EXECUTIVE SUMMARY

When an employer offers a position to an individual, it usually comes with all the hopes of a long and fruitful relationship between the two. Of course, it does not always work out that way. The reasons are varied — downsizing operations, poor cultural fit, cutting costs — but the results are still the same: someone loses their job, their source of income and security, their professional outlet and in many cases, their dignity.

Previous generations of workers were encouraged to give their best and were rewarded with gainful employment and loyalty from their employers. However, The Great Recession dramatically changed the working relationship for both groups. The days of people working for one company for their entire careers have been replaced with uncertainty on both sides due to technological advancements, ever-changing economic conditions and consolidation in the marketplace.

Organizations today do not always consider the cost to real people who are being exited from the company and many more strongly underestimate the impact these actions have on their brand and on those who remain with the company. For organizations that do not provide meaningful outplacement services, the level of distrust both within and outside the company begins to skyrocket.

There is a myth out there, amplified by a favorable economy, that people are able to land jobs quickly. But, promptly landing a new position is not always the case for everyone. On average, it takes approximately five months for people to secure a new job. Plus, the process is significantly different from what it was just 10 years ago, especially considering all the new technology used to screen, sort and distinguish candidates before recruiters and hiring managers even begin reading resumes. For individuals who are only offered online and digital outplacement services, success pursuing a new career relies a great deal on digital acumen, an advantage for people in their 20s and 30s, but something that people in their late 40s and 50s do not always have.

For businesses that genuinely care about people and their wellbeing, and for companies that want to protect their image and reputation while preserving the productivity and engagement of their workers, outplacement services might be the missing link. Meaningful and personal — or what we call purpose-driven — outplacement services are a major element that defines corporate culture, elevates employer branding, enhances the cultural fit and reduces distrust both within and from outside the company. Moreover, it is a kind and compassionate thing to do for people who are likely facing one of the worst times in their lives.

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HUMANIZING YOUR OUTPLACEMENT PRACTICES

When the termination happens, people can be left struggling to understand and cope. Without good communication, people often have difficulty understanding why they were let go and may worry whether it was a personal problem or if something was “wrong” with them. According to a study by Stanford University, the impact of being laid off can include emotional reactions ranging from anxiety, sadness, fear and shame to physical manifestations such as fatigue, headaches, weight changes, muscle pain and nausea. Plus, while the company knew the termination was coming for at least a short time, this information is typically a shock for the individual, who may immediately be stressed by the fears associated with the loss of income and productivity. All of which adds to the confusion, feelings of failure and insecurity that people feel when they were outplaced by their employer.

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OUTPLACEMENT: THE GOOD, THE BAD AND THE UGLY

When an outplacement event happens, how the experience is felt by the affected employees, the individuals who remain and the key decision-makers within the company can vary widely. There is no common understanding of how it should all go down, but every company probably strives to provide an experience that is the least harmful to everyone involved. The problem is that while trying to reduce harm is a noble pursuit, too many companies are missing the mark and are finding themselves, their employees and the outplaced people in positions of stress, distrust and disengagement.

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THE BAD AND THE UGLY EXPERIENCES

In every layoff or termination situation, there is a specific reason for the exit from the company’s standpoint, but that specific reason is often ambiguous or just not understood by the individual. In many cases, there is simply a mismatch in what a company needs and the talent they are currently employing. Whether that is related to skill set, industry pressures or the global economy, when an employee or group of employees is not aligned with where the organization needs to go, there tends to be a hush over the group of decision-makers and leaders responsible for that employee or group. Closed-door meetings take place, leadership is focused on messaging and all communications are deliberate and closely managed.

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On the company’s side, the event is uncomfortable and there can be a strong desire to simply get through the meeting and move on as quickly as possible. For managers new to layoff conversations, they may be affected by their own emotions, and jump to offer a severance package, push forms in front of the impacted individual and offer a few basic digital outplacement services to help them with their next steps. In many cases, these services are impersonal and inadequate — access to a website with resources and a virtual coaching session — and serve more to make the decision makers feel better about letting people go rather than providing actionable, proven services that will help the outplaced transition to a new career.

That is not to say that digital services are all wrong. For many people, digital services provide an efficient, easy way to search for and obtain a new job. But for others, a lack of technological fluency, the discomfort of being “out there” in a digital world, and not having someone to turn to during the ebbs and flows of their job search experience makes strictly digital outplacement services ineffective, limiting and isolating. In other words, digital services cannot and should not ever replace the human element of outplacement services.

Consider the case of job seekers in their 40s and 50s, people who are likely highly competent with technology and the roles that tech plays in their specific field, but are commonly behind candidates in their 20s and 30s when it comes to networking, connecting and generally conducting their daily lives online. A report from AARP found that adults over 50, are comfortable surfing the web, making online purchases and accessing social sites, but only about one-third are comfortable with online activities such as taking classes, participating in webinars and watching videos.

Younger generations are digital natives and have no qualms about receiving a bunch of links and downloads for assistance. For the older groups, many of them have been diligently searching for jobs for six months or more — while hearing over and over on the news that “anyone who wants a job should be able to have a job!” Of course, we all know that is not always true. Depending on the industry and the position of the individual, securing a new position can take anywhere from a handful of weeks to six months or more. Generally speaking, the higher up the ladder and the more specific the skillset, the longer it will take an individual to find a position that is truly a good match and a solid career move that will provide satisfaction and stability.
Aside from the hunt for a new position, for those who have recently lost their job, the loss of a scheduled, predictable day can be a little destabilizing. Losing one’s sense of purpose and the feeling of belonging to a group are even more difficult to endure. People become debilitated without an avenue to channel their talents, and without work that is challenging and meaningful. The National Center for Biotechnology Information (NCBI) found that laid-off individuals are increasingly likely to blame themselves and their shortcomings, and the result of a difficult job search can lead them to believe they are stigmatized by the layoff and cause strained relationships with colleagues and friends, which in turn leads to low self-esteem, anxiety and symptoms of depression. The only cure is quickly securing a new job, but for those who have been unemployed for an extended period, such as that group of job-seekers in their 40s and 50s who have been searching for months, the descent into a dark, depressive place is all too common.

There has to be something more substantial — more human — for people beyond a library of digital resources. Outplacement services must be far more significant and individualized to be useful.

OUTPLACEMENT EXPERIENCES: THE GOOD

It is clear that offering resources to those who are being moved out from their positions is a good thing, and most companies who work to provide these services are doing so for a good reason and with the best intentions. However, it also is clear that outplacement services have to go far beyond offering a handful of digital resources that the outplaced can browse on their own. The good news is there is a better way; a complete solution that still achieves the objectives of the downsizing while providing a genuinely soft landing for those being moved out and, just as necessary, a positive experience that eases the fears and tensions of those employees who remain with the company.

From the company’s perspective, a better experience begins before anyone has been let go. It is critical to understand why the individual or group of individuals is no longer a good fit for the company or were not a good fit to begin with. Outplacement services must start here, as the answers to these questions are the most important to employees and also will help the company make better decisions moving forward. Having a clear view of how the outplacement will accomplish the intended goals and constructing the messaging that will be given to individuals who are part of the separation — as well as those left behind who are most affected — is critical. How will the company work with individuals or groups who are leaving to transition them into the marketplace?

For individuals, there are no universal answers as far as how to handle outplacement. However, there are some common guidelines and starting points for everyone. It all begins with remembering that we are all human beings. Individuals experiencing outplacement need help taking ownership of what happened. This does not always translate into acceptance or even understanding, but they need one-on-one assistance to regroup, take stock of the circumstances and begin taking the next steps. In other words, it needs to be more than a pink slip, a severance package and a fond farewell. Individuals need ongoing resources, counseling and guidance to continue moving forward in a positive, productive manner.
Delivering an excellent outplacement experience means partnering with an organization that has a high-touch approach; one that includes face-to-face meetings, one-on-one coaching and assessments, and meaningful activities that help people figure out how to move forward. These services must be so much more than “exclusive” access to job listings and help writing resumes. Instead, these new job-seekers need help understanding the current marketplace and finding a new company that offers the cultural fit and professional satisfaction that comes from finding more than just another job, but instead transitioning into a rewarding new career.

Outplaced individuals also need a place to tell their story. They need to be able to articulate how it happened to them and share this story with others so they can process the events emotionally as well as professionally. The objective of this is to help outplaced individuals work the events into their history in a way that does not self-sabotage their efforts to find a new position. When faced with the inevitable question of why they left their last employer, outplaced individuals must have an answer that has been emotionally defused and professionally prepared to answer the interviewer’s question quickly and satisfactorily so they can move on. Outplacement services must be able to work through this with the individuals so they can put the old company behind them without any residual hard feelings.

Companies interested in outplacement services need to ask themselves why it is important to them. What are they trying to achieve? Is the intended result to simply have the ability to ease the consciences of those who hold the reins so they do not have to feel bad about downsizing events? Or, is the intention of the company to provide real services that genuinely reach the core of what it means to a professional, productive human being to unexpectedly lose their position in the company, and in their minds, their position in the world? Do you really want to discover the individual factors that these human beings have — financial, marital, family, background — that will help or hinder them from finding their next career, or is it enough to pass on some links to the online library of resources and move on?
There is a dire need to humanize outplacement practices, mainly because there are thousands of reasons for outplacement and companies of every size and industry are likely to run into them sooner or later; most of them sooner. In the 1970s, 5% of Fortune 100 companies announced layoffs annually. By the 1990s, that jumped to almost half, and during the Great Recession, more than 65% resorted to layoffs. It is interesting to note that outplacement services weren’t really a part of business culture at all in the 1970s, but by 2019, four out of five companies are providing at least basic outplacement services.

The impact of outplacement practices is wide and goes beyond the individuals or groups being moved to reach every corner of the company — including those who remain employed and are left with suspicions, anxieties, and even paranoia — as the recruitment process, along with marketing and sales functions are impacted when word gets out about how the company handles such situations. And forget trying to use a PR firm to overcome the bad press: Forbes found that a company’s employees rank higher in public trust than a PR department, the CEO or even the company’s founder. In other words, people believe that employees are a more credible source of information about the business.
Cultural fit is the single-most important element in retaining employees in today’s marketplace and is just as crucial when attracting new employees. Cultural fit as a concept can be tricky to define, but generally speaking, it means that an employee and their company have similar beliefs in terms of core values and take actions and make decisions in support of those core values. It also means things such as the work environment, management style, and formalities of the company are a match for the employee. In with that list, of course, is how the company handles outplaced individuals. If your company has a reputation for handling layoffs and separations with a harsh hand, both current and prospective employees will keep this in mind as they make strategic career decisions.

Even if your company has not encountered an outplacement situation large enough to make waves in your industry, including robust outplacement services as part of your long-term plan shows current and prospective employees that your mission and culture have merit, and are more than just platitudes or HR-speak. These are not just feel-good values for the company, either. Employees who are driven by the company’s mission are 54% more likely to stay for at least five years and 30% more likely to grow into high-performing individuals.
Branding for marketing and branding for recruitment may be different, but they are two different branches of the same tree. What affects a company’s employees will eventually bleed over into the customer base, and vice versa. Today’s consumers are increasingly concerned with the integrity of a brand and will stop spending their hard-earned money on that brand’s products if their reputation slips enough. In fact, 64% of consumers have stopped buying from a brand entirely after hearing news of poor treatment of that company’s employees. When candidates are considering to which company they should contribute their talents, the best and the brightest will be discerning about contributing to a company that seems to focus too much on the bottom line and not enough on the human beings that contribute to the bottom line. In fact, 84% of job seekers say the company’s reputation is important when choosing where to work and half of all candidates in one survey said they wouldn’t work for a company with a bad reputation — even with an increase in pay! Part of caring about humans is recognizing the effects of involuntary departure from one’s position. Whether this departure is due to under-performance or some sort of misconduct on behalf of the individual or changing needs of the business, the outplacement process will tell people whether the company is responsible and trustworthy or cold and uncaring. The best and the brightest rarely choose the latter when deciding where to contribute their talents.

Executive outplacement can have a different, but equally important impact on your brand as an employer. As individuals at that level have a similar, but slightly different set of needs when considering an employer and at some point, in the company’s future, the search for an executive is inevitable. For this group, demonstrating that your company is one that promotes modern solutions, including transfer options and networking connections for top-tier employees, is essential to maintaining a positive reputation and reducing any perceived risks associated with accepting an executive position with your company — especially in a tight market.

Finally, outplaced employees are going to land, and it is extremely likely that many of them will be in positions that affect your company, whether that is working with your partners, clients or the competition. By delivering a soft landing and smooth transition for those who are departing, you’ll help ensure future interactions will be positive.
Along the same lines, humanizing processes such as outplacement helps to position the company better during the recruitment process and when considering retention rates and activities. From the employer’s perspective, knowing what the corporate culture is and having a strong handle on employer branding helps set the tone for what the company is looking for in a candidate. Considering that the process of hiring a mid-level employee can cost more than 25% of that position’s first-year salary, and 92% of people would consider changing jobs if offered a position in a company with an excellent reputation, recruiting those who are a good fit and likely to stick around can save tens of thousands of dollars. Finding a good fit for a company with a reputation for harsh layoffs or only providing a reassuring parachute for executives will be even more costly.

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From the individual’s perspective, they will have a better idea of what kind of interviewing, selection and onboarding experience to expect, along with what to expect during their tenure and when that tenure comes to an end. Moreover, it is that last part that can be of particular interest to current and prospective employees. At the beginning of the process, things like hiring and onboarding are positive and exciting; downsizing, rightsizing and similar terms sound like HR-speak for “losing my job.” While most individuals acknowledge that the majority business relationships are not permanent, bridging the gap between “losing my job” and planning for the end of the relationship at the very beginning lies in how the employer handles outplacement.

Will prospective employees read about harsh treatment on Glassdoor, LinkedIn or Facebook groups? The only candidates who would willingly sign on to a company with a known reputation for discarding downsized employees will be those who do not have the luxury of time and cash reserves to keep looking for better options. And, that group is likely to continue looking even after securing a position in the hopes of finding something that’s a better fit. Consider that people are quitting jobs in record numbers in the past several years — with 40% quitting within the first 12 months — and citing fit with the organization as one reason for leaving, in addition to compensation and relationships with leadership.

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Outplacement has a very serious impact on those who remain with the company following any departure, but especially following a restructuring event.

Those employees are often nervous, anxious and looking for assurance that their jobs are not going to be the next ones discontinued. While providing that exact reassurance is not always possible, demonstrating what the process would be like, should that situation arise, makes a difference in terms of employee engagement, especially for the first several weeks and months following a departure event.

Consider a group of employees who remain with a company following a downsizing event. They suspected something might be happening because all the major decision-makers in the company seemed tense over the past couple of weeks, and several closed-door meetings have taken place during this time as well. Employees have been nervously trying to ignore the whispers about layoffs and focus on work until the day arrives when several of their friends and colleagues are cut from the team. Departing members were escorted from their desks to the conference room where HR was waiting with forms to be signed before the employees were escorted from the building.

Many people started working on their resumes anyway and started reaching out to their connections to see if any openings were available “just in case,” as most of the employees had mortgages to pay and children to take care of and were terrified of the stress and uncertainty of a sudden job loss. Although they are all grateful to still have a job, employee engagement and morale has been deeply impacted.

Consider another scenario where, once all the affected individuals have been personally notified, the company arranges a time to talk directly with those who remain. Along with acknowledging the downsizing and discussing the business reasons for the decision, the company then takes a few minutes to talk about the services that will be provided for those whose positions were eliminated, including individualized career coaching and a severance package to help during the time between jobs. The company makes it clear that although these positions have been eliminated, the people who once held them are still important to the company and they want to see each person through to their next career step. The company also would like the remaining employees to know they are welcome to stop in and talk to HR at any time about questions, concerns, or even insecurities and fears if they are worried about another round of layoffs, even though there are none planned in the immediate future.

The rest of the day for the remaining group of employees is not the most productive. People are talking about the situation and checking in with friends who were outplaced. A few members of the HR team are circulating around the office answering questions and working with affected teams to reorganize. The group is understandably a little shocked, but otherwise seems to be taking it in stride. A small group gets together to visit with some of the former team members after a week or so and is heartened to hear that a few already had promising interviews lined up and the rest felt confident in their job search, especially since they were getting so much help and support from the company. Within a couple of weeks, the effects are diminishing, and things are returning to a new normal.
Reaching the decision to downsize your workforce is almost always one that is made for the long-term health of the company. It might seem like a cold, heartless decision, but the truth is that the employees and the families who rely on the company for their livelihood are helped by these difficult decisions, even if it means a handful of people are outplaced. Very few companies can avoid this type of restructuring and reorganizing forever.

Humanizing these decisions is nearly impossible but humanizing the process should be a goal that every company strives for. Eliminated positions were once filled by human beings who, until the moment they were told otherwise, assumed that tomorrow consisted of providing value for your company in return for a boost in their position in life. Taking that specific future away may be unavoidable but providing a soft landing and a smooth transition into their next position should be a given. It should be a decision that companies make with no hesitation.

Providing a smooth transition requires more than just a handful of digital services; a soft-landing means helping the outplaced individuals move forward in their careers with meaningful support. According to a recent survey, a dedicated career coach who offers personalized consulting, an individual career plan and networking guidance along with interview prep and negotiating strategies was the most valued aspect of an outplacement program. What’s more, over 75% of survey respondents said the outplacement program accelerated their job search. In other words, when done right, outplacement services are extremely valuable to those who have been let go.
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If the company’s key decision-makers are not convinced a full-service outplacement practice should be the minimum offered to downsized employees simply because it is the right thing to do for human beings, they should at least consider the business reasons behind the practice. According to a report from the Federal Reserve Bank of Chicago, the cost of a company of a thousand workers that lays off 10% of its workforce is close to $2 million without high-quality outplacement services. That cost is reduced by more than half when the company engages the services of a high-quality outplacement service. For starters, employees find work twice as fast with the help of outplacement services so obligations tied to severance packages can be halted twice as fast. Outplacement also significantly reduces the impact of costly wrongful termination lawsuits related to downsizing events.

Today’s workforce is increasingly concerned with choosing a place to work where they feel valued for who they are along with the talents they provide to the company. Attracting and retaining the top talent in the industry — the individuals who are most likely to bring the most success to the company — requires businesses to show that the needs of humans also are important to the company. Along with a competitive salary and a supportive, learning-oriented work environment, people also need to know they are not going to be left high and dry should the company need to reorganize.

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Finally, if the purpose of reorganizing is to streamline the business and increase productivity while reducing costs, then it only makes sense to make sure the people who remain with the company following an outplacement event feel safe, heard and valued as human beings — and not just another faceless position that could be next on the chopping block. If you want your workforce to remain engaged and productive, this group needs to know their jobs are safe, and in the event that their jobs are no longer secure, they are not going to lose everything they have — house, car, savings, hopes, dreams. There’s also a dollar amount associated with these sentimental ideas: high-quality outplacement services can reduce the cost of absenteeism and turnover of employees who remain with the company by 64% and 57%, respectively.
The simplest reason to offer comprehensive outplacement services to those who have been downsized is that it is the right thing to do. In addition to helping real people through what is unquestionably one of the worst experiences of their lives, businesses also will be able to maintain their reputation and branding as an employer while providing a measure of security to those who were not directly affected. This will help to preserve morale and boost engagement throughout the organization so the goals of the reorganization can be met.

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As a managing partner at the LAK Group, Mike Milsted defines success as helping people find meaningful involvement in what they do, because aligning people and business is his passion. Mike works as a business adviser and creates solutions to align clients’ talent and business strategies. Mike works with clients to understand their strategic vision and helps them move forward to achieve the goals they have set for themselves. He provides strategic advising to executive leaders to employ them to move their businesses forward. Over his career, he has facilitated this through implementing Talent and Leader Assessments, Development and Management, Coaching, Career Development, Market Strategy, Workforce Strategy, Organizational Effectiveness and Employee Engagement.

ABOUT THE LAK GROUP

For more than 40 years, the LAK Group has been transforming careers, cultures and organizations throughout North America. With a focus on delivering individually tailored solutions, the LAK Group has helped a variety of clients in healthcare, financial services, manufacturing, energy exploration, development and distribution, insurance, consumer packaged goods, and bioscience to shape their company cultures, align and implement effective talent strategies, identify and develop leaders, and support those in career transition. For more information, visit www.transformingcareers.com.

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