

# CEO UPDATE

THE SOURCE ON ASSOCIATION AND NONPROFIT EXECUTIVE CAREERS & PEOPLE

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The Source On Association And Nonprofit Executive Careers & People

## Advice on layoffs: If needed, take time and do it right

*Careful planning and documenting, as well as communication and civility, minimizes the layoff sting—and reduces the potential for litigation*

By Jonathan Hemmerdinger

Though executives sometimes have little choice but to cut staff, they do have leeway on how it's done. Employment experts say that maximizing communication, minimizing psychological pain and providing continued benefits when possible, can be best for all parties.

It all begins with a plan.

"Having a plan is really important in today's litigious society," said Seth Stein, executive vice president of general services at The Eastridge Group of Staffing Companies, a workforce solutions firm based in San Diego. "Make sure your plan focuses on age discrimination, notification rules, and retains knowledgeable and productive workers."

And put everything in writing. "Make sure the objective of the layoff is documented together with the methodology and implementation," said Frank Melton, a labor

organization's layoff process is communication.

"The best thing you can do is continue to communicate with employees," Graham said. "The worst thing that can happen is that everything ... is a surprise, and that employees had no idea that the association had any difficulties."

Dennis Grady, a partner at Spire Search Partners, a global executive search firm based out of the New York area, agrees. Grady, who matches executives with jobs at leading financial services firms, said that often employees understand and accept layoffs. "It's those out-of-left-field, pull-the-carpet-out-from-under-your-feet type of layoffs that throw people for a loop," he said.

According to a survey by Watson Wyatt, a human resources company that consults with

and employment lawyer with Los Angeles-based Rutter Hobbs & Davidoff.

Melton also suggests that an organization's leaders meet with executives or consultants in human resources and law.

### Questions to ask include:

- Do we really need to let an entire function go?
- Will the layoffs be driven by skills or performance?
- Do we have a reasonable basis to choose one person over another?
- Will minority groups—people of color, older workers—be disproportionately affected?

"Play devil's advocate," Melton said. Precedent and consistency are also important.

"[Layoffs should] be fair and consistent

Fortune 500 firms, 77 percent of companies have communicated—or plan to communicate—with employees about the business impact of the financial crisis. Employers, the study found, did so to reduce employee anxiety and build trust.

Another Watson Wyatt publication noted that while most senior executives have been communicating to their firms, only half of frontline managers are reinforcing the messages with employees.

"Effective change management requires communication consistency at all levels," the report said.

Associations conducting layoffs can also hire outplacement firms, sometimes called career transition services, to help former employees build resumes, practice

with previous practices," said John Graham, president and CEO of ASAE & The Center for Association Leadership. "And in some jurisdictions it has to be like what other associations are doing."



Frank Melton

Melton recommends layoffs be implemented in a way to create the least displeasure and anger, while maintaining the employee's dignity. That means trying to avoid "people getting walked out by security," having

staff onsite to assist, and providing outplacement services, severance and benefits, when possible.

Perhaps the most important aspect of an

interviewing and find jobs. Some outplacement firms even provide counseling, job workshops and personality profiles.

If the organization is particularly proactive, career transition firms can be hired before the layoffs occur to help employees find jobs before being let go.

Such programs, which Stein helped run at federal agencies during President Clinton's government downsizing in the 1990s, let employees leave by choice.

That's beneficial to both parties, Stein said, because unemployment taxes are tied to employee claims. Less claims, less tax, he said.

Stein said that though such programs are not popular yet, he thinks they might catch on.

Such measures also reduce the chance of litigation. ■

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## If layoffs are a possibility, employees can be proactive

*At a time when job security is uncertain, employment experts say it is wise to be prepared stay connected and continue to be seen as valuable*

Though some association staffers may feel insecure because of the recession, employment experts say there are preemptive ways to minimize layoff risk while at the same time preparing for the worst.

One of the first things to do if you suspect layoffs are coming, said Seth Stein, executive vice president of general services at The Eastridge Group of Staffing Companies, is to be financially prepared. Having a financial reserve, Stein said, allows someone to spend more time looking for the right job and not taking something only out of financial necessity.

Also, expand your social network now, not later, said Dennis Grady, partner at Spire Search Partners, a global executive search firm based in the New York area. "The majority of people wait until they are into trouble before establishing contacts," said Grady. "You should always be networking. Don't wait until you get laid off."

That's important, Stein said, because more than half the people that find jobs do it by knowing someone and being out there.

To stay connected, Grady recommends the online social networking site LinkedIn.com, which, he says, is like an online resume and



lets you maintain business contacts.

According to LinkedIn public relations manager Krista Canfield, membership in the site grew by a million new users every two weeks, or one new user every second, during the months of August and September, when the media began heavily covering the economic decline.

The company attributed some of that growth to job seekers. The rest, Canfield said, were those who realized the importance of maintaining connections.

While still working, employees should

take stock of the value they add in their current job.

"Layoffs are not about performance," said Melton, "but there is no question that creating a value proposition and having people in high places realize that value ... helps with decisions on who stays and goes."

Another preemptive job security tactic, said Melton, is to ask to have termination benefits—severance, health insurance—written into your employment contract at the time of hiring or when a contract is up for renewal.

"The worse they can do is say no," he said.

And if you do find yourself out of work, turn it into an opportunity.

"For a lot of people it's a good time to shift gears and get a kick to start studying ... or go back to school," said Grady.

"Broaden your perspective," said Stein. "Think about different geographic locations, different sectors." ■

—Jonathan Hemmerdinger