

## Case study: Redundancy selection criteria

### Getting the right advice

With many manufacturing businesses having to downsize, getting good advice can make a significant difference to how the redundancy process is managed and help ensure the business retains its most experienced and skilled workforce for its future success.

### The issue

When one of our manufacturing clients discussed their current trading difficulties with us, after exploring many cost cutting angles it became clear that they did not have enough work for all of their employees. With turnover down by 25%, there simply was not enough work to occupy everyone and a reduction of 15% of the workforce was identified as essential to safeguard the future of the business. The current employees were all highly thought of and the average service was unusually high at just over 12 years. Selecting anyone for redundancy was going to be hard for everyone and the managers were very keen to find the right method for this.

Our brief was to help the managers to design a set of selection criteria that would adequately differentiate between people who were all likely to score highly. At the front of this design process was the need to retain the best skills, experience and potential for the business' future success along with maintaining a balanced workforce.

### The solution

With our help, our client set about designing the selection criteria to be used to achieve this goal. The challenge in this process is always to be as objective as possible with any scores awarded being backed up with examples. If possible, the company also wanted to retain people who could be flexible and adapt to any changes that may happen in the future. The selection criteria were developed under three main categories - job specific, general criteria and employment history criteria.

All of the criteria were then discussed as to their importance within the company and weightings were applied to recognise their value. By using weightings, it was possible to create the necessary differential between the employees in order to fairly identify who might be put at risk of redundancy.

The supervisors and direct managers then separately and independently scored all the pool of employees. Comparing all scores, investigating any significant differences and then using the average for final decisions ensured consistency.

By using the most objective selection criteria possible, what seemed at the outset to be an impossible task was achieved in the fairest way. Ultimately, there had to be a reduction in the numbers of employees and the managers were all too aware of this. The process was a hard one to go through and there was genuine sadness to lose such good employees through no fault of their own. The future will continue to hold challenges but the company feel well placed with the very best workforce to meet these head on.

### How we work with you

We want to help our clients succeed. That is why we provide each client, irrespective of size, a dedicated client service team headed by a partner and a manager who are genuinely accessible and who have manufacturing sector experience. They will be committed to fully understanding your business needs and will be available to help and guide you as required. The partner will be the conduit to the full range of services we provide and ensure that the advice is always straightforward and clear no matter how technical or detailed the issue.

### About HR Insight

HR Insight has been working to assist clients in this and many other HR and broader business matters. This provides our clients with an integrated approach to managing their talent and employee issues. For more information, please contact HR Insight on 01708 758958 where one of our dedicated team of specialist HR professionals can help.

### About Kingston Smith's manufacturing team

Kingston Smith is a top 20 firm of Chartered Accountants. The six partners in our dedicated manufacturing team have over 150 years experience between them of supporting many owner-managed manufacturing businesses. We have developed a deep understanding of the processes and issues manufacturing businesses face, which enables us to offer practical, realistic advice and share areas of best practice to help our manufacturing clients succeed. Because we know the manufacturing sector so well, our specialist manufacturing partners can help you with coordinated support to help you run your business whether it be as a sounding board on general management issues or dealing with a specific technical VAT query.

### Contact Us

Maureen Penfold +44 (0)20 8848 5503  
David Goodridge +44 (0)1727 896 005  
Dan Martine +44 (0)1708 759 738  
Eric Burrow +44 (0)20 8848 5522

