



OUTPLACEMENT REPORT 2010

I. Executive Summary

This report provides an overview of recent perspectives on outplacement and career transition service offerings for service providers and current / potential service clients. It addresses the following topics of interest about the industry:

- A general account of career transition service industry viewpoints: who buys it or believes they need it, which services do they buy or need the most, and to what extent they feel that the service is important relative to the others, a) delivered as a whole and b) broken down into each of its potential component parts?
- Which services are seen as most important, and which services are least used or viewed as least useful.
- Online career transition tools and solutions: where do they fit in to the service package, and how important do executives think they are today?

II. Business Context

Over the last 30 years, what started as a small-scale psychological counseling service for a small number of laid-off individuals has grown into the 3 billion dollar global outplacement industry that exists today. For many organizations, career transition services are a crucial component of an overall change management strategy. Both then and now, at the heart of a successful outplacement program lies a personal, “hi-touch” consulting service that helps departing employees at every level reach their full job search potential.

As business values and processes evolve over time, industries have evolved accordingly. In our current digitized, web-powered world, many industries have adapted to Web 2.0 technologies, and the career transition service industry is no exception. Service providers increasingly complement their “traditional” packages with interactive online tools that transitioning individuals use on their own time. Career transition technology itself well precedes the spread of Web 2.0; a decade ago, content from job search manuals was commonly uploaded onto web pages and software tools for easy 24-7 access. Today’s hands-on software combines essential job search resources and information with interactive tools that enable individuals to initiate and drive their own job search process anytime, anywhere.

While career transition services have boomed over the years, formal research on this important niche industry has yet to launch full-speed. With this preliminary study, we thus seek to open Pandora’s Box and begin the stream of industry analysis with some key observations and key questions.

- What are the latest views on outplacement services today from corporate executives?
- Which services should increase in capacity?
- Which services should be placed on the back-burner?
- What role, if any, can technology play in optimizing the delivery of so-called “traditional services”?

And, most importantly,

- What further questions and studies should be pursued to paint a clearer picture of the industry in its current state?

The following report outlines key results in a survey of 181 HR and C-level executives on both the vendor and consumer sides of career transition services.

The results of this study provide the initial step toward a two-fold purpose:

- To give career transition service providers, as well as existing and potential service clients, a better understanding of current service offerings and their relative importance to the downsizing process as perceived by business leaders across the industry; and
- To guide career transition service providers/vendors and practitioners in designing and delivering their packages to meet the needs of corporate clients

Through this study, we seek to begin an exchange of information between business leaders on the career transition service industry and market. We set out to discover what executives expect from career transition services and what they believe are most and least important about such services. With this information as a first step, the ultimate goal is to aid both sides in initiating and building relationships that closely align respective business goals, improve the career transition process for individuals, and enhance the bottom line for all individuals with a stake in the industry.



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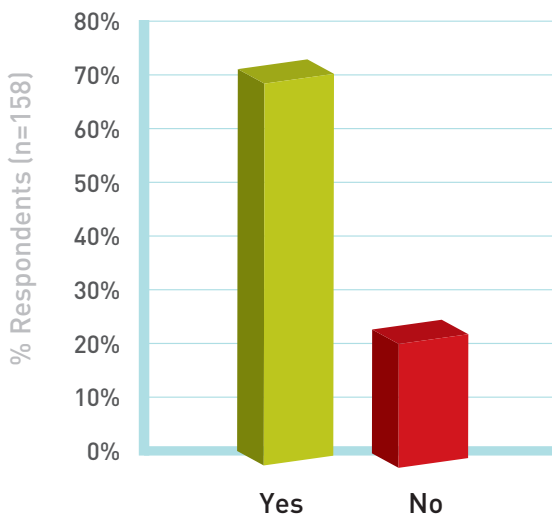
III. Survey Analysis

A. Career Transition Service Importance and Provision

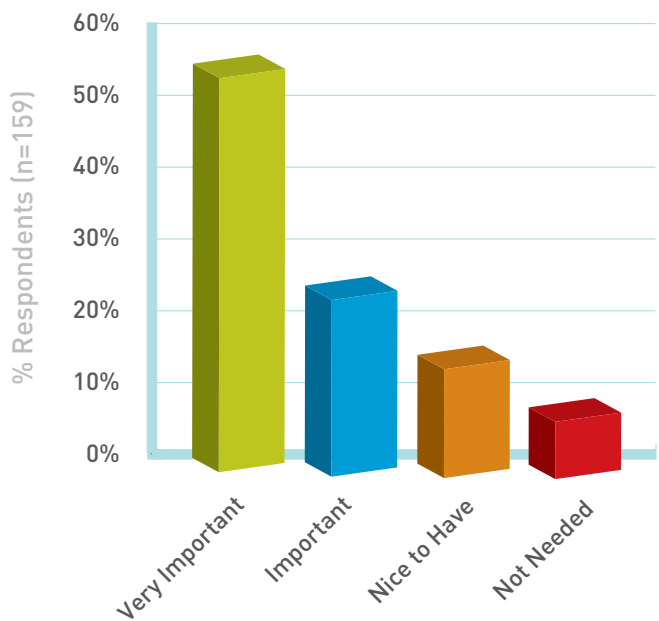
The vast majority of executive respondents (93%) express that career transition services bring value to employees and organizations. 56% of respondents indicate that such services are “very important” and another 24% indicate that they are “important.” The majority of respondents thus view the existence of career transition services as a benchmark for healthy organizations with strong employer brands. One executive indicates that career transition services have been part of its separation package for years and that the services have been particularly helpful during the RIF (reduction in force) notification process, as it shifts the focus from loss of employment to finding new employment. It remains

difficult, however, for respondents to quantify the actual placements resulting from using career transition services. One executive remarks that in today’s challenging job market “laid off employees need to be updated on the best ways to search successfully [for jobs]” and “employers want to support regrettable but necessary layoffs.” 74% of executive respondents indicate that their company provides career transition services to exiting employees as part of its policy, reflecting the perceived importance of the services and mirroring a high level of interest in these services.

When making layoffs, is it your policy to offer transition benefits to exiting employees?



How important would you rate the provision of an outplacement service for exiting employees?

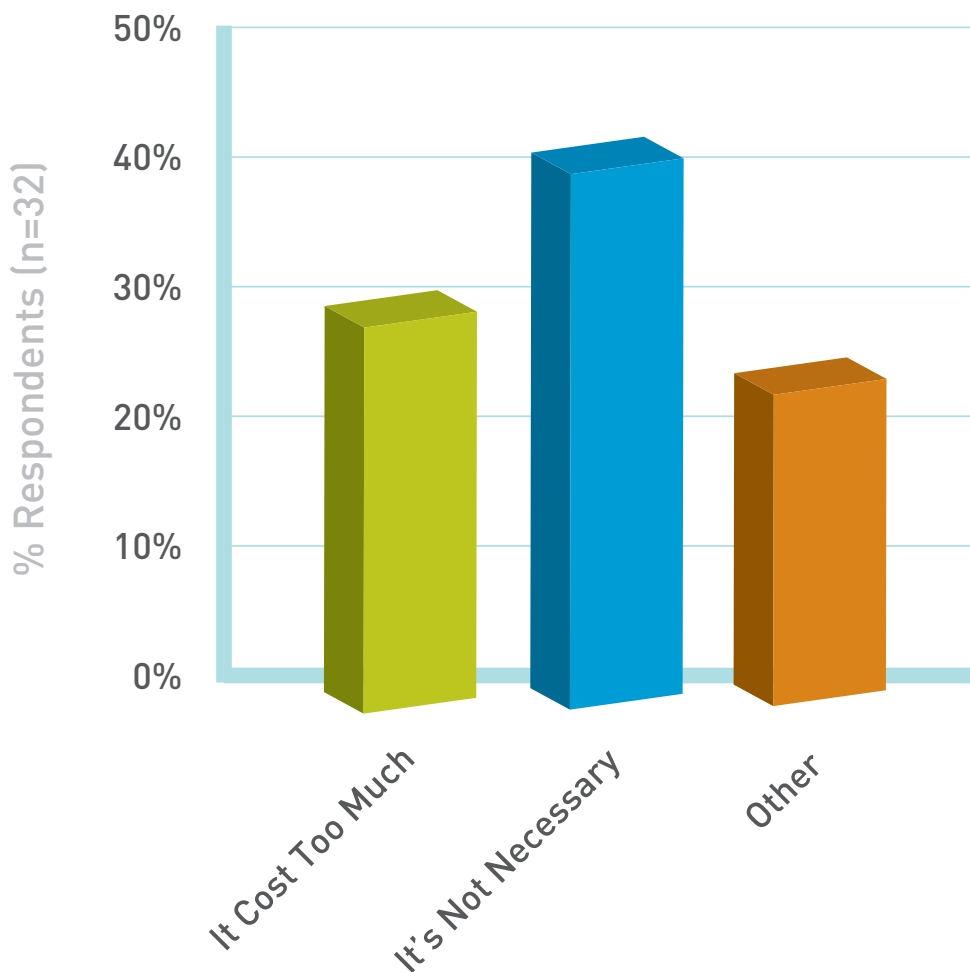


B. Reasons Why Career Transition Services Are NOT Provided

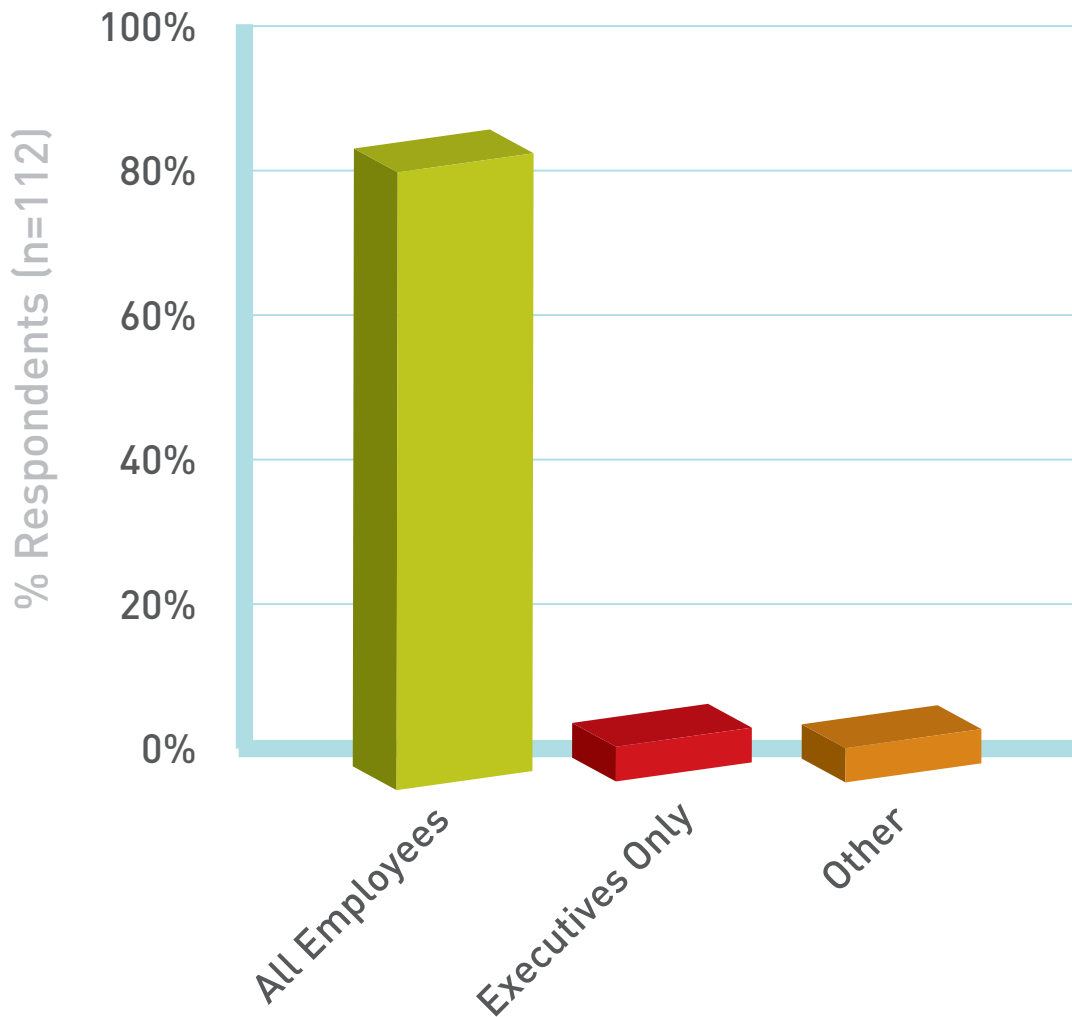
A small fraction of respondents (15%) indicate that they do not provide career transition services. When invited to explain why, executives reveal that they generally fall into 1 of 2 categories; either they believe that the service is too expensive (31%), or that their employees do not need it (44%). In explanation, one respondent indicates that their company is simply too small to necessitate service provision.

Respondents from the smallest company group (with less than 100 employees) who said “no” to outplacement state they “don’t lay off employees” and that they are “too small a firm” to provide career transition services. Select companies from the 101-500 employee group and the 501-2500 employee group indicate that most of the employees “do not need transition assistance”, and that even though “costs are a consideration”, career transition services are not provided for their employees primarily because they are simply not necessary. No executives at firms with over 10,000 employees indicate that their firms fail to provide such services.

Why is it not your policy to provide transition benefits to exiting employees?



If you do provide transition assistance, for whom?



C. Important Provision for Everyone in the Organization?

Executives who affirmed provision of career transition services were invited to explain further. 88% of respondents state that their organizations provide transition services for all employees and 6% provide them for executives only. One executive respondent who believes career transition services to be very important and whose organization provides such services explains

that while employee needs may vary from time to time, they are "usually just for senior staff." Some respondents state explicitly that the services only apply to salaried employees within the organization; we infer that respondents generally understand "all employees" to mean "all salaried employees."

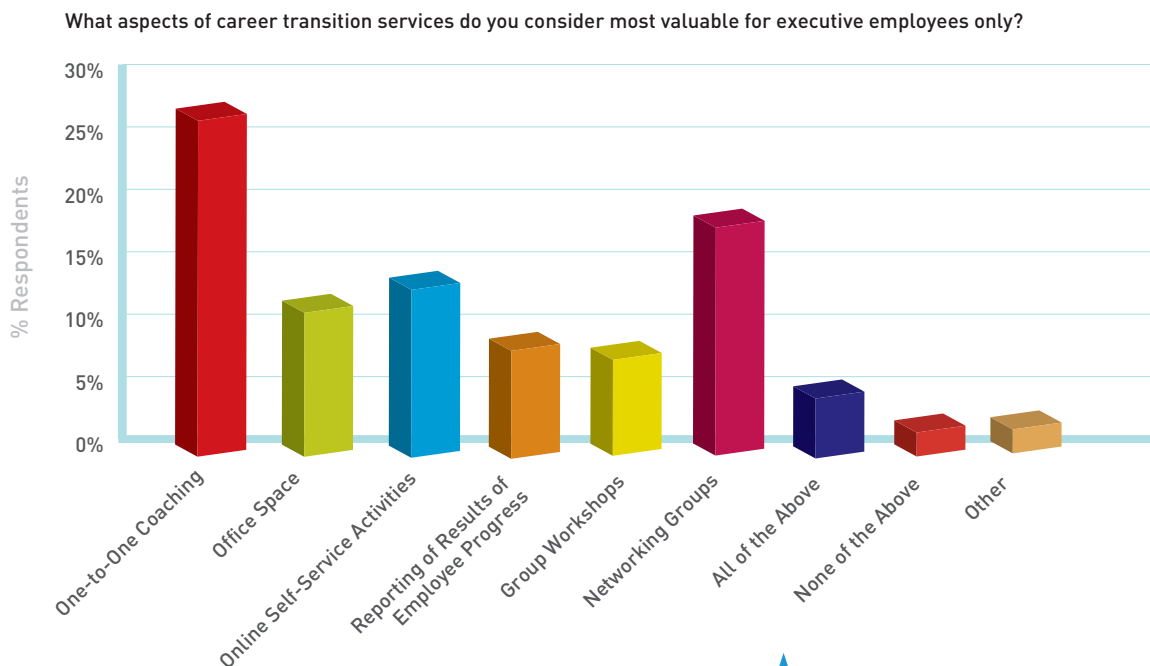
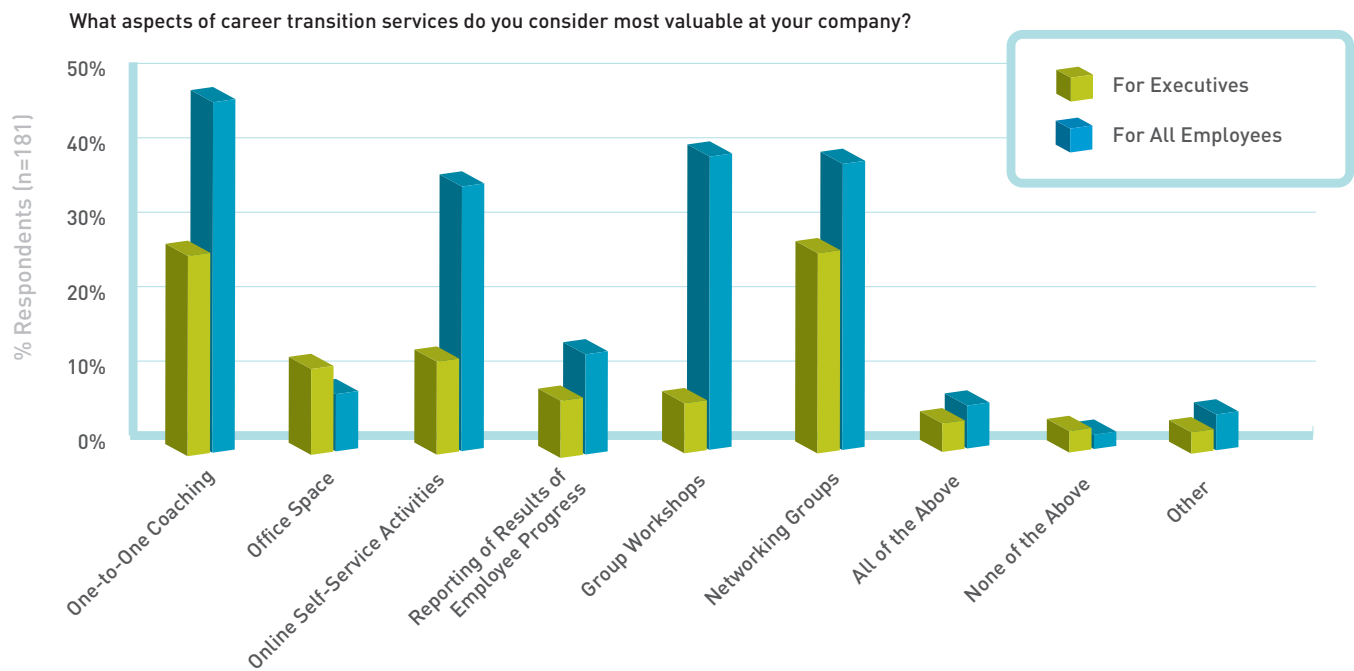
D. Perspectives on Individual Career Transition Services

When asked which career transition services were most valuable to employees at their organizations, respondents chose “one-to-one coaching” (56%) and “networking groups” (44%) as the most valuable, while “office space” was the bottom service category with 9% of respondents. 99% indicate that at least one of the given services has proved valuable for their transitioning employees.

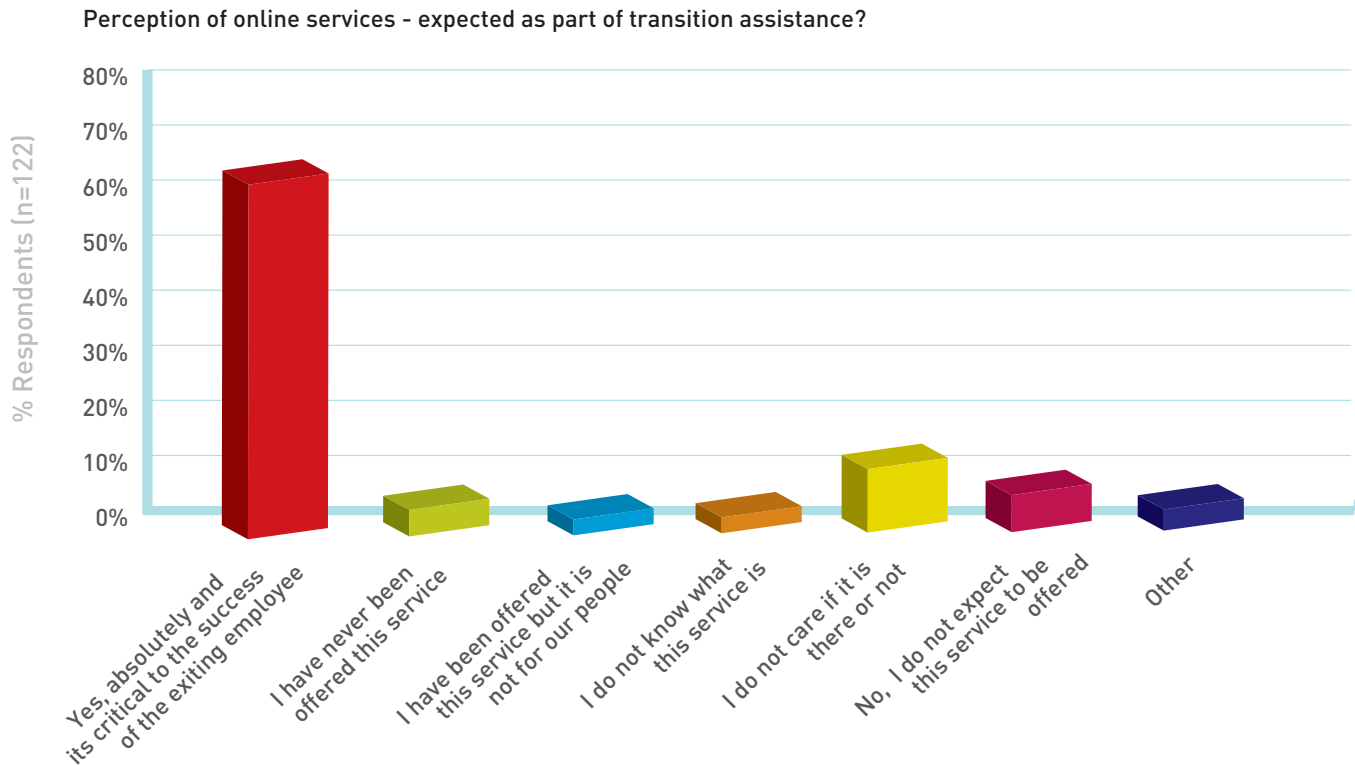
all employees at their organizations. The only exception was “office space” which is more important for executive employees than employees overall (and the least valuable service provision overall). This sentiment reflects the increasingly technology-oriented nature of doing business – office space is no longer seen as a necessity but as a luxury for those who have climbed the corporate ladder.

For the vast majority of referenced career transition services, respondents indicate that they are important for

Other services suggested include employer introductions and high-touch job search activity reviews.



E. Perspectives on Online Tools

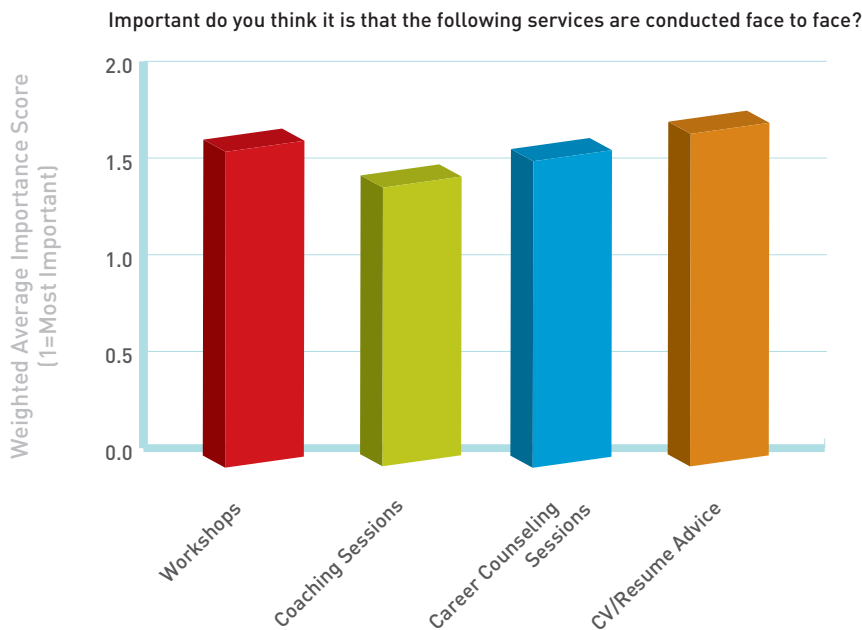
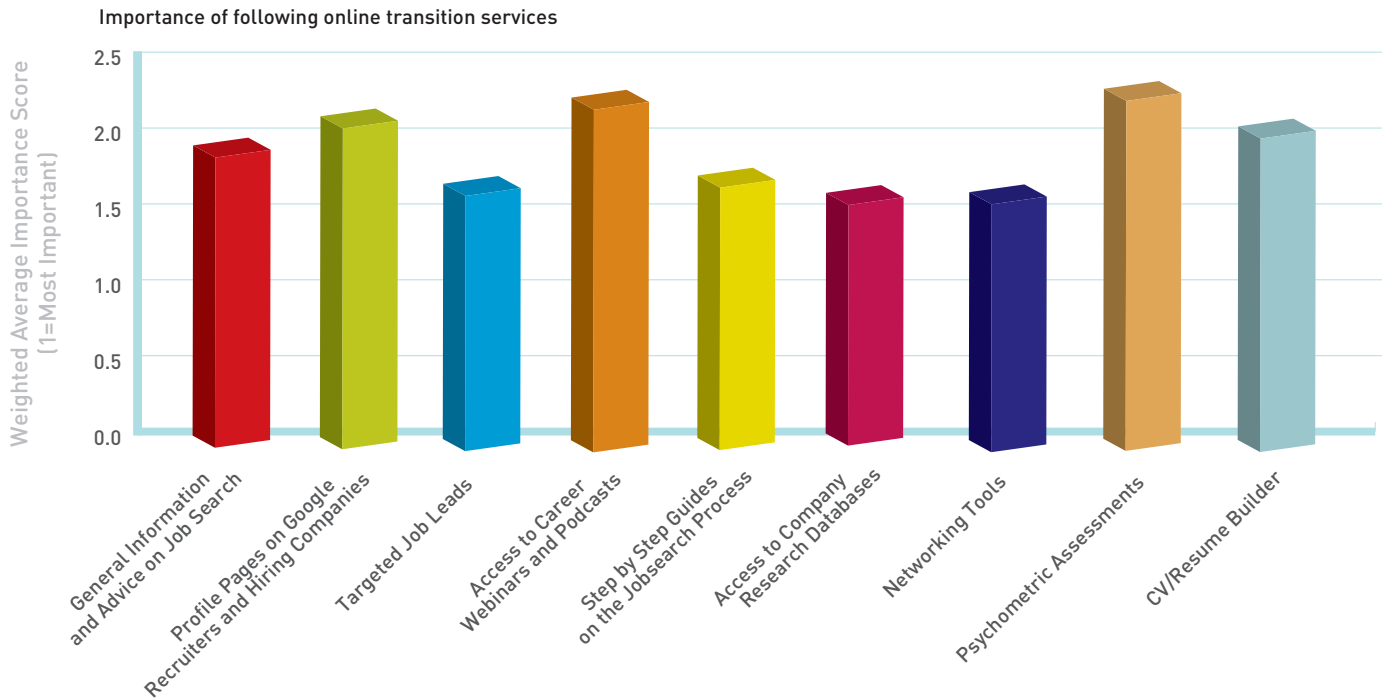


The majority of executive respondents exhibited awareness and enthusiastic reception of online tools. 67% indicate that they expect online services included in their outplacement package and that they are critical to the success of the outgoing employee. Such a response indicates a belief that organizations should adapt to web trends and integrate interactive self-service tools as part of their outplacement programs. While 10% express indifference as to whether their package contained online services, only 4% do not indicate any need. Moreover, only 7% do not find online transition tools necessary.

One respondent from a small company, who feels that outplacement was very important, indicates that while “most job finding info should be in the form of books, booklets, [and] handouts, the “rapidly changing” or “highly specific” information should be available online to selected representatives of those laid off. Further stating the point, it is “hard to put all data and information into printed form”, so the web “can be very valuable” as a medium for “certain types of information.” Another respondent believes that while “the [career] coach can provide most critical assistance on job search, resumes, and interviewing to the candidate, online help is also good to have.” One potential caveat: online services may be “often not as professional”, one respondent comments.

According to surveyed executives, networking tools, targeted job leads, and company research databases rank high in priority, while career webinars and podcasts are seen as the least important for job search success.

A social media paradigm has led to the proliferation of online networking for both personal and professional purposes, and business leaders seem to catch on to the trend. That said, surveyed executives still prefer traditionally hi-touch services conducted face-to-face. Online services are seen as most effective and highly beneficial when used as a complement to hi-touch services. However, they seem to lose their efficacy as their usage moves beyond the scope of their limitations.



Concluding Remarks

From preliminary survey results, the outlook is positive for the career transition service industry. Such services appear extremely popular amongst the vast majority of respondents. Particularly for large organizations with fewer cost constraints and a greater tendency to execute large-scale workforce reduction, career transition services enable these organizations to maintain and even enhance their employer brand in times of economic uncertainty.

From the provider perspective, career transition service providers should jointly meet clients' demands while shaping those demands by leveraging their wealth of knowledge of job search and recruitment trends. While actual discrepancies between overall client and vendor opinions are small, removing even one or a select few of such discrepancies by either adapting services to client needs or persuading clients of the importance of one's own services can pave the way for competitive advantage and new business.

A successful long-term outplacement program depends on an open dialog between the corporate client and the outplacement provider or consultants. Providers should heed clients' demands and respond to their needs. As industry experts, outplacement providers benefit from incorporating thought leadership into their package proposals. They thus ensure that their clients understand the latest offers and trends in outplacement and how those can enhance their downsizing strategy. In turn, corporate clients should expect providers to go above and beyond traditional consulting services to cater to their unique organizational needs and voice those needs emphatically.

On the technology side, it is likely that career transition service providers who incorporate Web 2.0 tools into their services are ultimately positioned to come out ahead. As more existing and potential corporate clients demand self-service tools, it proves beneficial for vendors to respond to that demand. In addition, vendors who complement their service offerings with online tools have a deeper understanding of how such technology adds to their competitive advantage in the career transition service industry. This involves constant awareness of evolving industry benchmarks. That said, a judicious incorporation of interactive online tools is important for service enhancement. To be a justified part of an established service package, each individual tool in a given suite or offering must add maximum stand-alone value from the corporate client's point of view.

Future Research Topics

Ultimately, the purpose of this study is to dispatch valuable information and encourage an ongoing analytical dialogue on the career transition service industry. It is anticipated that the availability of high-quality information will serve both providers and clients; helping to establish mutually optimal relationships. Moreover, it is the hope that this preliminary industry study opens the door for further research focusing on specific subsets of industry supply, industry demand, attitudes, and perspectives. Research may additionally focus on discrepancies between the opinions of organizational leaders and where and how they may be leveraged and/or reconciled for optimum employee transition. Subsequent studies should focus on gauging the aspects of career transition service demand, as well as the degree to which providers actually meet this demand. Any

discrepancy between supply and demand is not necessarily a "problem" for which career transition service providers must be "responsible." Clients are themselves responsible for obtaining as much knowledge about the costs and benefits of such services prior to evaluating proposals from multiple providers.

The effectiveness of any organizational initiative depends on the level of senior executive buy-in and the alignment of their incentives and goals. Several questions spring from this direction of analysis. For example, within a given organization do CEOs and chief HR directors think alike when it comes to the topic of employees in transition? If not, where do decision-making agents typically differ in opinion and execution and does this discrepancy, or lack thereof, vary significantly by industry and if so, by how much? How much of a bottom line or employer branding concern does it ultimately present? Answers to these questions inspire new methods of communication and HR data-sharing that enhance organizational cohesion and ultimately both the bottom line and a firm's intangible assets. On the side of career transition service providers, further research reveals the degree of flexibility of their programs and proposals, as well as perceptions of service quality and satisfaction from both the provider and corporate client sides. To what extent would providers be able to adjust packages according to the special needs of their clients? Is there a discrepancy between provider executives' assessment of the quality and relevance of their own services, and clients' evaluation of the services they receive?

As career transition service standards and best practices vary across countries, detailed qualitative and quantitative studies of executive sentiment within individual countries provides valuable information about the global industry and market. Comparative studies of practices in different countries also add value to each individual domestic industry as cultural differences across countries may mirror or provide clues to smaller-scale corporate cultural differences between companies and sectors within a country.

Finally, a study of end-user satisfaction is necessary to gauge the effectiveness of today's online tools. An interesting comparative study of provider, corporate client, and transitioning employee views on the quality of career transition services within organizations can reveal distinct areas of improvement in service utility and relevance.



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New in Q1 2010 for EmploymentTalk™

With the surveyed executives and HR Directors stating that networking tools, targeted job leads, and company research databases are their highest preference for online career transition services, EmploymentTalk™ has geared up to improve these features. These enhancements include:

- Hoovers and D&B Company Research Database Integration:

- Access to 28+ million company records
- Access to 44+ million company executive records
- Access to 600 industry records
- No separate agreement or license required with Hoovers

- Full Integrated Access to the Largest and Strongest Business Network - LinkedIn:

- Browse LinkedIn network connections when viewing companies
- View your LinkedIn network and send messages
- Update your LinkedIn status
- Search for companies and people on LinkedIn
- Associate your LinkedIn account once to allow no separate login to LinkedIn
- Further tips and advice on using LinkedIn specifically for Job Search



EmploymentTalk™

Online Career Transition Tools

With the majority of respondents today expecting online career transition tools to be included in their outplacement package, how is your firm ultimately positioned to provide these services?

EmploymentTalk™, the leading online career transition solution can assist your organization move online.

Since 2000, EmploymentTalk™ has successfully helped organizations around the globe to provide career transition services. This easily configurable solution provides your clients with career transition tools they need and supports your program delivery and administration.

Career Transition Tools Include:

- Psychometric assessments
- Resume/CV builder with templates and cover letters
- Targeted Job Leads from thousands of sources
- Effective communication tools to connect with career coaches
- Job Search campaign management
- Career research including company/industry research and job leads
- Networking tools and job search advice
- Advice and examples of managing your emotions during career transition



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Appendix A:

Analysis Methodology

Study Focus: Responding executives completed an on-line survey with questions designed to determine their views regarding the following:

- What are the characteristics of companies most / least likely to offer career transition services? What is the most compelling factor in the decision to offer such services?
- Which services are most / least important for individuals in career transition, and for whom are they most / least important?
- How important are online tools/solutions as part of an outplacement program, and which tools/solutions are most / least valuable?

Overview of respondents:

Executive Position:

- 118 C-level executives (65%)
- 63 HR Executives (35%)

Corporate client representatives: Company Headcount

- 64% with less than 100 employees
- 10% with 101 - 500 employees
- 12% with 501-2500 employees
- 7% with 2501-5000 employees
- 7% with more than 10,000 employees

Appendix B:

Related Insala Content & Research

* To view previously conducted research from Insala visit www.insala.com/research



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