



THE NEED FOR OUTPLACEMENT IS INCREASING

What is the outlook for the outplacement industry in 2008? Will it thrive? How will your business be affected? A current review of recent research is optimistic. This article explores factual data on upcoming layoffs, increased usage of outplacement, new proposed legislation likely boosting the outplacement industry and powerful solutions enabling you to capitalize on these real opportunities. Read on . . .

The provision of outplacement support is clearly expanding according to a survey of employers published slightly over a year ago by Reed Consulting. Employers reported the following:

- **78%** felt the need for outplacement would increase or stay the same during the coming year
- The number of individuals receiving outplacement increased by 50% over the past 2 years
- More than 50% reported that outplacement support had been offered for at least 85% of those separated from their organizations



The majority of employers turn to external outplacement firms for career transition support. Increasingly viewed as specialists, outplacement providers have the skills and knowledge to provide the emotional support and tangible tools required for successful career transitions. The Reed survey reports:

As the concept of “outplacement” has garnered mainstream status, it is now a standard HR offering in many organizations around the world. So who are employers turning to for such services?

EXTERNAL OUTPLACEMENT PROVIDERS – CLEARLY THE TREND

81% of employers engaged help from external outplacement providers

50% of employers used ONLY external outplacement providers

These statistics bode well for outplacement practitioners. The bigger question is, what's in store for various world economies? Are layoffs looming? Many workers around the globe think so . . . Workers around the world fear losing their jobs.

Almost 25%

of people around the world think they may lose their jobs according to Gallup International's 2007 End of the Year Survey covering 61 countries.

Their fears are not unfounded.

WORKERS AROUND THE WORLD FEAR LOSING THEIR JOBS



The facts are everywhere – layoffs are coming. Daily headlines report job cuts, layoffs, reductions in force, redundancies, and for many people the news is grim:

5 million people could lose their jobs due to the economic turbulence around the world reported the International Labour Organization (ILO) in February of 2008

37% increase has been reported in companies planning layoffs during 2008; the worst layoff forecast in the past 5 years
(Career Protection's Annual 2008 Layoffs Forecast)

2% of jobs in London's financial district are predicted to be eliminated in 2008
(Centre for Economics and Business Research's biannual London and City Prospects Report)

The U.S. Labour Department reported on February 1, that the economy is losing jobs for the first time in 4 years, with the shedding of 17,000 non-farm jobs in January *(U.S. Jobs in Dramatic Dip, Boston Herald, February 2, 2008)*

Job cuts increased 69% in January from the previous month; planned layoffs swelled to 74,986 from 44,416 in December; the year-over-year increase was 19% from January 2007 *(Job Cuts on the Rise – Report, CNNMoney.com, February 4, 2008)*

Manufacturing sector reports overtime hours drop to lowest level since 2002 leading to expectation of job cuts

In December the U.S. unemployment rate spiked unexpectedly to 5%, its highest level in more than 2 years.

LAYOFF FORECAST FOR 2008

COMPANIES PROJECTING LAYOFFS IN 2008

Numerous companies around the world have already announced layoff plans. Below is a sampling of such companies representing a cross-section of industries.

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| Chrysler LLC. | 10,000 hourly & 4,000 salaried jobs in 2008 |
| Sprint | 5,000 layoffs in 2008 |
| Bristol-Myers Squibb | 4,800 layoffs between 2007-2010 |
| General Motors | 4,200 jobs in Ohio, Ontario & Michigan plants in 2008 |
| Citigroup | 4,200 layoffs globally in 2008 |
| Bank of America Corporation | 2,500 employees over next 2 years |
| Nokia | 2,300 layoffs in 2008 |
| Lexmark International Inc. | 1,650 by end of 2008 |
| EMI Group (British music company) | 1,500-2,000 worldwide in 2008 |
| Springs Global & WestPoint Home | 1,200 in 2008 |
| The 2 largest U.S. textile mills (semiconductor maker) | 1,000 in 2008 |
| Yahoo | "several hundred" (possibly 700) in 2008 |
| Volvo Trucks | 650 in early 2008 |
| Limited Brands (Limited Stores, Express, Victoria's Secret) | 530 in 2008 |
| Sallie Mae | 350 nationwide in 2008 |
| Tyco Electronics Corp. | 360 in East Berlin manufacturing plant in 2008 |
| Magna International | 313 in early 2008 |
| Macys | 271 in Midwest region |
| Continental AG (automotive supplier) | 200+ hourly and salaried workers in 2008 |
| Standard Furniture | 175-190 in early 2008 |
| Warner Bros. | 36+ but possibly 1,000+ strike-related layoffs in 2008 |

The word “layoff” stirs unrest in most people. Turmoil envelops the lives of those affected. With so many layoffs predicted, do employers really care? Do business leaders value outplacement? According to the Reed survey, they clearly do. Employers are increasingly reaping the benefits which include improved morale, motivation and productivity, increased retention, better support of managers, and improved reputation. Below is a summary of the survey’s findings:

66% felt outplacement support improves staff morale, motivation and productivity during times of change

55% agreed that providing outplacement for exiting employees helps those who remain too

87% believe that offering outplacement eased the pressure on line managers

78% felt that providing outplacement could improve the organization's reputation

55% believe that outplacement can help the organization be seen as an employer of choice

EMPLOYER VIEW OF OUTPLACEMENT

What specifically is of value? The survey reports the three components of outplacement support rated most highly by employers are:

- The quality of one-to-one consultancy
- Interviews & assessments training
- CV/Resume development

NEW LEGISLATION AFFECTING LAYOFFS

With the passage of the Companies Act 2006, a code of conduct was defined for directors related to responsible business behaviour. The Act requires for the first time company directors to consider their business' impacts on people and the environment. It also requires large businesses to make public these impacts in annual reports. With many of the Act's rules becoming effective this past October 2007, their impact has yet to be completely felt by companies; however it clearly has implications for how companies treat their employees.

One likely implication will be an increase in the usage of outplacement by companies who are planning layoffs and closures. By humanistically offering outplacement to redundant employees, companies will boost their corporate social responsibility image. Such boosts enhance not only their reputation, but their market value as well. This is evidenced by the following research:

Companies that are considered leaders in implementing environmental, social and governance (ESG) policies have outperformed the general stock market by 25% since August 2005.

(Goldman Sachs, 2007)

51% of the British public chose a product or service because of responsible reputation.

(The Ethical Consumer, MORI/The Co-operative Bank, 2002)

33% of people in the U.K. say companies' responsibility is very important to their purchasing decisions.

(The Public's Views of Corporate Responsibility, Ipsos MORI, 2005)

Over 50% of employees say it is very important their employer is responsible to society and the environment.

(The Public's Views of Corporate Responsibility, Mori 2005)

25% of those surveyed report that they had advised another person for/against a company because of their corporate responsibility policies.

(MORI Report, 2005)

With the Act requiring companies to publish a business review as part of the directors' reports, the U.K. has seen a significant increase in corporate reporting on their socially responsible policies and practices. This mandated reporting, will likely fuel an increase in outplacement as a socially responsible programme. Consider the following:

8 out of 10 of Britain's top companies now formally report on how they are maintaining their community, social and ethical record.

(Boards Learning to Love CSR, Management-Issues, December 18, 2007)

Shareholders, via the Companies Act 2006, have received enhanced rights allowing them to bring suits on behalf of the company if a director breaches his/her responsibilities. This new shareholder power may motivate companies to pay closer attention to their employee programmes - hence, another possible boon to the U.K. outplacement industry.

POWERFUL SOLUTIONS TO INCREASE YOUR BUSINESS

The research is clear – the opportunities are increasing for outplacement providers. Those providers offering the strongest arsenal of services and tools, will most easily capitalize on these new opportunities.

Do you currently have these three components solidly in place? Are they available in an easily accessible and efficient manner, enabling you to increase the amount of business you can handle? Are you poised to quickly take on more clients?

If not, consider boosting your services with Insala's cost-effective, easily accessed online career transition program, called EmploymentTalk that provides numerous resources to help support employees in transition. It clearly meets the majority of the components employers are looking for with world class assessment instruments, a powerful automated tool for CV/Resume development, and excellent content on interview skills, resume development and more – all accessible 24/7 in a secure and confidential environment.

If you currently don't have online services, or the ones you have aren't meeting your needs, visit www.employmenttalk.com to learn more.

Employers place the highest value on the following three components of outplacement:

- The quality of one-to-one consultancy
- Interviews & assessments training
- CV/Resume development

