LIBRARY LEADERSHIP & MANAGEMENT

Downsizing, Budget Cuts, and Freezes: Avoiding Organizational Anorexia In Uncertain Times

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When the staff meeting ended, Marilyn, a senior reference librarian at a regional state university, headed toward the stairwell, her favorite place to think. She had had enough. First, the budget was cut and there were no new hires, even though one person had left and another had announced his upcoming retirement. Her student workers tried to fill the gap, but they weren't librarians. Patrons were starting to complain that the 'librarians' (anyone at the reference desk) were not particularly helpful. And just now, the Director announced that one person on the library staff would have to be let go and those near retirement may be asked to leave early. This was in addition to no annual raises and no promotions for the past two years.

Well, even though things had been difficult, at least Marilyn was still putting in an effort at work. She knew others had checked out mentally. Some were looking at job ads – right at the reference desk. Some were habitually late. Others were taking more days off, and almost everyone was refusing to do any more work than necessary. The last straw was when she overheard Jake saying that he was disappointed with his job. Jake was a new graduate, hired right before the freeze. The library needed his digital librarianship skills and had promised full support for the projects he outlined in his job talk, but now all that was tabled and he was rotating through the departments. Unhappy at first, Jake still tried to be productive, writing an article for the state journal and joining a university committee. Yet despite this, Marilyn knew he wasn't going to stay much longer. Other schools could use his skills and would offer the money and benefits he deserved. She also knew he wouldn't be replaced and the library would get even further behind in its digital services, becoming less competitive than its peers. As devastating as the downsizing and budget cuts were to those on the receiving end, the university said that they were necessary for it to become a more efficient and effective organization and more attractive to prospective students. Based on what she had seen so far, Marilyn wasn't sure that was going to happen.

Introduction. Marilyn and Jake were experiencing the effects of *organizational anorexia.*[1] This condition exists when an organization becomes so weak that its very existence may be threatened. It can occur due to failures at the larger organizational level, such as the university, or at the departmental level, such as a library within the university.

I admit to enjoying learning about organizational failure, perhaps for the same reasons that actors often say they prefer to play villains – the villain is usually more developed as a character and therefore more interesting. For me, organizational failure is also more interesting than reading about 'perfect' organizations. These failures can be total, such as what happened to Enron or Washington Mutual Bank. They can be partial, such as with product failures like New Coke or the Samsung Galaxy Note 7 (nothing says 'failure' like your product bursting into flames). It can bring down venerable companies like the Arthur Andersen accounting firm, started in 1913 and pretty much obliterated as a result of the Enron debacle, or the iconic American department store, Sears.[2] In year one, about 20% of businesses fail, but by year five, that figure goes to 50%. Before some readers start feeling smug because these are business failures, know that nonprofits are not immune. Half of them are headed toward failure due to a lack of planning.[3] And these figures don't take into account failures of government, which result in reduced or eliminated services - such as municipalities that go for the library first when there's a need to reduce the budget. For this article, I use the term 'failure' to refer to the inability of an organization (at any level) to carry out its mission in the face of massive changes in the internal and/or external environment. If the possibility of failure is caught in time, the organization usually has to change substantially in order to avoid the failure or at least reduce its effects. For example, in the academic environment, changes can be made along a spectrum from budget cuts to cutting academic majors to layoffs or even to closing satellite campuses.

While I have an intellectual interest in big organizational failures, I try never to forget that behind the headlines, lives were upended, college funds were raided to pay the mortgage, people lost licenses and credentials that took years of effort and expense to acquire, and some even went to jail. There is a toll on the people involved, and because of that human toll, I take failure seriously. And so should you.

Downsizing. While most workers have always been subject to layoffs, downsizing as a corporate strategy came into its own in the 1980's and 1990's. Consultants such as 'chainsaw' Albert J. Dunlap became well known for ruthlessly reconfiguring American companies such as Sunbeam, laying of thousands of workers in the process. Corporate downsizing may get the press, but nonprofits and governments downsize in their own ways. Governments and their agencies may decide not to lay off workers (especially highly visible public workers such as teachers, firefighters, and police), choosing instead to institute budget cuts and hiring freezes. To stay afloat, nonprofits may utilize more unpaid interns and volunteers.

Downsizing can seem to be a necessary choice for self-preservation or to maintain profitability in the face of exogenous shocks such as changes to the market or new government regulations. Downsizing may also occur as the organization reforms itself in response to changes in technology or to meet future needs. For example, as work is changed by technology, usually fewer people are needed to do it. These days, while there may administrative support for a department, the individual manager does not have a support staff person as almost everyone is expected to generate this or her own correspondence using a word processing system and to send it via email. In this new environment, typists could easily be dismissed with little efficiency lost by the organization.

As stated previously, organizational anorexia can result when an organization weakens itself in its efforts to deal with failure. This results in at least two types of problems. In terms of a decision to downsize, remaining employees must do more with fewer people to do the work. In the early stages, the troops may rally into 'we can do it' mode, however, eventually doing more with less just sucks the life out of people. When there's no money to replace needed staff, no money for conferences or professional memberships, staff begin to wonder why they are there. In an academic library environment, anorexic organizations don't offer patrons the services they expect – why does the library look so out of date compared to others? Why doesn't the library subscribe to most of the journals needed by students and faculty? Where are the 'real' librarians who can help with research? The end result is the same – staff doesn't feel valued and patrons don't think that the organization cares about their needs. While almost all campuses will retain a physical library presence (well, almost, see the University of Denver, and other schools (http://beta.latimes.com/local/lanow/la-me-college-libraries-20170419-story.html) that are reducing the presence of books in the library), trying to get their needs met by a library suffering from anorexia may cause patrons to reduce their usage of it, or stop using it altogether, adding to downward spiral. However the organization decides to handle downsizing, workers are likely to suffer similar psychological effects.

Survivor syndrome and other problems. A number of changes happen to workers when downsizing occurs. One of the most studied is 'survivor syndrome,' in which those who remain develop fears and concerns about why they were chosen to stay and how long they are likely to do so. They may become ill, manifesting everything from migraines to depression to experiencing constant stress over the uncertainty about what will happen next – and to whom.[4] They may try to escape the stress with frequent absences and will express an intent to change jobs – to leave the stress as well as to leave the failing organization.

Remaining workers may lose their sense of identification with the organization. People tend to be most effective when they identify with their employer. They do good work because they see the organization as an extension of themselves and as representing their goals and philosophies. For example, the values of people who choose to work for People for the Ethical Treatment of Animals (PETA) may be assumed by most people as the public has a general sense of the organization's mission - the humane treatment of animals, including not eating them. If PETA suffered a loss of revenue due to dwindling support and decided to reach out to a wider audience by saying that eating meat a few times a week was okay, it isn't a stretch to see how 99.99% of its staff would experience disappointment and a misalignment of their values with those of the organization. Workers who remain in a failing organization may cease to identify with it, especially if they feel the organization has been so transformed by change that it no longer aligns with their values. They give the least amount of effort to get the work done – usually while looking for another employer.

Some people not only work together, but may socialize together as well. In some communities, they may attend the same churches or belong to the same community groups. Where these relationships exist, those who stay can be concerned about those who were forced out. They may change their routines and associations to avoid seeing their former colleagues and vice versa. Because outside-of-work relationships are important to people, remaining workers may end up harboring as much hostility towards the organization as might those who were let go.

Even without layoffs, other changes in failing organizations can lead to organizational anorexia. Budget cuts can make it harder for people to do their work because needed resources are no longer provided. This can add to stress – workers who are already afraid of being laid off are now given fewer resources to do their jobs properly. People are not stupid. They know when they will be unable to succeed at their assigned tasks. Even if the employee doesn't have to worry about her own position, downsizing and budget cuts in other departments can negatively affect the environment and expectations of what it means to work in that place. For example, reductions in janitorial staff may mean that the trash is removed once a week instead of everyday. It sounds like a small thing, but on top of other adjustments workers may be asked to make, having everyone's lunch leftovers in trash cans all week just adds fuel to the fires of disillusion and hostility. It should not be surprising, therefore, that after supposedly beneficial budget cuts and layoffs, poorly performing organizations may perform even more poorly.

No one wants to be associated with a failure. As life in the organization becomes problematic, those who can leave, will do so, increasing the level of organizational anorexia. Here's the problem – if your best people go because they can – their expertise and training makes them attractive to your competitors – your competitors will benefit while your organization continues to go downhill and the anorexia gets worse. An innovative staffer, one whose ideas were rebuffed due to budget or organizational constraints, will take those ideas to your competitor, who then has the advantages that your organization should have had, but has lost due to poor management choices. Exiting staff will also take their networks with them. Is your best person an officer with a national association? Are other staffers active in professional associations? How will your organization be affected if it loses access to those networks? Your people are not automatons with no life outside of the office. They bring beneficial knowledge from their professional and personal lives to their work, which your organization will lose when they leave.

Management contributes to organizational anorexia and making life difficult for remaining staff by requiring them to take on new responsibilities in areas in which they lack expertise. Instead of using some of the monies saved as a result of downsizing and budget cuts to provide access to workshops, webinars, and other methods that help staff span knowledge boundaries, the organization with anorexia doesn't invest in re-education, thereby forcing staff to work in areas for which they are unprepared and inexperienced. Do managers think that patrons, clients, and even vendors will not notice? Everyone who comes in contact with untrained staff will notice.

Conclusion. An important step to avoid organizational anorexia is to determine who the best employees are and how to keep them. They may need flex time, so they can recharge after being asked to do so much at the office. They may need money to attend conferences or training opportunities, even if you have to give up some money elsewhere. Because these employees will be worried about their career mobility given the organization's situation, be honest with them about their career path and what they can still accomplish if they stay. You should also be honest about who is likely to survive a downsizing and who may have to leave. Who that is should not be based on salary. Don't make the mistake of dismissing well-paid senior staff in a misguided effort to reduce costs. This usually results in a disruption in organizational knowledge, negatively impacting the organization long term. If you must dismiss senior staff, use job shadowing before they leave or have them make informational videos or guides that remaining staff can turn to as needed. Those being laid off might not want to do this training (if I'm not going to stay, why should I help you?), but the alternative is that so much knowledge is lost that any benefits sought from downsizing may be nullified.

Managers should also be aware of what remaining staff will do when they know their options are limited. Some may feel threatened by hard workers or those with more useful skills, and may go so far as to sabotage them in an effort to retain limited resources for themselves. If new (and usually less expansive) employees will be hired, they may vote down job applicants they see as upsetting the status quo. They may stifle reform, innovation, and growth as they try to hold on to what is left.[5] This is where you may need to make a difficult managerial decision – determine who are your best and least valuable workers and encourage the least valuable employees to leave (even if they're your friends, have three kids, or just bought a house). This will avoid the damage they may do if only the good employees leave. You want people who can do the job; retain their commitment to the organization; transfer knowledge from outside networks and contacts; and who will continue to bring innovation and hard work to the new structure, not people who feel the organization has 'done them wrong.'

There may not be much you can do if your organization drastically reduces its budget or has to lay off workers. Of course, as a manager, you can try to influence the decision-makers on behalf of your staff and your mission, but the reality is, in many cases you will have to live with it and do the best you can. But in doing your best, take heed: “All too often, downsizing becomes dumbsizing, as uninformed organizations fail to understand the relationship between short-term cost cutting and long-term prosperity.”[6] Don’t fall prey to organizational anorexia due to poor decision-making during uncertain times.

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