

Global Trends in Separation Practices

DBM partnered with the Human Capital Institute to identify global trends in the employee separation practices of leading organizations, including severance and outplacement. The study also gathered insights about how organizations are employing these practices to meet organizational goals. Over 1,200 business leaders from 45 countries responded to an in-depth survey, 91% of whom were human resource professionals.

Results At A Glance

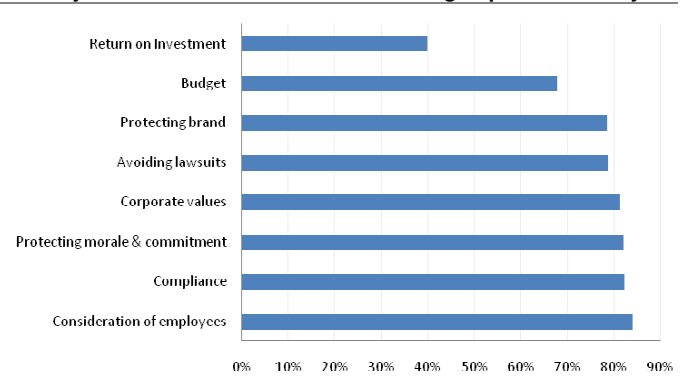
- The most important outcome of separation benefits: remaining staff morale and productivity (81%)
- 85% provide severance, years of service being the predominant factor for determining payouts
- 75% provide outplacement, three-quarters of whom cite corporate values as the primary motivation

Most Important Considerations

The most important considerations used to determine separation policies:

- 84% Consideration of Employees
- 82% Compliance
- 82% Protecting Morale and Commitment
- 81% Corporate Values
- 79% Avoiding Lawsuits
- 79% Protecting Brand
- 68% Budget
- 40% Return on Investment

Major Considerations When Determining Separation Policy

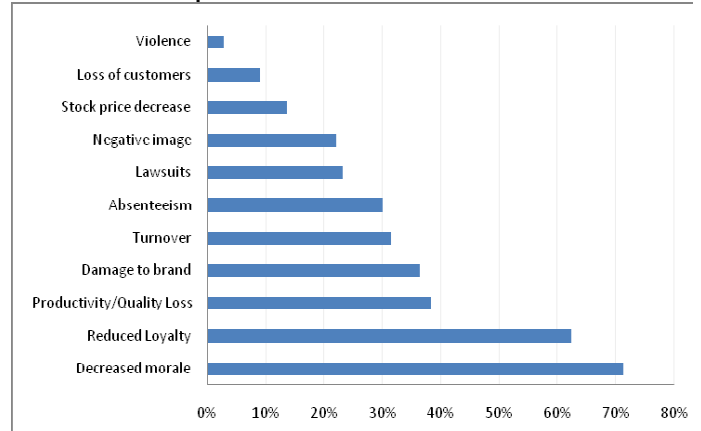


Negative Impacts of Downsizing

"Virtually all organizations experience some type of negative consequences of reductions-in-force."

- 71% Decreased Morale
- 62% Reduced Loyalty
- 38% Productivity/Quality Loss
- 36% Damage to Brand
- 31% Turnover
- 30% Absenteeism
- 23% Lawsuits
- 22% Negative Image
- 14% Stock Price Decrease
- 9% Loss of Customers
- 3% Violence

Problems Experienced as a Result of Workforce Reduction



Most Important Outcome of Separation Benefits

A large majority of respondents indicate that a higher level of benefits either "significantly" or "somewhat" impacts:

- Morale and productivity of remaining workforce (81%)
- Protecting organization brand in external community, marketplace and investor communities (71%)
- Ability to recruit with reputation as a preferred employer (66%)
- Retaining departing employees as customers or shareholders (56%)

Areas Most Affected by a Higher Level of Separation Benefits



Request the Full Report to Find Out What Respondents Said. . .

Trends in Severance Policies

- Which employees receive severance pay, including global differences
- How severance formulae are determined
- Which employees get what level of severance, including global differences
- Minimum and maximum caps for severance payouts, including global differences
- Payout methods, including global differences
- Circumstances in which severance amounts are increased, including global differences
- Other benefits provided after separation

"An organization's severance policy can achieve goals beyond compliance. In addition to a tangible demonstration of goodwill, severance also provides departing employees a link to a future relationship with the organization, as a consumer or customer, a shareholder, a referral base for future employees, or even as a returning employee to the organization."

Trends in Outplacement Practices

- Key decision criteria for choosing an outplacement provider
- Which employees receive outplacement support, including global differences
- Factors considered when determining outplacement support
- Which employees get what level of support, including global differences
- The most important components of an outplacement program, including opinions of those in transition
- Circumstances in which outplacement support is increased
- The most important indicator of a successful outplacement partner
- The most important indicator of a successful downsizing
- Perceived differences of opinion from those inside and outside of HR

"Employees and other organizational stakeholders increasingly consider support for departing employees to be a given, reframing the question from whether to offer support, to what support policies most effectively meet the organization's goals."

Commentary and Insights

- An Executive Summary
- Implications and Conclusions
- A New Look at Due Diligence

"Today, in addition to the required logistical and project planning involved in successfully implementing restructurings that include reductions-in-force, HR teams are integrating due diligence focused on recognizing stakeholders and constituencies, protecting company brand and employer brand, and verifying performance through data."