

# THE NEXT EVOLUTION OF OUTPLACEMENT

Setting a New Industry Standard



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## EXECUTIVE OVERVIEW

Outplacement decisions are an inescapable part of doing business today. After two decades of robust corporate cutbacks, mergers, acquisitions, leadership changes and restructurings, you have, in all likelihood, separated employees from your organization. You may even have been laid off yourself.

The task of transitioning employees is fraught with challenges. You feel a moral responsibility to treat people with dignity and respect, helping them to land new positions as quickly as possible. You feel a social responsibility to do the right thing as well: These are the same people who live in your community, go to school with your children, and pass by you at the store. To maintain morale and engagement with the retained staff, you need to demonstrate care and support for separated employees. And at the same time that you are executing on business objectives, you need to implement an effective plan to contain unemployment and health care costs associated with transitioning staff, as well as minimize the organization's exposure to litigation.

Outplacement is an established management practice that helps both the organization undergoing change and the employees affected by career transition. Since it was formally introduced as a business practice in 1969, the industry has matured to provide a range of management and employee services to help plan, manage and execute organizational restructuring.

As the leader in this field and consistent with our reputation as an innovator, Right Management has invested in rigorous research to better understand the changing needs of today's clients and candidates. New demands are driving change

and Right Management stands at the forefront of establishing cutting-edge industry standards and benchmarks. Such demands are forcing an evolution in outplacement. New models of service are being established – models that raise the bar for the entire industry.

This paper outlines how the industry has evolved and details the emerging needs and expectations of both organizations and individuals. It also highlights the new standards of service required from outplacement providers. These standards stem from the increased importance placed on building partnerships with others who are socially and ethically aligned with the organization's values, and from organizations' need to maximize the value of their outplacement investment.

**Right Management is advancing with a fresh, innovative outplacement service, aligned with our corporate brand and ethical values, while the rest of the industry suffers from inertia.**

Right Management embraces these standards and has introduced a breakthrough model for delivering outplacement services to individuals. The new model creates a competitive advantage for both organizations and transitioning employees and is based on a desire to fulfill a deeper level of corporate social responsibility by truly supporting the people organizations entrust to us – right through to success. Right Management is advancing with a fresh, innovative outplacement service, aligned with our corporate brand and ethical values, while the rest of the industry suffers from inertia.

We invite you to read on and learn how Right Management is transforming the outplacement industry.

# THE EVOLVING OUTPLACEMENT INDUSTRY

Since becoming an established business practice some four decades ago (circa 1969)<sup>1</sup>, the outplacement industry has undergone many transformations. Now a \$3 billion industry, outplacement has its roots in the job search counseling service delivered to World War II veterans to assist their reentry into the workplace. Today, outplacement to help employees of all levels is a standard management practice in organizations of all sizes.

Never before has there been such a demand for quality outplacement services. Talent management is cited as the top issue for human resources to address in 2007.<sup>2</sup> According to the Corporate Leadership Council, on average, 50% of newly hired executives quit or are fired in the first three years of service. As many as 40% are laid off within 18 months of being on the job.<sup>3</sup> And each year, 25% of managers in Fortune 500 companies change jobs.<sup>4</sup>

Changing market needs are transforming the industry and driving a whole new level of innovation, flexibility and accountability. Outplacement is evolving with breakthrough solutions to meet the progressive demands of both organizations undergoing change and their employees affected by career transition.

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## NEEDS FOR OUTPLACEMENT CHANGE OVER TIME

The criteria for decisions to invest in outplacement have changed over time. Historically,<sup>6</sup> the main motivators were public relations (to improve an organization's internal and external image) and risk management (to reduce exposure to litigation). Today, most organizations invest in outplacement services because doing so also provides positive business benefits and aligns with their core values.

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Purchasers are elevating their decision criteria. Right Management research<sup>5</sup> suggests this ranking of the reasons for using outplacement today:

- 1. Fulfill social responsibility and moral obligation:** Helping individuals address change is the right thing to do and aligns with the organization's core values about how it treats people. Purchasers of outplacement services not only desire to treat employees with dignity and respect, but they also feel an ethical responsibility to provide assistance to increase the candidates' chances of landing the best new position in the least amount of time with the least amount of disruption.
- 2. Strengthen the brand:** Maintaining brand perception is essential for consumers, investors and for employee retention and future hiring.

Nine out of 10 candidates remain in the same community after they have been separated. An added urgency to this dimension results from the impending talent shortage. Image and reputation will play an even more dominant role in organizations' ability to compete for talent as employers return to the market to hire new employees in the future.

**3. Improve workforce effectiveness:**

By demonstrating fairness and concern for those who are being separated, an employer has an opportunity to improve effectiveness with two key groups:

- **Remaining staff** through improved morale and engagement.
- **Separated employees** who may be brought back to the organization as consultants or contractors.

**4. Deliver on business objectives:** Meeting goals for profitability and competitiveness while also meeting investor and shareholder expectations takes unwavering focus. Outplacement enables organizations to maintain that focus while addressing the drivers behind the organization's restructure, merger, acquisition or leadership change.

**5. Reduce exposure to litigation:** While a defensive legal posture is further down the list of priorities, it is still a real need and affects direct and indirect cost, especially opportunity costs related to energy and resources that are misdirected to fixing separation problems rather than executing on business plans.

# NEW STANDARDS FOR PARTNERSHIP

Traditional suppliers and vendors often provide short-term, transactional relationships. Today's outplacement decision maker wants a strategic partner to add value beyond the product or service for which the partner is best known. Leading organizations seek providers that can demonstrate best-in-class solutions to enable them to compete more effectively. They seek partners that are aligned socially and ethically with their organization's values. They want them to anticipate needs, adapt, innovate and demonstrate a commitment to the relationship. And they want them to prove success with meaningful metrics.

Purchasers of outplacement desire one partner that can service across functions and geographic locations, supported by a single point of contact to manage the relationship.

## COMMITMENT TO SOCIAL RESPONSIBILITY

Corporate social responsibility is increasing in importance. Organizations are expected to act in the best interests of society, as well as their own. The broadening expectation is that their contribution will be more than to provide employment opportunities, goods or services and profits. Performance scrutiny now includes how companies manage the business processes to produce an overall positive impact on society. The challenge is to balance actual and perceived corporate citizenship with a fair level of profits, contributing to the sustainability of the organization while dealing with a wide array of interests and stakeholders.

## NEEDS OF CLIENT ORGANIZATIONS

The needs of the organization that provides outplacement for its employees are somewhat different from those who receive it. Based on in-depth client interviews and surveys<sup>5</sup>, Right Management has identified what it is that decision makers today need from an outplacement provider.

Today's clients seek:

- **Accountability** – for results by focusing on achieving successful outcomes, not just the process, given the industry standard shows that about 60% of candidates' programs expire before they successfully transition to new positions – an unacceptable fact.
- **Performance metrics** – providing more specific data and meaningful measurements.
- **Engagement** – faster connection between employees' departure and start of program.
- **More choices** – based on separated employees' generational differences, work styles and technological savvy.
- **Consultation** – to assist with pre-separation planning, training and on-site support during layoffs, as well as with separated employees to ensure the best possible transition outcomes.
- **Centralized buying** – fewer and deeper partnerships, with single points of contact to provide support across functions and geographic locations.

## NEEDS OF EMPLOYEES IN TRANSITION

Historically, laid off employees sought to secure a new job that was much like their previous one, in the shortest amount of time. Today, candidates are more frequently changing career direction and their searches are much more diverse. Candidates seek support with functional and industry moves, downshifting to attain greater work/life balance, third age career alternatives and entrepreneurial ventures.

Today's candidates seek<sup>5,7</sup>:

- **Expert coaching and guidance** – personalized consultant support throughout the process.
- **Varied access** – to program resources, when and where they need it. Candidates desire a greater balance between home and office usage, based on their varied work styles and career needs.
- **Jump start in the process** – to get started quickly, and at the right point for them, to gain competitive advantage.
- **Support through to success** – staying connected throughout the search process until there is a successful outcome.
- **Skills and tools** – to conduct and manage an effective career transition.
- **Market connections** – to help build, expand and manage networks.
- **Superior technology** –online resources available around the clock to facilitate “high touch” human connections that lead to a successful transition.

Right Management's research on the new standards for partnership validates that both clients and candidates require more from their outplacement partners. One key determinant of how clients view success is candidate feedback.

According to our research, candidates' satisfaction is highly dependent on two factors:

- One-on-one career guidance
- Access to critical skills and content specialized to candidates' career situation and objectives

Right Management has tailored its services to achieve unparalleled excellence in the areas that matter most to our clients and to their separated employees.

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# CRITERIA FOR SUCCESS AND SATISFACTION

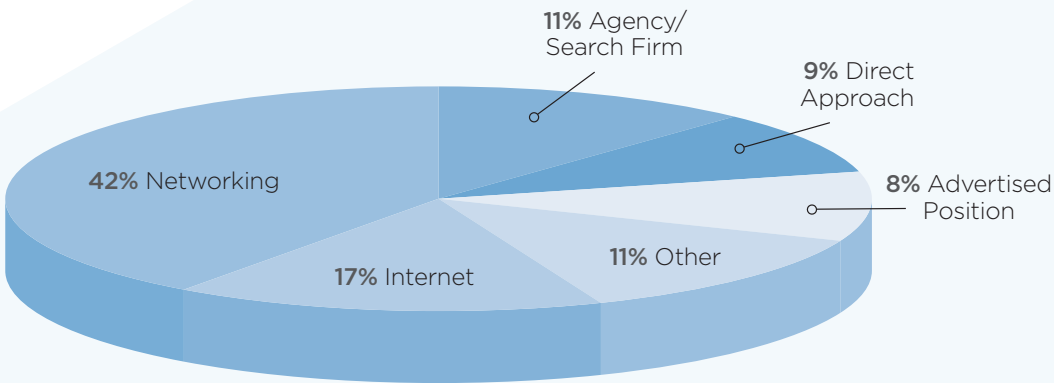
Overwhelmingly, clients report that candidate satisfaction determines the success of the program/provider.

Right Management recently engaged International Communications Research to conduct a global satisfaction survey of more than 21,000 candidates in 19 countries<sup>7</sup>. This research provides important insights into what has changed in terms of key performance indicators for both clients and candidates. Key findings of this research include:

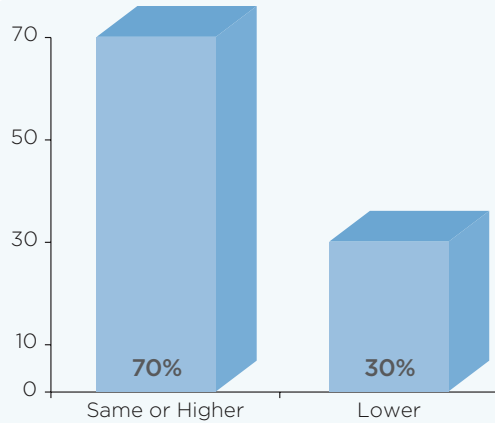
- Ninety-three percent of candidates are very likely to recommend Right Management to others in the future.
- Asked to rate their experience with Right Management, ninety-five percent of candidates said they were very satisfied or satisfied.

- Ninety-seven percent of candidates say that the experience with Right Management met or exceeded their expectations.
- Candidates' preparedness in making a successful career transition increased from 33% prior to receiving Right Management's service to 85% after the service was provided.
- Ninety-four percent of candidates feel confident after completing the Right Management outplacement program.
- Among those who found a new position, most did so through networking and garnered an equal or higher salary. Relatively few had to relocate for their new role.
- Candidates surveyed were mostly male (59%), earned \$50,000 to \$125,000 (62%) and were age 40-49 (39%).

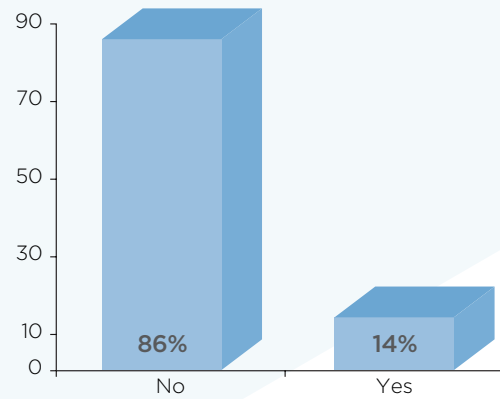
## SOURCE OF NEW POSITIONS<sup>7</sup>



### COMPENSATION COMPARED TO PREVIOUS POSITION<sup>7</sup>



### RELOCATION FOR NEW JOB<sup>7</sup>



	NORTH AMERICA	EUROPE	ASIA PACIFIC	TOTAL
<b>SATISFACTION METRIC BY REGION<sup>7</sup></b>				
Overall Satisfaction	96%	95%	98%	95%
Likelihood to Recommend to Others	94%	91%	97%	93%
Alignment to Expectations	97%	97%	99%	97%
<b>PREPAREDNESS TO LAUNCH A SUCCESSFUL JOB SEARCH<sup>7</sup></b>				
Very Prepared/Prepared Prior to Experiencing Outplacement	32%	38%	33%	33%
Very Prepared/Prepared After Experiencing Outplacement	85%	84%	88%	85%
Confidence Level After Completing Outplacement	93%	93%	96%	94%

## RAISING THE BAR FOR THE ENTIRE INDUSTRY

The expectations for accountability, shared investment and social responsibility require a change in the services to be provided by traditional outplacement firms.

The old ways of doing business are not enough to meet the dynamic needs of outplacement clients and candidates. They aren't sufficient today and certainly won't be adequate for tomorrow. Providers who choose to ignore the changes – or can't adapt fast enough – will face serious challenges to their viability. Only those firms that can adapt and anticipate client and candidate needs will thrive.

### RIGHT MANAGEMENT'S ROLE IN THE INDUSTRY

Very much like the clients it serves, the outplacement industry has undergone significant consolidation in recent years, with mergers, acquisitions and restructuring. The industry is dominated by Right Management, the leader in number of clients and candidates served, geographic reach and status of the provider of choice.<sup>5</sup>

Established in 1980, Right Management was at the forefront of advancing the outplacement industry. In 2004, Right Management was acquired by Manpower, the global leader in the employment services industry. In 2006, Manpower employed or placed over 4.4 million people, serving some 400,000 clients through a network of 4,400 offices in 73 countries and territories.

Right Management's unparalleled commitment to outplacement is demonstrated by the depth and breadth of its investment in research to better understand the dynamic needs of our clients and our candidates. Right Management's commitment

to outplacement is further demonstrated by our comprehensive, proactive response to market change. The industry is heading into uncharted waters, evolving to meet new requirements, and Right Management is leading this evolution.

### HOW IS RIGHT MANAGEMENT RESPONDING?

Right Management is raising the bar and establishing cutting-edge benchmarks for performance.

Right Management has introduced a breakthrough individual outplacement model, RightChoice™. This results-based solution includes meaningful differentiators that address the new demands of clients and candidates and provide both with a competitive advantage.

RightChoice is more than simply an enhancement of an already quality solution. It provides a unique and fresh approach that delivers more choices, connections and results than ever before. It sets a new standard for accountability with respect to outplacement.

RightChoice creates a competitive advantage for both your organization and your transitioning employees with:

- The commitment to stay connected with candidates right through to transition success—a first in the industry
- Results-based accountability aligning our own dedication to social responsibility with yours

- Choices about how services are accessed and delivered, enabling personalized approaches to the transition goals of both your organization and your former employees
- Faster engagement, so candidates' transitions are smoother and more quickly produce a new career role
- Dedicated, full-time career and job-resource consultants whose expert guidance ensures that candidates identify the best possible career paths for them—and pursue them successfully
- Ongoing, worldwide satisfaction studies that validate RightChoice results and help tailor RightChoice solutions to the communities and markets where you do business and where your separated employees pursue their careers

This unique combination of capabilities and commitment is unparalleled in the industry. Nowhere else will you find the choices, connections and results from RightChoice that truly “go the extra mile.”

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For nearly 30 years, Right Management has offered state-of-the-art outplacement solutions. RightChoice builds on what works, using all the things you've come to expect from the industry

leader: proven processes, user-friendly technology and dedicated career consultants with exceptional expertise and skill at providing personalized guidance. But what is different about RightChoice is a commitment to results that's unlike anything you've ever seen before.

Organizations can expect RightChoice to:

- **Make it easy to do business**, with effective, personalized solutions offered through a single point of contact. RightChoice offers greater flexibility and choices for you and your transitioning employees, supported by a global service capability, cultural adaptations, and a reputation for achieving results.
- **Facilitate faster engagement and more effective transitions** by speeding up the connection time between employees' departure and the start of their service and by providing more personalized, dedicated one-on-one guidance, leading to quicker market re-entry and greater probability of securing the right next career opportunity.
- **Provide greater value** with services and tools to assist with separation planning, implementation support and relevant performance metrics driven by rigorous quality standards.
- **Ensure accountability** through shared investment in candidates' transition success, setting a new industry standard for corporate social responsibility.

Candidates can expect RightChoice to:

- **Provide more choices and greater flexibility** for individuals to determine when, where and how to access their service and accounting for where they are in their career, generational differences, functional and industry expertise, and special interest areas.
- **Enable faster starts and market re-entry** by engaging individuals with greater velocity to “jump start” their transitions with more personalized service (based on where they are in their career life cycle) giving them a competitive advantage over other job seekers.
- **Achieve quicker, easier access** with “high touch” technology, available 24/7, to connect individuals frequently, quickly and easily to coaches, experts, contacts, networks, learning opportunities and transition resources and tools.
- **Deliver personalized and focused service** with dedicated one to one consulting, coaching, guidance and support throughout the entire process, matched to individual needs and interests.
- **Ensure greater confidence, peace of mind and commitment to success** driven by a genuine desire and ethical commitment to help individuals through to success.

RightChoice is the next evolution of outplacement. RightChoice does more than keep pace with your expectations. It goes one step beyond, with an unprecedented commitment to partnership, value and social responsibility that creates a competitive advantage for you, your organization and your workforce.

Right Management is transforming clients' and candidates' expectations of outplacement providers. With a fresh approach and breakthrough solutions, Right Management is leading the industry—and the evolution of outplacement.

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## ENDNOTES

1. "A History of the Outplacement Industry 1960-1997 from Job Search Counseling to Career Management. A New Curriculum of Adult Learning," Martha A. Restrom-Plourd. Dissertation submitted to the faculty of the Virginia Polytechnic Institute and State University, March 1998.
2. Workforce.com eNewsletter, January 2, 2007, citing research conducted by ORC Worldwide.
3. Seymour Adler, senior vice president of talent solutions consulting, Aon Consulting, quoted in "Executive Recruiting: Investing in Best Practices," LOMA.com, July 2006.
4. "The First 90 Days," by Michael Watkins. Harvard Business School Press, published 2003.
5. Qualitative interviews conducted with Right Management client organizations representing the following industries: Technology, Consumer Products, Finance, Communications and Energy, between September 2006 and February 2007.
6. "Outplacement Consulting and Career Transition Services: The Impact on Your Business," Linkage Inc - Center for Organizational Research, 2003.
7. Right Management global candidate satisfaction survey conducted by International Communications Research, between July 2005 and February 2007, surveying 21,196 candidates in 19 countries.

Right Management is the world's leading provider of integrated consulting solutions across the employment lifecycle. Right Management helps clients maximize the return on their human capital investments while assisting individuals to achieve their full potential.

Right Management is a wholly owned subsidiary of Manpower Inc. (NYSE:MAN), a world leader in the employment services industry, creating and delivering services that enable its clients to win in the changing world of work.

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