CAREERS

Assistance for Laid-Off Workers Gets Downsized

By LAUREN WEBER and RACHEL FEINTZEIG CONNECT

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You get the feeling you're just a number,' John Burchett, who received outplacement after being laid off in October, said of the services. *Eric Kayne for The Wall Street Journal*

When John Burchett was laid off as a regional sales manager at Johnson Controls Inc. JCI +0.03% in October, the manufacturer offered him outplacement, a breed of career services that helps the newly unemployed start job searches and find new work.

His package included access to online courses on topics like negotiation, as well as telephone consultations with a coach who urged him to do some networking and referred him to an online tutorial when he asked for guidance on using LinkedIn.

"It's like, really? That's your advice?" Mr. Burchett said.

As unemployment remains stubbornly high, one of the main tools companies use to help some laid-off workers find new jobs is shrinking.

WSJ Radio

Lauren Weber discusses why companies are cutting back on outplacement services on The Wall Street Journal This Morning.

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Outplacement used to be a way to help upper-level employees—usually managers and above—through a job loss and guide them toward new work. But where companies once paid outside firms for months of face-to-face coaching, job leads, office space and workshops, laid-off workers today get less help.

Interviews with about two dozen individuals who have recently gone through outplacement indicate that the services can be useful, especially for people who have been off the job market for decades and need basic information. And for employers, outplacement helps maintain goodwill and head off potential lawsuits from former employees.

Robust outplacement services improve job-hunters' chances of finding new positions and lead to higher salaries, according to a study conducted by James Westaby, an organizational psychologist at Teachers College, Columbia University.

But the outplacement industry, which once thrived in tough times, is under pressure. Revenues are being squeezed as contract values with employers fall and cover fewer services, and a host of online upstarts—which offer Web-only career assistance for a fraction of the cost of traditional packages—force providers to compete at lower price points.

Major players such as Right Management and Lee Hecht Harrison have spent the past few years acquiring rivals and finding cheaper ways to deliver services, according to outplacement professionals. Phone and email coaching has largely replaced in-person meetings, and self-service help, in the form of online tutorials, comprises much of the service.

In 2009, 69% of companies offered outplacement to at least some laid-off employees, according to the American Management Association. Revenues for those services have been declining in the U.S. since that year, according to Staffing Industry Analysts, an organization that tracks employment-related businesses. SIA estimates revenue stayed flat in 2013 and will fall 5% in 2014, to around $900 million.

With management focused on stripping out costs, companies are negotiating tougher deals, with the procurement departments supplanting human-resources officers in contract negotiations, say outplacement executives.

"People who might've been given three months of service before are given one or two months…And there was a change in the scope to match the prices companies were willing to pay," said Keith Emerson, who until last fall oversaw the Midwest region for Adecco SA ADEN.VX 0.00% 's Lee Hecht and is now an executive coach.

Outplacement consultants—most of whom work on a freelance basis—have been given fewer hours to serve many more clients than ever before. Given the workload, consultants say they're unable to give individuals the attention they need.

"It's just a constant struggle to deliver a level of quality service," said Brett Olinger, a former consultant at Lee Hecht who left in 2012 and now works at a small outplacement company called Power Connections.

In the 1990s, a full-time consultant advised about 30 or 40 clients at a time, consultants said. Mr. Olinger said that at one point during his engagement with Lee Hecht, he was allotted 20 hours a week to service 200 clients.

More typically, a full-time client load is now around 120 people, but serving so many job seekers is "a constant struggle," said Mr. Olinger, adding that "management is trying to limit consulting hours and the message is, try to direct clients to use the online tool."

Companies such as Right Management and Lee Hecht say they are investing significant sums in their Web-based tools, which provide critical new skills at a time when job search has moved online.

"That's where our candidates need to be," said Peter Alcide, the president and chief operating officer of Lee Hecht.

Individuals want the flexibility of online services, said Bram Lowsky, head of the Americas region for Right Management, which is owned by ManpowerGroup. MAN -1.27% He added that his company's clients are still buying outplacement services but are shifting some of their spending to career development for remaining employees.

As to whether the services actually work, outplacement firms survey users and report that information to clients. But the process is cumbersome and response rates are often low. Corporate HR departments seem to pay little attention to the results, say outplacement executives. A 2012 study from the University of New Hampshire at Manchester found that 78% of HR executives don't evaluate outplacement outcomes, even when the information is available.

Big companies' "deal with outplacement is real simple—to separate employees from the company, and that's it. It's not to find them jobs," said Larry Nassivera, operating chief of First Sun Consulting LLC, a boutique outplacement company in Columbia, S.C. He said his company maintains a low ratio of consultants to clients and prioritizes one-on-one counseling to manage both the emotional and practical fallout of job loss.

The shift to less generous outplacement packages is one more example of the fraying bonds between employer and employee, according to Arne Kalleberg, a sociology professor at the University of North Carolina, who studies the changing nature of employment in the U.S.

As with health insurance, pensions and other vestiges of the paternalism American corporations once displayed toward workers, the message, increasingly, is that workers are on their own, he said.

Dean Jordan, 48 years old, was laid off from technology company RadisysCorp. in December 2011, about six months after Radisys purchased the computing company where Mr. Jordan had worked for more than 11 years. His outplacement package through Center Group, a small San Diego human resources consultancy, was one 60-minute phone session with a coach and a résumé review over email.

The coach's advice wasn't bad, but Mr. Jordan said he found the suggestions unsurprising. For example, he was told to tell future interviewers that his layoff was tied to the acquisition, and not his performance. He had hoped for potential leads to companies, new job search tools he hadn't heard of before, even in-person help.

He's since found a new job, thanks to his own network.

Jean Center, CEO of Center Group, said her offerings all come back to what employers are willing to pay for.

Radisys didn't return requests for comment.

Mr. Burchett, who worked for Johnson Controls for two years, said his Chicago-based coach was unfamiliar with the job market in the Houston area, where Mr. Burchett lives. The coach urged him to start his own business—even though the 55-year-old has been entrenched in corporate life for more than two decades.

"You get the feeling you're just a number," he said.

After four months on the market, he's currently in final interviews for two jobs. Johnson Controls declined to comment on its outplacement services.

Laid-off workers with short, one-size-fits-all outplacement packages were less likely to find jobs and often accepted roles with lower salaries, Columbia's Mr. Westaby found. Managers with unlimited job-search help landed salaries more than $10,000 higher than managers with just six months of outplacement service.

Despite pressures in the outplacement industry, employers still see a value in the practice. Bombardier Inc. BBD.B.T +0.57% last month announced it was laying off about 1,700 workers in its aerospace division. Some will receive outplacement services from Lee Hecht and Knightsbridge Human Capital Solutions, said Bombardier spokeswoman Haley Dunne.

"When you have to make a difficult decision to cut positions, you do want to help those people succeed elsewhere. To us, it's a necessity," she said.

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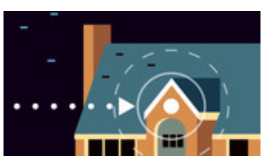

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