

# The ROI of Career Transition and Outplacement Services

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A growing number of leaders recognize outplacement services can generate a meaningful return on investment for organizations.

In the face of the recent coronavirus pandemic, many organizations are reassessing their business strategy and, consequently, their talent strategy, including suspending hiring, offering furloughs, and executing layoffs. Increasingly, employers offer career transition or outplacement services for employees impacted by a layoff or termination to assist them in managing the emotions of job loss and in developing effective strategies for securing new career opportunities. While career transition and outplacement services provide direct benefit to displaced employees, employers often realize the benefit to the organization is just as significant.

HR professionals and senior-level executives regularly share with Waldron CPI the tangible benefits of implementing career transition solutions impacting their broader organization. These often include, but are not limited to:

- Protecting Culture and Productivity
- Preventing a Talent Exodus
- Benefiting Crucial Talent Recruitment
- Supporting Employer Brand Reputation

## Protecting Culture and Productivity

Even in the best workplaces (in fact, more so in the best workplaces), layoffs result in a lasting and detrimental impact on the remaining team. According to a [Simon Fraser University study](#), layoffs in companies often result in a costly decrease in commitment and productivity among the employees that remain.

Layoffs can negatively impact the ‘psychological contract’ employees tacitly have with their employers, with employees consequently fearing that their employers are not as employee-centric or friendly as they previously believed. The perception is attributed to the trust employees place in their leaders to conduct ethical, compassionate business, and the discrepancy they feel when life-changing employment decisions occur.

Offering outplacement services or career transition assistance is an increasingly important way that HR leaders seek to affirm, to both displaced and retained employees, that even in the unfortunate case of layoffs, the company continues to focus on the success and engagement of their talent.

The study revealed that providing displaced employees with services and assistance and demonstrating a “how can we help you?” attitude following their exit positively impacts company culture for retained staff.

Outplacement ROI on this dimension is typically measured by closely tracking productivity and performance metrics among remaining employees following a layoff, with some leaders utilizing control groups or comparing to prior layoff scenarios in the absence of these services.



If you are seeking guidance on how best to prepare and communicate layoff or termination, download Waldron's [Manager's Guide to Conducting Notification Meetings](#).

<https://hubs.ly/H0pQ-ZW0>

## Preventing a Talent Exodus

Despite the intention behind a layoff—to save money and increase productivity—a University of Wisconsin study has revealed that layoffs often have the opposite effect. The study showed a correlation between layoffs and subsequent voluntary terminations, demonstrating that one undesired result of a reduction in workforce is the voluntary resignation of the remaining high performers. To better understand the relationship between the two, consider this statistic: turnover increases by 30% on average following a layoff.

*“...my feelings were more related to the uncertainty, and not so much about resentment towards the company.”*

~Zach

The threat this poses to the company is significant:

- Employees choosing to leave the company voluntarily may be hired by competitors, changing the employer’s market position.
- Client relationships suffer and may not survive the transition, especially during critical points in the buying process.
- Remaining employees face increased workloads and decreased engagement with, subsequently, the company culture suffering.
- New staff recruitment and onboarding have costly financial implications for the company.
- Critical roles need to be filled and retained toward surviving events precipitating layoffs.

Data from the Wisconsin study showed that employers who demonstrate a lower correlation between layoffs and a following departure of employees are often those who exhibit fair and just practices and encourage employee engagement through benefits that support work-life balance. Outplacement resources serve this purpose well.

## Benefiting Crucial Talent Recruitment

Outplacement services serve as a peace-of-mind benefit for employees, making it a valuable recruitment tool. When employers advertise the inclusion of career transition services as a part of their benefits package, candidates have increased motivation to consider the offer as it:

- Reflects the company’s investment in its employees’ professional development, physical, emotional, and financial well-being, and indicate a desirable company culture.
- Decreases the risk associated with changing jobs.

The addition of career transition services to the recruitment package can have a lasting and far-reaching impact on the company. Great benefits not only make it easier to find the right person for the open role but improve the company’s chances of landing top talent for the position. The results may include ongoing savings due to innovation, productivity, competitive edge, retention, and more.

## Supporting Employer Brand Reputation

Finally, outplacement services protect the company's reputation—both formal and informal—which indirectly protects revenue and simplifies recruitment. Word-of-mouth, for example, has been shown to [improve marketing](#) effectiveness by up to 54%, and [half of all job seekers review the company's reputation on websites like Glassdoor before making a decision](#).

Disgruntled employees—often those who have lost their job involuntarily—can quickly damage a company's reputation. However, career transition/outplacement services and support decrease the likelihood that an employee will leave the company with anger and hostility and, instead, allow the employment relationship to end amicably and protect the company's reputation.

### Key takeaways:

- Layoffs impact everybody, not just the departing employees.
- Layoffs can cause more financial burden than financial gain if not handled appropriately.
- Outplacement services have a consistently high return on investment in all industries for impacted employees and those who remain with the organization.
- Employers/HR leaders must ensure the efficient delivery of outplacement services across the organization to maximize the gained benefits.



## WALDRON CPI CAREER TRANSITION SERVICES

Waldron CPI views service support through two lenses: 1) the experience of impacted individuals using career transition services, and 2) the organization's lens and the experience of HR team members and business leaders responsible for outplacement/career transition services.

Waldron CPI's career transition/outplacement services promise and deliver a high-touch, personalized experience for each employee. Departing employees assess several alternatives for their next professional experience—including re-employment, flexible work arrangements, part-time or contract employment, consulting, entrepreneurial endeavors, or retirement.

[Contact us](#) to learn about Waldron CPI's industry-leading results. The results help organizations optimize return on investment in offering exceptional career transition services, including reduction-in-force (RIF) planning and manager notification training.



## ABOUT WALDRON

*Waldron believes in empowering organizations and individuals to realize their full potential.*

For over 35 years, Waldron has helped high performing executives, organizations, and boards lead the process of change, individual and organization transformation, giving Waldron specialized insight into the complexity involved in adapting to rapidly changing business environments. Viewed as a trusted advisor, we partner deeply with our clients. We are committed to providing truthful insights delivered discreetly, in a clear and concise manner. Our highly tailored engagements move individuals and organizations to achieve desired results and outcomes.

Waldron is an equity owner of Career Partners International (CPI). It is through the Waldron CPI group and its 330 offices worldwide that we are able to serve our multi-region and multi-national clients with-consistently-delivered, differentiated and highly personalized support services for client organizations' career transition/outplacement, executive coaching and leadership development needs.

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