

Applying the Outplacement Concept

By EUGENE B. SILVERMAN
and
STEVEN D. SASS



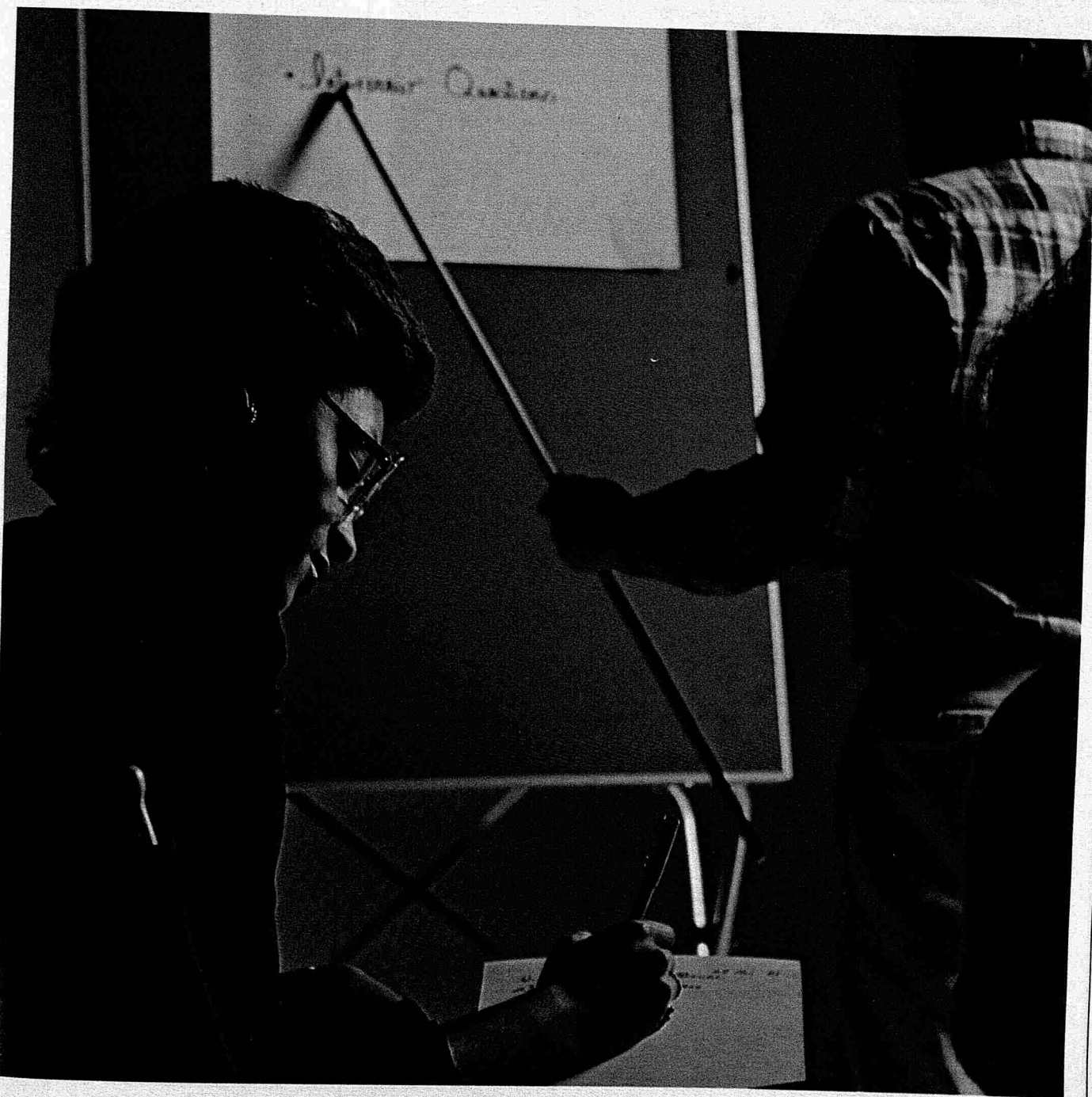
The concept of executive outplacement came of age during the 1970s after the surge in corporate growth and diversification of the 1960s. While the idea of assisting departing executives in finding new positions is not a new one, only during the past few years have some corporations attempted to provide similar services to line workers and large groups being displaced simultaneously. Due to the intensive levels of effort

necessary to make an outplacement effort successful, relatively few organizations have moved from the executive individual to the more difficult and risky group arrangement. Although it is admittedly more difficult to manage a large outplacement effort, the potential rewards and benefits are significantly greater for both the participants and the corporate sponsor.

This case study will review the outplacement support provided

Eugene B. Silverman is president of ARD Corp., Columbia, Md. Steven D. Sass is vice president, Management Systems, with ARD Corp.

by Pfizer Inc. (a New York-based multi-billion dollar pharmaceutical/health care corporation) to the workers being displaced by the divestiture of the organization's "Pfizer Medical Systems (PMS)" subsidiary, a manufac-



turer of high technology medical diagnostic tools.

Pfizer Medical Systems was founded in 1975 to develop, produce and market CT or "CAT scanners" for use in the diagnosis and treatment of a variety of medical disorders. During the 1970s, the CAT scanner evolved from a medical curiosity to a standard and valuable diagnostic tool. Because of its high cost (\$500,000 to \$1 million each) and complexity, the CAT scanner was an ideal product to develop and produce through high-tech, medically oriented companies—one of the growth industries of the 1970s. Unfortunately, many companies recognized the value and potential profit to be made in the manufacture and sale of the scanners, and the market burgeoned from only one or two producers to six or eight major ones competing for a well-

There will be more layoffs in the coming months.... Progressive management can minimize the impact and trauma for all involved.

defined, limited market (within the United States). Although Pfizer Medical Systems established an early position in this market, continued entry into the market by new manufacturers, both domestic and foreign, continued to erode Pfizer's market share over a five-year period. Around 1980, the imminent entry into the U.S. market by several Japanese companies made it apparent that the scanner business would no longer provide the level of return that Pfizer needed to remain in the business.

In the middle of the year, Pfizer Medical Systems made a

final decision to wind down its operations in the manufacturing area, and to continue marketing only the existing items, pending the sale of the subsidiary. It was decided that the existing manufacturing staff would be reduced from approximately 750 employees to a support/skeleton staff of approximately 500 employees.

The plan

It was decided that a group of services were necessary to encourage and assist a maximum number of terminated employees into new positions in the least time possible. Several factors were identified as key areas for developing this position:

- The termination was likely to occur during the summer, and many employees might view this as an opportunity to receive paid vacations at the expense of PMS for their termination pay, and of Pfizer for the unemployment costs.

- Although the Baltimore-Washington area has many high-technology firms that could conceivably absorb many electronics workers, the sudden entry into the job market of most of the 250 displaced workers would probably adversely affect the community and the positions available.

- The workers, previously a cohesive and cooperative group, could be forced into competing among themselves for relatively few positions, thereby having a negative impact on those who would not receive offers as quickly as others in the group.

- The personnel services of PMS and corporate headquarters could not independently service all the displaced employees simultaneously.

Also, corporate decision makers

DESIGNING INSTRUCTION

**A comprehensive, 1-week workshop
specifically designed for people who must research,
develop, and implement cost effective courses.**

Ask for details:

Ottawa: February 8-12, 1982
April 19-23, 1982
May 31-June 4, 1982
August 23-27, 1982
October 4-8, 1982
December 13-17, 1982

FKA p.o. box 11005
Ottawa Ont. K2H7T8
(613)829-3412



**FRIESEN, KAYE &
ASSOCIATES**

"Specialists in training the trainer"

Circle No. 118 on Reader Service Card

had to consider several factors that would affect the corporation directly:

- If all terminated workers decided to use all the available unemployment and termination benefits as a paid vacation, the cost to Pfizer could have exceeded \$1 million.

- If the situation were allowed to occur uncontrolled, and some of the terminated employees addressed their frustrations and anger to the corporation, it is conceivable that one or more lawsuits would have been filed by disgruntled employees. Providing psychological counseling and support could prove to have significant tangible and intangible benefits.

- Other Pfizer employees in this and other divisions would watch to determine the attitude and support by corporate management toward their co-workers.

- The local community and the financial and business communities would watch Pfizer's treatment of the displaced workers; their reactions could affect the corporation's other diverse and widespread operations.

Based on all of these factors, it was decided that PMS would provide its terminated employees with an outplacement program, containing a comprehensive "menu" of benefits to meet the needs of all affected individuals:

- *Severance package.* The corporation provided a generally liberal severance package which encouraged all employees to remain with the outplacement program, and provided them with the clear indication that management had a genuine interest in their fate.

- *Outplacement manual.* With the help of an external consulting group, PMS personnel staffers developed a manual which covered all the aspects of the situation as it was expected to develop.

- *Outplacement seminar.* A series of one-day seminars were scheduled (three groups of approximately 70 participants each) to cover all the material in the

Performance Appraisal: Some Fundamental Questions...

Q. What's the real purpose?

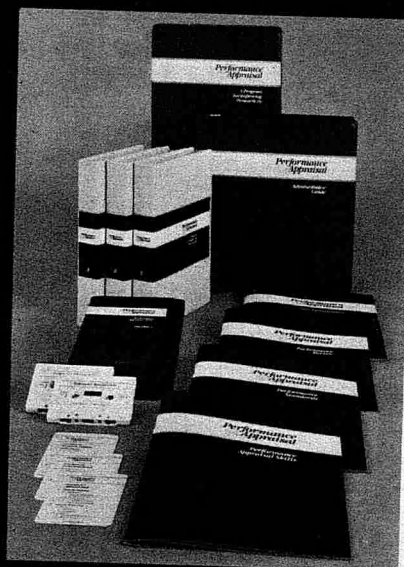
A. To improve performance. Traditionally, appraisals focused on the past. But they can become part of how people manage — achieving goals, solving problems, documenting what has and will occur.

Q. Does it work for all jobs?

A. Yes, when manager and employee know ahead of time what constitutes expected performance, and the right behavioral skills are used to guide the review. There's a way to appraise objectively, fairly, even those factors which can't be measured by numbers alone.

Q. How does this fit what we're doing now?

A. No need to change what's working well. But there may be a need for an easier, less time-consuming, more comfortable way of giving and receiving appraisals. The right training program can open communications, reduce defensiveness and resolve differences so everyone "wins".



Performance Appraisal
A program for
improving productivity.

WMI Corporation

1309 — 114th Ave. S.E.
Bellevue, WA 98004

For immediate information, call WMI Corporation, (206) 455-2323
Circle No. 168 on Reader Service Card

manual and to provide the participants with an opportunity to verbalize concerns.

- *Outplacement center.* PMS provided an outplacement center to function as a command post for the needs of those involved in the outplacement effort. This center tracked the progress of the participants; it also afforded them a place to work and to receive assistance and information on a regular basis.

- *Staffing.* The staff consisted of a combination of PMS and Pfizer corporate personnel and ARD counselors, psychologists and trainers. This provided a significant depth, expertise and familiarity with Pfizer that would not have been available through either group individually.

Specific components

The outplacement effort is a multi-dimensional, multi-

disciplinary approach to assisting displaced employees in finding new positions. The key factor is to maintain the individual's self-respect and self-confidence during what could otherwise be a devastating experience. After reviewing all of the potential needs, management and the consulting organization determined the desired results could best be obtained by using the following components:

The *outplacement manual* was written to address specific needs of the employees affected by the Pfizer action. It was designed to provide them with the necessary assistance in: writing or revising their resume to best present their attributes; identifying potential new job situations; approaching and being granted an interview opportunity with a potential new employer; and following up on the interview to maximize the likelihood of landing the new position. Ap-

propriate examples and workbook sections were included to allow the individuals to study and/or use the manual both in and out of the actual outplacement.

The *outplacement seminar* was developed to use the materials included in the manual and to give participants the opportunity to apply the material to their specific situation. Workshops on each topic were interwoven with lecture sections, which were developed to closely follow the material in the manual. The seminar consisted of one eight-hour day, with approximately four hours of lecture and four hours of workshop efforts. (Lunch was provided by Pfizer to allow participants to stay within the facility to avoid any dilution of the project's impact).

The *outplacement center* was located adjacent to the PMS facility. ARD determined it should be apart from the PMS facility, since returning to their

old workplace could be a stressful experience for employees. The functions of the outplacement center were many:

- *Data collection.* By standardizing the location to which participants reported for assistance, supplies and information, it was possible to maintain a fairly accurate status on all participants. This way, management could determine which individuals needed the most assistance, what assistance was being given and most importantly, the overall impact of the outplacement effort.

- *Physical workspace.* Since this effort took place during the summer months, it was determined that many participants would not be able to provide adequate work space for themselves at home, as children would not be in school. In addition, it was apparent to management that by providing and encouraging the use of the central facility, it was more likely that a greater

Put Your Training Materials In The Chips.

Inexpensive micro-computers offer many advantages for your in-house training and development program. Well-designed computer assisted training and development courses can:

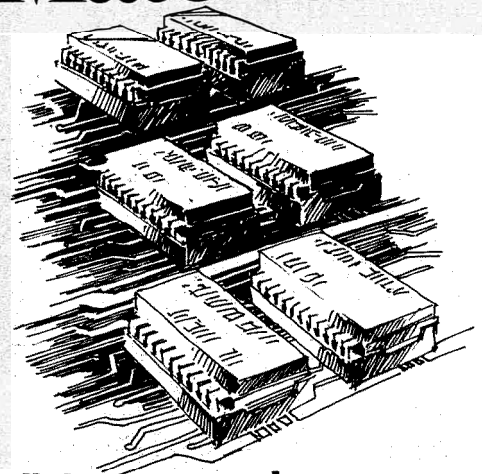
- Reduce the instructor/student ratio.
- Simulate management training exercises that hone manager's decision making skills without operational risk.
- Simulate office and production procedures without risk to products or customer relations.
- Simulate potentially dangerous industrial procedures in a totally safe classroom environment.

EDUCATIONAL RESEARCH, INC. specializes in the development of computer versions of your current training materials. We produce:

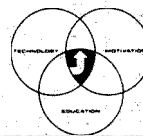
- **Interactive, highly motivating, tutorial versions of text material for any subject.**
- **Computerized workbooks which automatically monitor the employee's performance.**
- **Simulations which allow safe, risk free practice of managerial, operational or industrial procedures.**

For more information, please contact us today. Ask about our unique job bidding procedure which gives you a prototype demonstration lesson of your material for a nominal fee as a part of the bid.

Circle No. 112 on Reader Service Card



Call the experts in developing Computerized Training Materials:



EDUCATIONAL RESEARCH INC.

801 East Sixth Avenue
Helena, Montana 59601
(406) 443-3600

number of job placements could be established in a relatively short time. In addition to work space, the outplacement center provided working materials (writing materials), typing support, photocopying, local and long distance telephones and on-site counseling.

- *Reference center.* The outplacement center contained a reference center stocked with appropriate reference materials on job-hunting and local industry. This included government and private listings, publications (periodicals and books) and local newspapers, as well as select newspapers from cities with strong relevant industry bases (electronics was the primary area of expertise, so newspapers were provided from northern California, Boston, etc.).

- *Counseling support.* From the onset of the project, all those involved recognized that the most difficult aspect of the situation was that many of the problems were intangible ones created and maintained within the individuals. It was further recognized that for some of the 250 employees, termination was probably only the latest of a string of personal problems and could, in fact, be expected to be the immediate causal factor for at least one anxiety reaction which could require immediate counseling support.

Accordingly, all participants were scheduled for a brief meeting (one-half to one-hour long) with an "interviewer" or placement counselor. These interviewers were trained to identify potential crisis situations. They were authorized to refer those appearing to be on the verge of serious problems to the trained psychologists/counselors (two of the four interviewers). In addition, participants were advised of the availability of the clinical psychologists through the consulting firm. (There were several incidents which, in retrospect, justified this contingency plan.)

- *Employer interviews.* The PMS personnel department staff contacted many of the local companies known to use special skills

which paralleled those of the staff at PMS. Interviews were scheduled for the appropriate terminated employees, and employers were encouraged to cooperate with the PMS staff; there was no charge for this service. A tremendous pool of trained personnel was screened by the PMS staff, and only the

most appropriate were provided with an interview opportunity. Further, the potential new employers were encouraged not to "jump the gun" by making offers before their counterparts were given the opportunity to interview available candidates. This way, all individuals looking for positions through the outplace-

Interviewing & Selection Skills: Some Fundamental Questions...

Q. Why the emphasis on skills training?

A. Selection is more than theory. Many managers and supervisors are not really sure how an applicant will do on the job, or even if the interview met EEO Guidelines.

Q. What is the financial impact?

A. Today's climate demands more from each hiring decision, at every level. Consider the cost of improper selection, of opportunity missed.

Q. Which program is best?

A. It should not be a difficult decision. Many companies have found the criteria-based SELECT THE BEST program, administered in-house, meets their needs. You be the judge.



Select the Best
A program in interviewing and selection skills.

For immediate information,
call WMI Corporation,
(206) 455-2323

WMI
Corporation

1309—114th Ave. S.E.
Bellevue, WA 98004

Circle No. 169 on Reader Service Card



A film for your pre-retirement program

- Good Introductory Film
- Positive Reinforcement
- Designed for Any Program
- Trigger for Role Crisis, Use of Time Discussions

“Toward Retirement” is a television style documentary featuring interviews with successful retirees. It stresses the need for early, individualized planning. Retirement options are multiplying, making effective pre-retirement programs a necessity. “Toward Retirement” will be a good basis for your program.



Washington Film Co.
122 Willmont Ave.
Cumberland, Md. 21502
(301) 724-3100

For more information, contact:

Circle No. 157 on Reader Service Card

ment center had the same opportunity. (Some employees found positions on their own.)

The results

While complete results are not available at this time, the original goal of the outplacement effort was to find new positions for 90 percent of the terminated employees within 90 days. The initial termination notification was made in June 1981, and by the end of the summer it was determined that of the available group (those who actively sought new positions), approximately 95 percent found positions within 90 days.

It is the position of all of those involved that the approach used did, in fact, achieve all of the desired results:

- All of the obvious short-term personal, career and family needs of the terminated employees

were met by the outplacement task force;

- The local community viewed the management effort as a very positive one by a responsible employer;
- The number of lawsuits filed by employees was reduced from two to none;
- More than 90 percent of all employees found new positions within the 90-day target period;
- Most of the new positions paid more than the previous positions;
- Those who desired to remain in the geographic area were generally able to do so;
- Corporate management has made a commitment to continue to offer similar support in similar situations if they occur;
- No long-term continuing psychological problems were triggered by the termination incident;
- The cost of potential

unemployment insurance was reduced by approximately 60 percent, and the cost of the effort was only a small fraction of the monies saved in unemployment and legal settlements avoided.

The outplacement manual

The outplacement manual originally was intended to be both a self-taught guide and a follow-up guide to those attending the outplacement seminar. It was specifically tailored to meet the perceived needs of the participants expected to attend the seminars.

The local Baltimore-Washington job market is not reflective of the national economy as a whole. Accordingly, a section was developed which recognized this and informed the reader and participant that they were in a unique situation, one that was better than the generally gloomy economic reports of the time. Specifically, economic segments of the local geographic area were reviewed, and strengths (and weaknesses) of the situation were recognized. While this segment was included in the manual and the seminar in this situation, it might not be prudent to include such a discussion in all cases, depending upon the facts of each situation.

A section of the manual was developed to help the reader tune in to his or her specific job-related skills. Those who have been in one job or one industry for a period of time often tend to forget that their job-related skills are only a small segment of their total skills picture. This section of the manual and the seminar was targeted to provide participants with some insight into other skills they might possess, by virtue of social organizations, teaching, on-the-job skills or other life experiences. Appropriate workshop sections were provided to enable the user to categorize and list these skills.

Whether the participant did or did not have a current resume, almost everyone recognized the need to improve, rewrite or prepare a resume that presented himself or herself in the most

favorable light possible. The actual time spent in resume-writing lectures and workshops should be tailored to the needs of the audience. Remember, however, that nearly everyone can benefit to some degree from a review and rewrite of even the best resume. (Additional resume writing support was provided at the outplacement center to those who thought they needed such assistance.)

It is difficult to identify your own skills if you've been unaware of them in the past. It is more difficult to identify positions available in industries or geographic areas that you don't know well. Accordingly, sections of both the manual and the seminars were devoted to identifying potential job leads and preparing the groundwork for a successful interview, once the job

and the company have been identified.

Suggestions were made about using existing networks to provide leads to possible jobs, upscaling and downscaling advertised jobs, blind contacting of employers, etc. Appropriate worksheets were provided to collect this information and to sort it for use.

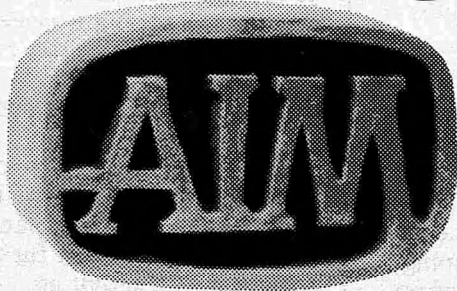
For those positions requiring interviews, it is possible to either secure or to lose the position based on the interview performance. Therefore, the interview process received much emphasis. While little can be written in this area, the outplacement seminar demonstrated interview tactics (both dos and don'ts) and attempted role playing (in the workshop). For those individuals who required more work, videotape equipment was made

available to participants to sharpen their skills.

Conclusion

Clearly, management of the company involved in this project believed the individuals involved were important to the company and to the community. Accordingly, management decided to expend time and effort to assist departing employees in locating new positions. Fortunately, more organizations are taking the same position. Unfortunately, there will probably be more layoffs in the coming months before the recession abates. With the assistance of progressive management teams (like that at Pfizer), the impact and trauma of a layoff can be minimized for all involved.

The Number One Program in Retirement Planning



Action for Independent Maturity (AIM) has become the leader in retirement planning by offering a comprehensive, low-cost, up-to-date, flexible seminar package designed to motivate older employees.

Nothing is left to chance in this program:

Special and unique features are:

- Administrator's Guide
- Discussion Leader's Guide
- Audio-Visual Guide
- Participants' Manuals
- Audio-Visual Program
- Automatic Updating
- Literature Support
- Administrative Consultants
- Newsletter
- User Training
- Continual Follow-up
- Free AIM Membership

Over 3,000 organizations are now using AIM programs and materials. Why don't you find out how AIM can help you and your organization? Write today for a brochure on the AIM seminar and a FREE 16-page guidebook on financial security.

ACTION FOR INDEPENDENT MATURITY
1909 K Street, N.W., Washington, D.C. 20049

A Division of the American Association of Retired Persons. A nonprofit organization.

Circle No. 101 on Reader Service Card