***Redundancy Case Study:***

***COMPANY PROFILE SUPASNAKE HOLDINGS LTD***

*Supasnake Holdings Ltd was launched in 1960 and manufactures quality reinforced garden hoses to retail outlets nationally. The company’s main competition in the market comes from a German based company who manufacture a comparable product but produce at a much lower price than Supasnake currently do. There are a number of other smaller concerns whose products are of inferior quality and consequently pose no significant threat to Supasnake’s place in the market.*

*The main issue with production costs is that although the company have sought to, and been successful in procuring materials at much reduced prices, by going further afield, it remains the cost of labour that is crippling the company. The economic downturn has affected sales and the order books reflect the downward trend in high street trading.*

*Every angle has been looked at, every door knocked, every stone turned in an all-out effort to address the current predicament but the only option open to the management board is to look at making a number of redundancies to protect the company going forward.*

*The same drastic action was required in 1969 when some 15 manufacturing staff were laid off to address a fall in orders. It was successful then and should be equally successful now in halting the slide.*

*The selection criteria used at that time was agreed by the trade union on site and although most of the activists have moved on or retired it would save a great deal of time and effort if the same criteria is sanctioned again.*

*By imposing this unpopular measure and relying on the remaining staff to do their utmost at all times on site, the company hope to continue trading and maintain their position in the market in the face of fierce European competition. As a result, staff may be asked to work more overtime in certain departments in an effort to sustain production levels.*

*The company know that their loyal staff will do their bit to make sure that Supasnake survives the recession and emerges a much more competitive concern ready for a vibrant recovering economy.*

*Current staffing levels are:*

1. *Manuals workers 83*
2. *Clerical Staff 11*

*Total: 94 employees*

***MANAGEMENT BRIEF SUPASNAKE HOLDINGS LTD***

*It comes as absolutely no surprise to find that the last quarters’ figures are down considerably on last years’ income for this period. The surprise is in the significance of the drop. It has been the cost of production coupled with the monumental drop in orders that has resulted in the need to look at a redundancy programme designed to protect the company going forward. The actual percentage drop in income is 13%.*

*Although no one wants to go this way the figures are irrefutable and place the company in a very dangerous position. Off-loading staff is the only way to avoid the situation becoming critical.*

*In 1969 the company shed 15 manufacturing staff to address a sharp decline in orders. It worked well and although none of the staff were subsequently re-engaged it wasn’t as a result of a policy not to re-engage, it was just the way that it worked out really. The criteria used for selection was agreed at the time by the trade union and should work equally well now. As a management team you have drawn up a programme based on information supplied by your Human Resources manager who was an office assistant in 69 but remembers it quite well.*

*It would make life so much easier if the trade union will agree the criteria to save time and money at a time when the company must protect jobs overall. You have called a meeting confident that there should be little opposition to utilising a system that is proven to be successful.*

*The CEO has asked that this be dealt with expeditiously and as low key as possible to avoid any media coverage. He has also stated that asking for volunteers will not allow for the selection of those staff “who might have overstayed their welcome”.*

*Current staffing levels are:*

1. *Manuals workers 83*
2. *Clerical Staff 11*
3. *Total 94 employees*

***REDUNDANCY PROGRAMME***

*Due to difficulties affected by the recent economic downturn there is a requirement to implement a number of staff redundancies. The programme will progress in full consultation with the trade union and will seek wherever possible to limit the number of posts to be cut in the event of the company’s current position in the market worsening.*

*The following is the draft programme for consultation:*

*Phase 1:*

*Management / trade union consultation (Add dates to suit)*

*Phase 2:*

*Meetings with those staff identified as being at risk*

*Phase 3:*

*Notification of matrix scoring meetings*

*Phase 4: Appeal meetings:*

*Phase 5: Formal notification of selection*

*Staff notified for selection on ##/##/## will receive statutory redundancy pay and will be paid in lieu of notice.*

*11 posts will be made redundant and broken down into:*

1. *Manuals 7 to be made redundant*
2. *Clerical 4 to be made redundant*

*There will be two redundancy pools as follows:*

1. *Manuals consisting of 31 at risk*
2. *Clerical consisting of 5 at risk*

*The criteria for the selection for redundancy are as follows:*

* *Key Skills*
* *Attendance*
* *Disciplinary Record*
* *Initiative*
* *Flexibility*
* *Vocational Qualifications*
* *Teamwork*
* *Driving Licences*
* *Punctuality*
* *LIFO*

***UNION BRIEF SUPASNAKE HOLDINGS LTD***

*You have been invited to a meeting with management to discuss issues in regard to a proposed redundancy programme. You were informed at various monthly meetings of the fall in recent sales figures due to the current economic climate and the high costs attached to productivity. There have been regular rumblings about the vulnerability of the company so the letter of notification didn’t come ‘out of the blue’.*

*They have chosen not to ask for voluntary redundancies in line with the previous occasion in 1969 when 15 manufacturing staff were made redundant to cope with a sharp fall in orders. You fail to see why not and might want to ask the question.*

*This is the first time that you have been involved in a redundancy situation and everyone on the branch committee who dealt with the ‘69 cull’ as it’s known, have either retired or moved on. Your knowledge of the area is scant but you have research resources available to you which will be invaluable. It goes without saying that if you work as a team you will increase your chances of success.*

*You have seen the proposed selection criteria and one of your team suggests that a lot of those will now be outdated and could be regarded as discriminatory. You are aware through working on other issues with the present management team that they will listen little and will not believe a word the union says unless there is documentary evidence to support it.*

*You have an inherent mistrust of the current management team but the ‘keep your friend’s close and your ‘enemies closer’ approach was made exactly for this kind of situation.*

*Current staffing levels are:*

1. *Manuals workers 83*
2. *Clerical Staff 11*
3. *Total 94 employees*