- Do not avoid adding honest perspective—“Although this is by no means a good situation, it is not as bad as...”

#### **Explain why the action is being taken.**

- What is the logic behind the action?
- How does the action support the organization’s mission?
- What was being done wrong?
- How will the action help solve the problem?

#### **Explain how the decision is fair to as many groups as possible.**

- If there’s no fairness, there’s no hope for a “positive” result.
- The test of “success” is reactions such as, “I don’t like it, but I can see why it’s fair.”
- Fairness must be shown to an array of groups:

- Directly affected employees
- Indirectly affected employees—the organization
- Shareholders
- Customers and prospects
- The public

**Involve a high-status messenger in delivering the message.**

- Who sends the message says a lot about how much the organization cares about employees.
- Lack of senior management involvement raises questions about control, responsibility, and leadership.

**Deliver the message in a timely manner.**

- Who the organization tells first says a lot—will employees learn about the bad news in the newspapers or from their supervisors?
- Reactive communication is usually defensive and apologetic.
- Do employees believe they have enough time to react properly—to change their behavior, acquire new skills, find new jobs, and make decisions?

**Identify who made the decision and what process was used.**

- Who was involved in the final decision-making process?
- What decision-making process was followed?

**Describe the effort that went into the decision.**

- What work and analysis was conducted behind the scenes?
- How painful was the process of making the decision?

**Outline some of the alternatives that were considered.**

- What other creative and thoughtful ideas were considered?
- Why were they not implemented?

**Show that the organization cares about employees.**

- How the organization behaves in communicating bad news shows its “true colors.”
- What humane actions are being taken to help all employees?

**Describe what action is required and what, if anything, can be done to change the decision or help avoid the problem in the future.**

- To change action:
  - Sales must increase to X.
  - Output must increase to X.
  - Expenses must be cut by X.
- To avoid the problem in the future:
  - X new quality standards must be attained.
  - X new customers must be found.
  - X new direction must be taken.
  - X new values must be adopted.
  - X new performance expectations must be set.
- To complete the event:
  - Outplacement services are available at X.
  - Elections for benefit payments must be made by X.
  - Keys must be turned in by X.

## ***The Secret of Communicating Bad News***

The secret shouldn't be a surprise—a **good employee communication program is just as effective with bad news as it is with good news**. Organizations that have good employee communication programs use the same ten elements when they are planning to communicate good news or bad. In their organizations no one asks, "How do we communicate bad news?" That's because where good programs exist, the answer is found in the question, "What standards do we follow when conducting any employee communication campaign?"



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### ***Dennis Ackley***

Dennis Ackley is a nationally recognized leader in benefit communication and retirement education. His innovative, award-winning communication programs have reached more than three million employees on topics such as retirement planning, investing, health care, benefit choices, pay, and incentive plans. Dennis has created communication campaigns for hundreds of the country's largest employers. He has written more than four dozen articles for such publications as *HR Magazine*, *Benefits Quarterly*, *Employee Benefits News*, and *Communication World*. He is a featured speaker at scores of conferences including the International Foundation of Employee Benefit Plans, Profit Sharing/401(k) Council, the PBGC, The Conference Board, Pensions & Investments, and Benefits Management Forum and Expo.

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