

# Ottawa politicians put outplacement in spotlight

*Despite sticker shock, transition help makes sense*

BY MARCEL VANDER WIER

**CAREER** transition experts are defending the use of outplacement services for outgoing employees after the Canadian government came under fire for racking up a bill of more than \$4 million for outplacement and other forms of personal coaching in the past year.

The federal Conservative party was scrutinized for amounts authorized by outgoing ministers looking to help their political aides' transition back into the private sector.

Three former Conservative ministers — Chris Alexander, Steven Blaney and Peter MacKay — collectively spent more than \$100,000 to provide outplacement to members of their department, with Alexander's bill alone coming in at \$74,314, according to the *National Post*.

"I saw this as the only honourable and professional course of action, as well as an option that represented genuine value for taxpayers' money," said Alexander.

"It is, in my view, the first responsibility of a good manager to ensure the well-being and career advancement of staff who have toiled long hours over months and years of dedicated service, especially when that service comes to an end abruptly."

But while Canadians may be alarmed by the total bill incurred for outplacement, that sticker shock should dissipate quickly with a better understanding of what the service actually achieves, said Ken Krupat, an employment lawyer in Toronto.

In the case of long-standing, high-ranking employees, hiring an outplacement agency can actually save an organization money in the long run, he said.

Many employers will send outgoing employees off with a salary continuation or severance package in place to help them transition, often with the provision they will continue to pay half the employees' salaries for a set period if they are able to find work — an extra incentive for the employees that can save the employer money.

For more senior-level positions, in both the public and private sector, it would make sense to offer the outplacement, said Krupat.

"I don't think there'd be an argument that it's improper. It's going to help the employee find work, minimize the potential legal liability and will affect the perception of how the employer treats its employees. In all of those respects, there's nothing untoward about that."

Using the service can also prove beneficial should a disgruntled outgoing employee attempt a court challenge, he said.

"The employer benefits if they're able to show they tried to act reasonably by offering the employee money but also trying to help them find other work."

The service is popular and beneficial for all affected parties, said Henry Hornstein, assistant business professor with expertise in or-

ganizational change management at Algoma University in Sault Ste. Marie, Ont.

"There is no labour law in Canada that specifies it must be done, but, from a public relations perspective, as well as demonstrating care and concern for employees, employers will decide to use outplacement services and, in that situation, everyone wins."

## Growing trend

Today's job market is very complicated and companies have realized outplacement or career transition services are a critical link between employees losing their jobs and finding new ones, said Alexander Lutchin, president and CEO of Career Compass Canada in Hamilton, Ont.

"Companies take this seriously, whether they're private or public sector, and over the past five years, outplacement has become an integral part of how companies exit employees," said Lutchin, noting that up until the past few years, companies approached the service on an ad hoc basis or even as an afterthought.

Outplacement services are most often contracted out to third-party agencies that help outgoing employees brush up on skills such as resumé writing, cover letters, interview tactics and the like, said Hornstein.

Having an opportunity to talk

personally with career counsellors, as well as peers, is also very helpful.

"These are skills that, if done well, will improve the probability of you getting work," he said. "It is a very useful process. It's sort of like group therapy. Being downsized and having to go through the job search process can be very depressing. People start to doubt their capabilities as individuals, as professionals."

Meanwhile, the employer reaps benefits in terms of its corporate brand, future recruitment and employee morale for workers who remain on staff, said Alan Kearns, founder of CareerJoy, a national career coaching service in Toronto.

"The top employers in the country have this as a best practice," he said. "I'm not saying it's a magic potion, but it's a good practice among the better employees in the country. It's humanizing. How you end the relationship with an employer says a lot to (employees) and to the organization."

Outplacement helps maintain a company's reputation, said Krupat.

"If a company develops a reputation of treating people reasonably fairly when they're let go, then that would probably help when people are considering whether to go there in the first place," he said.

"There's often an economic incentive for the company, even a relatively small company, to offer it, although many small companies don't look at it that way and they'd

rather try to save as much as possible, offer the minimum and fight it out, negotiate, whatever.”

Per-employee fees range between \$1,000 to \$10,000 depending on rank and time spent with the outplacement agency, which can range from one month to one year, said Kearns.

Outplacement is often the cheapest part of a severance package, though price varies in terms of employee rank, said Lutchin.

“A senior manager or director or vice-president or executive is going to have more complexity in getting landed than a front-line or junior person,” he said. “As a result, their outplacement programs run longer in duration.”

### **Ensuring positive results**

Most companies spend a great deal of time ensuring new employees are onboarded successfully after hire, and more need to do the same at termination, said Kearns.

“Termination is part of the employment experience, we would argue. Quite frankly, they’re going to remember that a lot more than when they started with you.”

Despite a recent trend that is seeing some firms lean towards offering outplacement via webinars or e-support, Kearns said he still supports customizable one-on-one consultation, which he likened to the Starbucks experience where a customer can purchase “coffee built with your name on it.”

Additionally, employers can do better when it comes to selecting an outplacement agency to partner with, said Fraser Johnson, an operations management professor at Western University’s Ivey Business School in London, Ont.

“In a lot of situations, organizations don’t do a good job in terms of managing the services that are provided by the outplacement agency,” he said.

“They see it as a cost-minimization exercise. You’re not talking about a lot of money, relative to how much people are typically being paid. The sooner somebody can get re-employed, the less amount of money you have to pay them in terms of severance and termination.”

Human resources practitioners should conduct research on potential agencies to ensure outgoing employees will be satisfied with the services received, he said.

Staff should visit the site of the outplacement office, review programming, understand counsellor workloads, measure performance in terms of how quickly employees find new work, and check references before simply enlisting the first agency listed in their Rolodex, said Johnson.

“It’s pretty standard, even for medium-sized businesses — any organization with a manager of human resources. Even if you’re a small business, in most circumstances, it’s the right thing to do.”