

PHILADELPHIA BUSINESS JOURNAL

How to ... Select an Outplacement Firm

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Philadelphia Business Journal
June 7, 2002

Layoffs. Termination. Cutbacks.

Both employer and employee dread saying and hearing those words.

However, outplacement firms can ease the often-painful transition when a company and employee sever their ties. Hired by a company that is planning layoffs -- one or thousands -- an outplacement firm serves two separate clients: the company and its former employees.

Typically included in a terminated employee's severance package, outplacement services focus on "training candidates how to conduct an effective career search. That includes resumé preparation, career focusing, interview skills, networking skills and how to negotiate a job offer," said Emory Mulling, president of the North American chapter of the Association of Career Management Consulting Firms International.

Licensed career consultants, who are also trained counselors, "help a person get through the emotional aspect of losing their job," said Teresa Daly, president-elect of the International Association of Career Management Professionals (IACMP).

In addition to helping individuals deal with layoffs, outplacement firms play an invaluable role in helping businesses plan layoffs.

"(They) can help the company figure out the best way logistically to make (layoffs) happen, and often will coach or train managers on how to notify employees that they are losing their job," said Daly. Such help can ease both the employer's and employee's distress, as well as limit future lawsuits and liabilities.

"Companies need to remember that the No. 1 reason a terminated employee decides to sue their employer is not because they got fired, but because they didn't like the manner in which the termination was conducted," said Valerie Frederickson, a member of the IACMP.

In fact, an outplacement firm can often help reduce and even prevent layoffs.

"A licensed career counselor can help you realize why someone is not doing well and help you realize what role the human resources department or company atmosphere plays in this. Maybe firing the executive isn't going to solve the problem. Maybe it's just going to give you a new target," said Frederickson.

Daly added: "If we look at companies today, many are growing in one part of their organization and downsizing in another part. We can help with retraining and redeploying people, which is much less expensive than laying off and hiring new people."

When choosing an outplacement firm, Daly advises companies "to ask themselves some critical questions." The level of employees you are terminating determines the type of training and resources you will need. Find a firm that understands the difference between an executive and a production employee's transitions and has different resources for people at different levels, said Daly.

Companies considering nationwide or global layoffs will need an outplacement company with corresponding nationwide or global locations, and the ability to handle job searches in other countries. Another important consideration is budget.

"If you have limited funds because your company isn't doing well, you need to find an outplacement firm that is willing to be flexible on the prices and services offered," said Frederickson.

The firm should be a partner and "look for ways to help the business save money and reduce risk," added Daly.

After assessing your own needs, evaluate local outplacement firms. Experts say the most important points to consider are: local reputation; workload of each consultant (20-25 individuals per consultant is appropriate); how flexible the firm is in the type of programs it offers; whether the firm's technology and resources are easily accessible off-site; and career consultants' experience level.

You should be able to expect confidentiality as well as information on how your terminated employees are faring. How long an outplacement firm will work with your former employees -- ranging from three months to when the person is employed -- depends on the type of program you choose.

The most common mistakes companies make when selecting an outplacement firm are "not bringing in a firm soon enough, shopping price before they shop quality and capabilities, and not taking the time to select a firm that is going to fit well with what they need," said Daly.

Frederickson offers several questions to assist your assessment:

- How easy was it to speak to someone who was intelligent and caring?
- Was the firm able to give you a proposal on the spot?
- Did they give advice and ideas over the phone, or were they more concerned about signing a contract?
- Will they put together a program based on your price points?
- How easy is it to make an appointment with a licensed career counselor?

In the end, with thorough analysis and evaluation, you can find an outplacement firm that benefits your business as well as your former employees.

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