

REEMPLOYMENT SERVICES

What is outplacement and
what are the benefits?



Terminations and layoffs are unpleasant for employees and employers alike.

A sudden job loss is a disorienting experience for an employee that can take a substantial amount of time to recover from financially and emotionally. While employers often chalk up unemployment expenses as “part of doing business,” there are both short- and long-term costs that can snowball for an organization.

The decision to lay off an employee is typically made to help the bottom line, but the irony is that terminations usually end up being extremely costly in the long run. Some studies estimate that the total cost of replacing an individual employee can range from one-half to two times the employee's annual salary.¹

Additionally, a company's reputation can take a significant hit if laid-off employees exit with a lingering unpleasant view of the employer. Plus, the decline in morale of the remaining employees can lead to even more intangible costs.



¹ “This Fixable Problem Costs U.S. Businesses \$1 Trillion,” Gallup, <https://www.gallup.com/workplace/247391/fixable-problem-costs-businesses-trillion.aspx>

One way to help mitigate many of these risks is through the implementation of employer-sponsored outplacement services. Outplacement, also referred to as reemployment, is designed to help terminated employees get back to work quicker through training, job coaching, and networking resources. This can sometimes help an employer reduce and shorten unemployment durations, protect brand reputation, preserve community goodwill, boost employee morale, and alleviate stress.

Unfortunately, far too many businesses mistakenly assume outplacement is either unnecessary or too costly. Let's examine both the costs of layoffs and how reemployment services can help mitigate many of the short-and long-term risks associated with terminations.



The risks of terminations and layoffs

The risks to employers posed by terminations and layoffs are multi-faceted. There is the financial burden of potential lawsuits and unemployment claims as well as negative effects on brand reputation.

People tend to maintain relationships with former employers, often as clients, vendors, partners or referral sources, or in consumer businesses, as customers. Those ties are typically severed if an employee is forced to leave involuntarily.

64%

of consumers have stopped purchasing a brand after hearing news of a company's poor employee treatment.²

96%

of companies believe employer brand and reputation can positively or negatively impact revenue.³

1 in 5

small and mid-sized businesses will face an employment charge, which will cost an average of \$125,000 to defend.⁴

When a company has a poor reputation,
**per-hire costs are
\$4,723 higher**

A poor reputation also damages relationships with outgoing employees – limiting your ability to attract valuable boomerang talent.⁵

1 in 3

people on unemployment are exhausting benefits. As of March 2022, the average claimant takes 16 weeks to land a job costing employers an average of \$6,400 per claim.⁶



While it might be true that terminations and layoffs are sometimes unavoidable, companies may exacerbate costs by failing to guide former employees toward a softer landing. Outplacement services offer an alternative option that can help enable organizations to mitigate risks and expenses while simultaneously strengthening the morale of their departed employees and remaining workforce.

² "Employer Branding Study," CareerArc, <https://www.careerarc.com/lp/employer-branding-study/>

³ "Employer Branding 101: Why, How and Proven ROI," Glass Door, <https://www.glassdoor.com/employers/resources/employer-branding-101-why-how-and-proven-roi/>

⁴ "A Bad Reputation Costs a Company at Least 10% More Per Hire," Harvard Business Review, <https://hbr.org/2016/03/a-bad-reputation-costs-company-at-least-10-more-per-hire>

⁵ "Employee Charge Trends Across the United States," Hiscox, <https://www.hiscox.com/documents/The-2015-Hiscox-Guide-to-Employee-Lawsuits-Employee-charge-trends-across-the-United-States.pdf>

⁶ NextJob



What Are Outplacement Services?

Outplacement services are an employer-provided benefit, often a part of a termination package, to help laid-off employees transition to a new job or career. Reemployment services engage employees to help improve skills needed when job searching, such as updating resumes and cover letters, navigating job boards, interviewing, networking, and more.

The global outplacement services market is expected to grow to reach \$2.37 billion by 2025⁷. Key drivers of growth in the outplacement industry include:

- **Increasing layoffs, due to increased recessionary pressures across the U.S.**
- **Organizations restructuring their workforce strategies across geographies.**
- **Flexible workforces emerging as a trend for revamping organizational structures and retaining employees.**
- **Increase in virtual programs for outplacement services to help maintain confidentiality.**

This burgeoning industry presents a unique opportunity for employers. By utilizing a robust reemployment program, companies may be able to help offset some of the costs associated with layoffs that most businesses consider inevitable.

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Outplacement Services Benefits

There are both monetary and cultural benefits to implementing an outplacement services program at your organization:



Help reduce unemployment costs

Research shows that with the right motivation, job seeker unemployment duration can be reduced by 64%. Reemployment services can also add a direct return on investment to unemployment claims management with an unemployment reduction target of 25%⁸.



Applies control to help with unemployment claims management

Helping shorten unemployment claim duration is just one part of managing unemployment claims. Using reemployment services applies one of the only controls available to an employer to help manage non-protestable claims in a way that is more positive for both the employer and outgoing employee.



Helps bolster morale

How outgoing employees are treated can impact the morale of your remaining employees. If your employees see their former colleagues treated respectfully and given reemployment opportunities during offboarding, their trust and loyalty to the company is more likely to remain intact.



Improves brand sentiment

Public relations typically suffer following a round of layoffs, but that shouldn't be a foregone conclusion. By extending benefits to outgoing employees and helping them land on their feet, you showcase organizational empathy and commitment to your team members, even after they leave.



The right thing to do

Savvy employers know that providing a positive offboarding experience is both the right thing to do and good for business. Reemployment, as a strategy, helps complete the circle of offboarding and unemployment cost management.

Organizations willing to devote resources to outplacement and career transition services can often distinguish themselves from competitors, reduce unemployment costs, and maintain a positive standing with current and former employees, all while reinforcing brand reputation in the market.

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Finding the Right Reemployment Service for You

If you've recognized the value of reemployment, the next step is evaluating which outplacement service is the best fit for your employees. Unfortunately, not all services are created equal and many fall short of helping employees land a position in a competitive job market.


Here are some of the most common pitfalls of traditional outplacement firms:

Reactive coaching: Historically, most outplacement firms have utilized a "reactive" coaching model in which coaches are paid a flat fee per employee they coach. This incentivizes the coach to minimize coaching hours with a call-us-if-you-need-us approach.

Quality of coaching: Many firms hire job coaches as independent contractors. This might limit how much oversight firms can give these coaches without qualifying as employees. This lack of oversight could work hand-in-hand with traditional reactive coaching methods to provide a "feel good" offering that looks good on paper but often produces subpar results for outgoing employees.

ROI pricing: Some organizations fail to provide ROI-focused pricing based on unemployment claims management. In those instances, most employers select buying packages only for upper management and executives (20% of employees) while serving a lackluster solution to the remaining workforce.

Evidence-based learning systems: Many online job search systems are visually snazzy but fail to drive outcomes. Too many platforms are merely a collection of videos and articles. An effective system integrates learning and doing to move job seekers forward toward landing a job.



The top outplacement services provide an individualized suite of services and resources tailored to help meet the employee's unique situation. Here are some potential differentiators to look for that can provide more value to job seekers.

Proactive outplacement: Top services seek to engage and continually help your employees land their next great job. Ideally, employees will have dedicated coaches to help coordinate and develop personal job search goals. Coaches work creatively to help motivate them through regular contact and scheduled calls.

Custom coaching: The coaching experience should be tailored to the employees' needs and designed to help maximize motivation, learning, and speed in landing their next job. If the employee has niche specialty needs, they should have access to coaches with that specific expertise.

Job search learning system: The best outplacement services go beyond providing access to jobs boards. They provide critical tools for an effective job search while also teaching job search soft skills, such as how to contact employers and communicate with network contacts.

Quality control: Your outplacement service of choice should regularly check in and give opportunities for job seekers to provide feedback on the service they are receiving. In the event they are dissatisfied, the outplacement firm should take steps to help remedy the issue(s) and potentially reassign a new job coach.





| Workforce Solutions

We Can Help

If you are considering Reemployment Services, Equifax Workforce Solutions is also the only provider in the industry focused on rapid reemployment and unemployment tax savings. This can result in tangible and measurable savings for your organization.

Working with the University of Texas Systems, we produced the industry's first case study on the impact of reemployment, helping show that unemployment claims can be reduced by more than one-third, yielding a return on investment of more than 65%. The study showed a return of \$1.67 for every dollar spent on outplacement, while also helping lower employment claim risk and protect employee and community goodwill.

To learn more about how reemployment services can help your organization do well by doing right by your employees, visit <https://workforce.equifax.com/reemployment-services>.