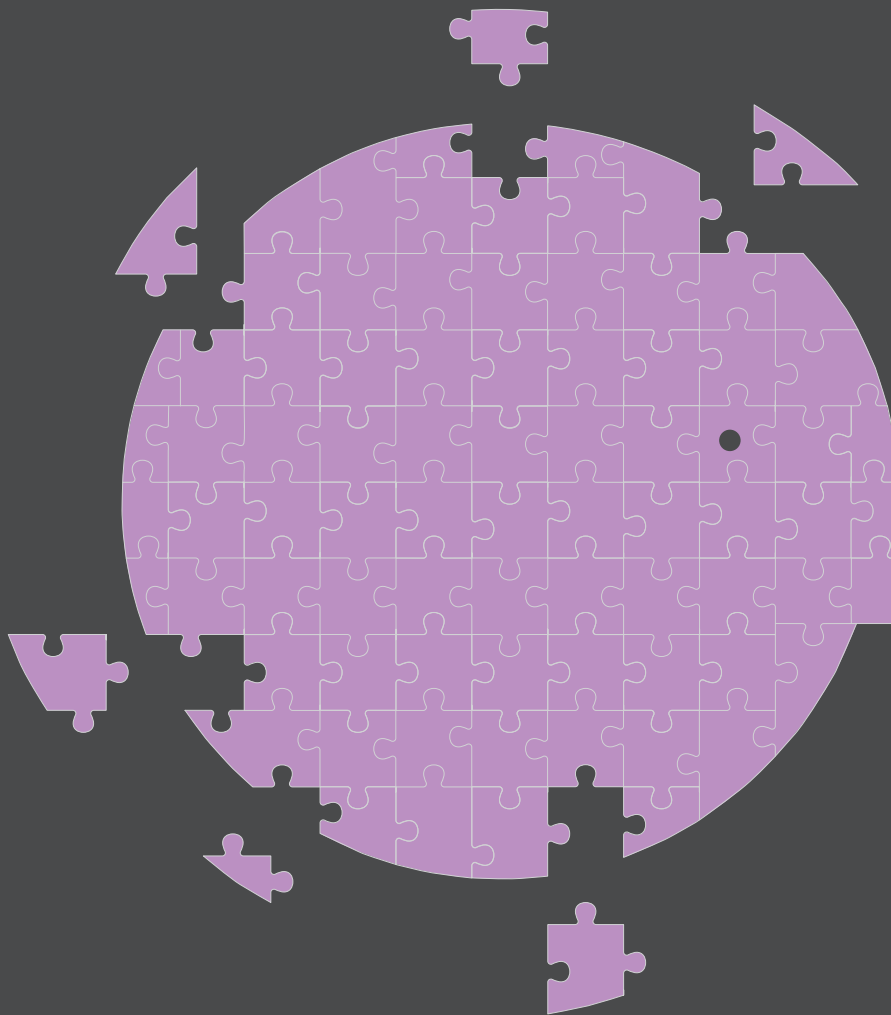
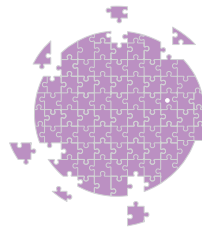


# FACING A BUSINESS RESTRUCTURE?

The key things to know





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# Facing a Business Restructure? The Key Things to Know

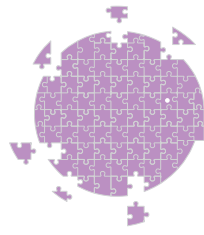
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**Sometimes, change is good. And one thing that you can guarantee will bring change is a business restructure, whether people want it or not!**

**Having been involved in countless restructures over the last 3+ decades as both an employee and HR Consultant I've seen first-hand how frequently they're misunderstood, mishandled and feared — despite them being a normal and regular occurrence, and done for the good of the business.**

**So, if you're a business owner weighing up the need for a restructure or getting ready to face one for the first time, then this article's for you.**

**It covers everything you need to know about what drives them and why they're beneficial, as well as what to expect and how best to handle the process.**



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# Everything You Ever Needed to Know About A Business Restructure

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In its simplest form, a restructure is about reorganising your business to maximise not just its ongoing success, but its future success too.

It's about ensuring you have the right people in the right positions and places, as well as being equipped with the right processes and resources. Think: lean (but not under-resourced) and mean (high expertise and efficiency).

Here are the key things to know...

## **1) THEY'RE NOT ALWAYS DUE TO A MERGER OR ACQUISITION.**

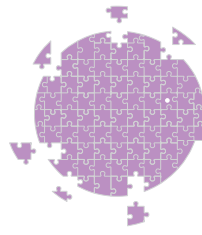
The biggest misconception is that restructures are always due to a merger or acquisition. Quite simply, they're not...

## **2) THEY'RE OFTEN DUE TO CIRCUMSTANTIAL CHANGES WITHIN THE BUSINESS.**

Much of the time, they're done to suit the business's developing needs and, usually, its need to evolve (or devolve) in order to stay on top of its game - what once worked well for your business may not necessarily work so well now. It's a key reason why your business can get left behind; because it's no longer properly aligned or organised to stay competitive/do the job well.

→ Expansion is a frequent factor in this. As a business gets bigger, its structure and systems can suffer because they've become outdated and are no longer efficient and/or its resources are spread too thinly or running at full capacity. Then, while all this is happening, nothing's being developed because so much focus is on the day-to-day business running and trying to keep customers happy. This type of pattern isn't just limited to start-ups though; it occurs just as frequently within established businesses that continue to grow.

Conversely, a disposal of part of the business may mean that those resources within it have become surplus to requirements and, if you're unable to reuse or redistribute them, they become redundant.



→ New markets or a change of direction is another factor. Taking the business into a new sector or changing your key focus or strategy can mean that your existing set-up and ways of working are no longer fit for purpose and need refining – either just in certain areas or across the board...

Whatever the reason for the restructure, it can often lead to role changes. In order to deliver on the business's new aims, the nature and functions of people's positions may change, usually in the form of horizontal restructuring (where someone's job spec is modified to include additional responsibilities or tasks from similar-level jobs) or vertical restructuring (where someone takes on responsibilities and tasks that were previously carried out at a higher level).

And sometimes (but not always), it will result in personnel changes. In reality, because there are so many different stages in a business's life cycle, it's a frequent occurrence; quite simply because people that may have been with the business from the outset may no longer be the best people to help the business progress to its next stage of development.

### **3) CERTAIN OTHER INDICATORS CAN ALSO SIGNAL THAT A RESTRUCTURE MAY BE DUE.**

It's always a good sign when a business is ticking over nicely. However, it's when things are consistently not running smoothly that it's time to sit up and take notice.

Some indicators that things aren't quite the way they should be include:

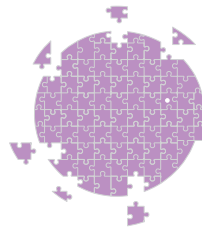
- falling profits
- duplication of staff responsibilities and/or processes
- poor team balance and disproportionate workloads
- frequent mistakes and blame-mongering
- low morale
- toxic culture
- high turnover of employees
- poor client retention

If any of these seem familiar to you, it might be worth taking a closer look at things...

### **4) THE BEST RESTRUCTURES RESULT FROM SOLID REVIEW AND PLANNING.**

If you think it may be time to consider a restructure, it's always worthwhile taking a step back first to evaluate exactly what's going on and what needs to be done.

Take your time to consider and discuss what's working, what's not working, and what needs to work better — and not just from an internal perspective but also by seeking feedback from your suppliers and customers, if appropriate.



### **5) HAVE A VISION FOR YOUR RESTRUCTURE AND KNOW WHAT TO EXPECT.**

Once you've a good handle on what's what, think about how you're going to implement what needs to be done; how you go about making the changes is just as important as the changes themselves.

Even though a restructuring campaign is a common process, few managers have practical experience of handling one, especially if it involves widespread reorganisation comprising department reshuffles, responsibility changes and rejigging who will fit in where, along with the spectre of job insecurities, redundancies and settlement agreements that that brings.

Either way, careful planning should be paramount — from how you're going to handle the process and how long it's likely to take, to tackling the big decisions and then successfully managing their knock-on effects.

### **6) A RESTRUCTURE DOESN'T NEED TO HAPPEN ALL IN ONE GO.**

There are no hard and fast rules about how long a restructure should take. In fact, rather than biting off more than you can chew and trying to do everything all at once, it can make a lot of sense to deliver it in stages, especially if you're looking at a major overhaul or change of direction. By staggering the process, the initial transition might be done in the first 1-2 years, with a subsequent (and much larger) stage taking place across years 3 to 5. Approaching a restructure in that way usually proves less costly and assumes less risk because it's a gradual process. Furthermore, it allows those within the business to acclimatise more readily to the proposed changes.

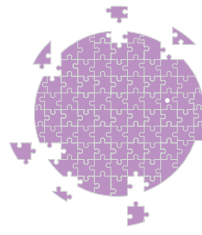
Appointing a Project Management Team is a great way of staying in control and keeping on track. And, more than anything, by helping things go smoothly and to plan, it will ensure that you start to benefit immediately from the improvements that each stage of the restructure is designed to bring.

### **7) PREPARE TO BRUSH UP ON YOUR TUPE!**

No matter how small, if the restructure is part of an acquisition or disposal – resulting in parts of the business being acquired or sold and its people moving to other business owners – then TUPE (Transfer of Undertakings and Protection of Employees (Regulations 2006, amended 2014) will apply.

So, unless it's a straightforward internal restructure, knowing the ins and outs of TUPE (or getting someone else to help bring you up to speed) is always a good move.

But remember, too, that a restructure could also mean that 100% of your staff are retained; involving scenarios where no one is lost or relocated — and this is something that people often forget!



### **8) CLEAR COMMUNICATION AND TOTAL TRANSPARENCY ARE ALWAYS THE BEST WAY FORWARD.**

Usually, though, restructures tend to cause a lot of consternation among staff so dispelling rumours and myths and alleviating people's concerns as soon as possible will make life a lot easier (even when the news may not be good).

Being upfront from the outset, explaining what needs to happen and why and how these tie into the overall vision for success can help to get people's buy-in; then you're in a position to communicate any related changes, and address and clarify any concerns.

In the same way that you'd approach an M & A, consider having a support script, together with a Q & A factsheet dealing with the most common types of concerns. These usually include:

- What's the reason for this restructure?
- What sort of changes are expected?
- How will this affect employees?
- Will there be any redundancies?

And... don't forget your customers in all of this. Ideally, your restructure will only bring positives for them but if there is to be any negative impact, then make sure these are minimal and that you reassure them well ahead of time.

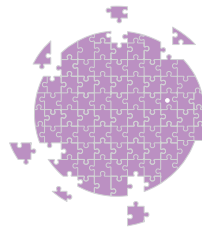
### **9) THERE ARE ALWAYS WAYS TO MAKE IT WORK.**

Sometimes, a restructure won't mean good news for people.

But that's not to say that you still can't make it work for everyone. Having the right team supporting the process and motivating people in the right way can make all the difference – even to those who may eventually exit the business.

It should go without saying but treating people fairly and respectfully goes a long way. Supporting them throughout the transition and providing HR outplacement to help them find a new role will not only make the process much easier, but also reflect well on the company.

It may also be an option to offer a loyalty bonus to encourage key personnel to stay (particularly if the restructure is preparation for new investors coming on board), or incentives to departing staff that sees them rewarded for successfully delivering key projects prior to them going. That way, and handled properly, there remains a sense of focus, teamwork and achievement, and being part of the bigger picture right to the very end.



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# There's no need to be fazed by the prospect of a restructure

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Restructures offer a lot of positives.

At the very least, they'll help you consider whether your current business structure is right. They'll help you assess whether you have the right people and whether they're in the right roles and locations.

And they'll also help you work out how well prepared your business is for the foreseeable future...

If you're facing a business restructure or weighing up whether you need one, you don't need to face it alone — we're just a call or an email away.

And if you're confident enough to manage it on your own, then we hope that the advice here has helped you along the way.

Good luck!

Karen

## **WE'RE HERE TO HELP. MAKE THE MOST OF OUR EXPERTISE...**

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We cut through the corporate complexity and help make the tricky stuff easy, so your business is as healthy and successful as it can be.

Why? Because we're good at what we do.

And because, with extensive experience of both industries, we care about what happens.

If you could do with some help and support ahead of, during or after your restructure, please get in touch.

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