

Future-Proofing Success: Strategic Workforce Transformation

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Transformations and personnel adjustments

Transformations and the associated personnel adjustments pose major challenges for companies—similar to an obstacle course in which numerous risks and opportunities must be carefully balanced. The pressure on many companies is steadily increasing. After the coronavirus pandemic forced rapid personnel adjustments in many industries due to exceptional circumstances, a recovery phase followed—depending on the sector. However, the **BCG Personnel Restructuring Radar** currently shows a significant increase in personnel restructuring, for example in the German industry. There is also new momentum in deep structural changes such as relocations or site closures. At the same time, cooperation models with social partners are frequently coming under strain.

Companies must be prepared to meet these challenges from a strategic, content, and process perspective. They are usually good at identifying potential for functional adaptation and implementing appropriate measures. This is followed by the implementation of HR measures to realize, in personnel terms, the resources freed up by functional levers; however, these steps often receive much less management attention and are less frequently carried out with the necessary rigor. To ensure that personnel adjustments in transformations are implemented successfully and sustainably, a clearly structured, five-step approach is recommended.

BCG Personnel Restructuring Radar

The BCG Personnel Restructuring Radar measures, on a quarterly basis, economic trends in Germany that affect HR-related topics.

Five subject areas are captured:

- I Macroeconomic indicators** (e.g., change in GDP, ifo Business Climate Index)
- II Intensity of personnel cost-reduction measures** (e.g., announcement of personnel reduction programs)
- III Use of short-time work** (number of employees on short-time work)
- IV Site restructuring activities** (e.g., announcement of site closures/relocations)
- V Social-partner relations** (e.g., strike and bargaining intensity)

1 The right prioritization in the implementation approach

A successful implementation approach for HR measures requires a careful weighing of four key factors: speed, costs, precision, and noise.

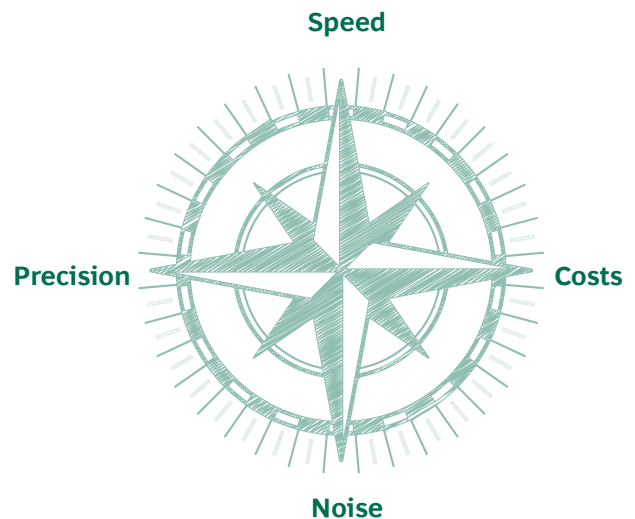
Speed: Companies must act quickly to realize cost savings and refocus on their core business

Costs: The planned synergies and the available restructuring budget determine the feasibility of the planned changes

Precision: It is important to ensure that critical skills and key talent remain with the company

Noise: The reactions of internal and external stakeholders must be considered strategically

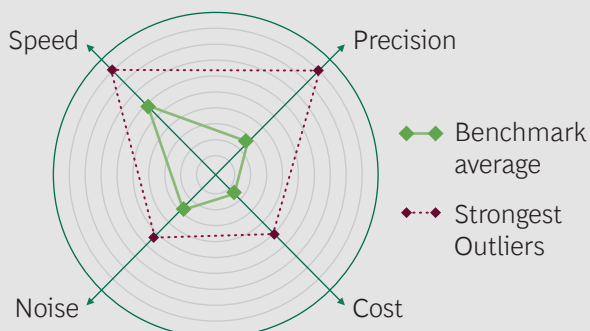
Differentiated consideration of four key factors



In practice, a goal-oriented prioritization of the necessary steps is indispensable when balancing these factors. It forms the basis for the chosen approach and the sequence of measures—from preparation and planning, through the implementation of necessary co-determination processes, to organizational and HR execution.

An implementation approach that is coordinated and documented by the responsible leadership team is a key success factor for an effective and efficient transformation—including the necessary personnel adjustments.

BCG benchmark shows typical trade-offs between implementation dimensions



Observations

Speed: Companies prioritize rapid implementation of planned adjustments—even at the expense of precision, costs, and noise.

Precision: Secondary focus during implementation. Relevant for retaining talent and skills, but less relevant when implementing personnel reductions.

Noise and costs: In current programs, there is a noticeably low focus on restructuring costs and noise.

Source: BCG Benchmark Personalprogramme 2025

2 Communication: Clarity and explicitness are essential

Convincing communication of the "case for change" is crucial. Companies no longer operate solely from a position of strength but often have to overcome existential challenges. The need for change must be understandable to all stakeholders—from executives and employees to social partners and the public.

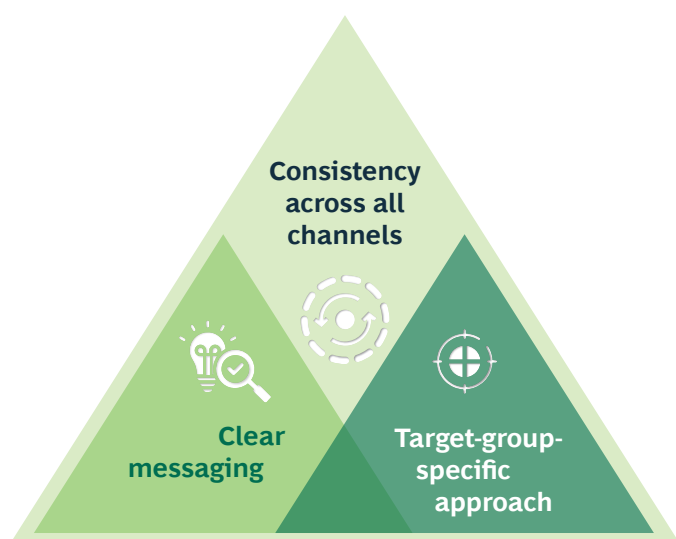
The case for change: Developing a compelling story

Communication must be not only fact-based, but also emotionally engaging and transparent. This includes:

Clear messages: Why is change necessary? What are the alternatives? What does the target picture look like?

Target group–specific communication: Different communication formats are required for managers, employees, social partners, and external stakeholders

Consistency across all channels: Divergent statements in internal and external channels can create uncertainty



The right communication mix

A well-thought-out communication concept encompasses various formats:

- Town hall meetings and management updates for overarching messages
- Q&A sessions and workshops for direct interaction
- Regular newsletters and intranet updates for continuous information
- Other digital formats, such as communication apps

Ensuring two-way communication is essential to respond directly and quickly to feedback and questions from the workforce.

BCG project example

As part of a strategic realignment, BCG supported an industrial client in communicating significant personnel reductions at a European plant.

The challenge lay in the high complexity of co-determination and the large number of stakeholders affected. A consistent communication plan was developed with a focus on ten clearly defined target groups, both internal and external.

This included target group–specific core messages, coordinated formats, and structured opportunities for feedback and the active involvement of relevant groups.

The communications team accompanied the project from the preparatory phase through the decision-making process to final implementation and was central to the social acceptance of the restructuring.

3 Implementation: Use of optimal processes and HR tools

Organizational and HR implementation requires precise control of processes and the use of appropriate HR tools. A clear separation between positions and employees facilitates the strategic planning of the target structure. At the same time, targeted management of personnel reductions by job families—i.e., skill clusters—is crucial to retain relevant competencies.

Precise planning of the target structure



Position-based vs. person-based approach:

The organizational structure should be defined first before individual personnel considerations are made



Skills analysis and competency management:

What qualifications will be needed in the future, and how can targeted capability building be achieved?

Efficient reduction processes and supportive measures



Socially acceptable solutions: Early planning of voluntary programs, termination agreements, out-placement programs, and transfer opportunities



Legally compliant and fair processes: Avoid risks through close coordination with HR and labor law

BCG project example

As part of a major transformation, BCG supported a German industrial company in its planned reduction of around 700 positions.

The key lever was a voluntary program negotiated at an early stage that, thanks to its dual voluntary nature, enabled targeted management.

The severance amount was based on length of service, gross monthly salary, and an age-dependent factor (0.8 to 2.0).

This made it possible to achieve the reduction targets in a socially acceptable manner and avoid redundancies for operational reasons.

4 Involvement of social partners: Success through constructive cooperation

Cooperation with works councils and unions should be established early and proactively. Rather than adopting a confrontational stance, it is essential to involve social partners in a spirit of trust in order to avoid escalation and develop sustainable solutions.

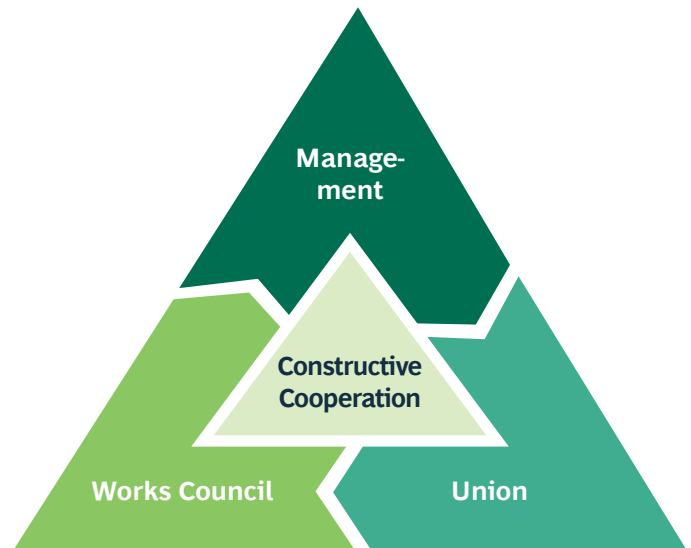
Proactive dialogue with works councils

Transparency and early involvement:

Changes should not be communicated only when decisions are (almost) final

Use room for negotiation:

Instead of rigid positions, flexible solutions are required



Success factors for constructive cooperation

- Build mutual trust through frequent, open communication
- Involve social partners in developing solutions, not only in identifying problems

5

Leadership: Leading by example

Managers play a crucial role in the change process. They must act as role models and actively drive change. Consistent and transparent communication strengthens acceptance of the measures and contributes significantly to the success of the transformation.

Leadership in transformation processes



Authenticity and credibility: Leaders must be convinced of the change themselves



Coaching and support: Training for managers in difficult conversation situations is essential

Leaders as change agents

- Actively serve as role models and support change
- Guide employees through the transition and reduce uncertainty

BCG project example

As part of a large transformation, BCG helped a leading financial services company mobilize its managers as active change agents.

The challenge lay in the initial reluctance of management to embrace change and in an inconsistent leadership culture.

The key lever was a leadership program with individual coaching, communication training, and a change cascade across all management levels. This significantly improved leadership behavior, and managers acted as united role models during the change process.

As a result, the personnel adjustment was successfully implemented with broad acceptance among the workforce.

Only a strategic approach to personnel adjustments can ensure the transformation success

Companies must weigh the factors of speed, costs, precision, and noise in their action planning, communicate the change clearly, implement stringent HR processes, involve social partners at an early stage, and activate leadership as drivers of change.

It is crucial that transformation processes are not understood merely as short-term measures but are anchored in corporate strategy over the long term. A sustainable HR strategy aims to promote existing talent, build new skills, and continuously evaluate the change process.

In addition, a transparent and appreciative corporate culture should be fostered that sees change not only as a necessary response to external influences but also as a strategic opportunity. Long-term success can be achieved only if employees are involved in the change process and perceive the transformation not as a threat, but as an opportunity for further development.

By consistently applying these principles, transformations can be made sustainable and successful.

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