



# 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. Labor 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.

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 proposed last July, the FOREWARN Act, would strengthen the employee notification process of mass layoffs or plant closing and add tools to enforce the current WARN Act (Worker Adjustment and Retraining Notification) which came into law in 1988.

The WARN Act now requires employers with at least 100 employees to give 60 days' notice of a plant closing or a mass layoff. A "plant closing" occurs when a single employment site or one or more facilities within a single site lay off 50 or more employees during a 30-day period. A "mass layoff" involves either (1) a layoff of at least 50 employees who comprise at least 33 percent of the workforce or (2) a layoff involving at least 500 employees. For an excellent, brief summary of the WARN Act, including who is covered and what triggers a notice, refer to the U.S. Department of Labor's Fact Sheet.

Unfortunately, few employers are abiding by the WARN Act. According to the Government Accountability Office, only 1/3 of employers are providing this notification.

## NEW LEGISLATION AFFECTING LAYOFFS

This legislation would clearly add protections for those workers who are about to lose their jobs due to mass layoffs or plant closings. And, such changes would force employers to be more forthright and public with their downsizings with the new requirement of providing written notification to the DOL. The new financial penalties of non-compliance will likely spur employers to comply.

And what's in it for the outplacement industry? If the FOREWARN Act passes, it likely will create more business opportunities for outplacement providers since the pools of laid off workers covered by the Act increase:

**The FOREWARN Act would give the U.S. Department of Labor (DOL) and state attorneys general the authority to enforce the WARN Act. The FOREWARN Act would:**

- **increase penalties to double back pay plus benefits**
- **reduce the mass layoff figure from 50 to 25**
- **reduce the employer size from 100 to 50 employees**
- **lengthen the notification period from 60 to 90 days**
- **require employers to provide written notification to the Department of Labor**

mass layoffs now  
**25** workers  
vs. **50**

employer size now  
**50** employees  
vs. **100**

Additionally the required public disclosure to the DOL may make downsizings more publically visible, spurring employers to offer outplacement in order to protect their reputations.



# 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](http://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

