

## Executive Summary

### Final Question

What are the best practices for offboarding trends in global companies?

### Introduction

Offboarding, a process that leads to the formal separation of an employee from an employer through resignation, termination, or retirement, has increased in importance in recent times as it impacts multiple business outcomes. Offboarding reduces turn-over, enhances the recruiting pipeline, and identifies work culture challenges. For instance, employers can prevent nearly 77% of turnover by having accurate insights through multiple avenues such as exit interviews and post-exit interviews.<sup>1</sup>

A positive off-boarding experience also enables corporations to maintain relationships with ex-employees, generating a future hiring pool. Rehires can be an important source of talent as they are 50% more cost effective for the organization while being 40% more productive in their first quarter at work than new hires.<sup>2</sup> Similarly, ex-employees help recommend their former employers to potential employees, recommend the companies' products and services, and help strengthen cross-organizational business relationships if they are in former company's business value chain as suppliers, or partners.<sup>3</sup>

### Off-Boarding Best Practices for Involuntary Separations

The way an organization handles involuntary separation impacts how the employee reacts to the notification, transition success, and the reputation of the organization. Notification messages should be clear and direct, and separated employees can leave the job with dignity depending on how the company operates a separation process.

#### Before notification

**Make rational separation decisions based on the business case:** To minimize any business or legal risk, the rationale for separation should be straightforward and clear. Once separation decisions are made by business leaders, HR should address following questions to discuss with them – do leaders have sufficient documentation to support separation decisions, were separated employees given opportunities and support to be successful in their positions, and how this separation would impact any related team, clients, or projects in process.<sup>4</sup> HR should make sure that separation decisions are genuinely the best business decision for the organization.

**Decide when/where to meet for notification and effective date of separation:** Using midweek notification will allow the employee to clean out the office and get transition support without the weekend getting in the way.<sup>5</sup> The meetings should be done in a private and neutral place to decrease any pressure on participants. Also, effective dates just before vesting benefit or any compensation should be avoided to minimize any possible legal issues.<sup>6</sup>

**Coach managers who will conduct a notification meeting:** HR should coach the manager before the meeting to discuss talking points and make sure the manager communicates clearly and transparently about the termination decision. Careful planning would ensure that the employee retains dignity throughout this process.

#### During notification

Notification message could consist of three parts - i) Employee separation: The decision for separation has been made, the business reason, and the separation date. ii) Compensation and any benefits: The termination agreement and severance package, benefits, and any relevant restrictions. iii) Next steps: Contact, post-termination questions, preparing departure. When delivering the notification message, the manager should avoid small talk and get right to the point and treat them with respect by phrasing 'separate employment', rather than 'terminate' or 'fire'.<sup>7</sup> Also,

a representative from HR should participate in the meeting, to clarify any miscommunication that may occur during the meeting, discuss next steps, provide the details of the severance package, and answer any questions.

### **After notification**

**Provide outplacement service:** Outplacement assistance such as resume reviews, job search advice, interview training, and career assessment is essential for laid-off employees who are too overwhelmed to think about next steps. By providing outplacement services, HR can give them something tangible to focus on that will give real value. Two weeks of salary (3.0% to 4.0% of annual salary) is regarded as proper investment in third-party outplacement services<sup>8</sup> and selecting three plan options - for junior, mid-level and senior - is fairly common.

**Prevent data breach:** The average cost of a data breach in 2020 is \$3.86 million,<sup>9</sup> which includes time and effort in dealing with a breach and lost opportunities such as customer churn as result of bad publicity, and regulatory fines. HR should communicate with managers and IT and make sure that IT deactivates accounts and access to all company-owned systems, equipment, company-managed third-party resources and physical assets (laptops, key cards and token generators). Once the devices are returned, hold them for at least 90 days before reissuing them to another user in case you need to forensically image the data for any legal or investigative use.<sup>10</sup>

**Communicate with remaining employees:** Employees whose organizational structure will change as a result of departure should be informed in person. A brief department meeting can be helpful in stabilizing remaining employees by showing that no more departures are imminent.

### **Off-Boarding Best Practices for Voluntary Separations**

a) **Exit Interview (EI)** is a practice which should be reserved for voluntary separations, as challenges raised by layoffs and terminations need a special approach.<sup>11</sup> Most exit interviews will yield low response rates coupled with at least 40% inauthentic answers either because these employees don't trust the process or want a positive reference. A strategic EI program will have a satisfactory response rate and will provide actionable insights only if these guidelines are followed:

**First**, ensure a standardized exit interview administered through online survey for all employees, or through in-person for high performing and high-potential employees. In case of in-person EI, the interviewer should be at least a second line manager or HR as they receive more objective feedback being neutral and can follow-up effectively.<sup>12</sup> **Second**, promote the exit interview in all internal communications during the offboarding process while emphasizing the value of their employee's input and assuring information confidentiality. This repetition and transparency drives employee actions.<sup>13</sup> **Third**, conduct a post-exit interview using an external consultant with a standardized survey or in-person conversation focused on the causes and creators of the toxic work environment. The post-exit survey yields objective and candid response as the fear of retribution has waned since leaving the previous employer. Ideally, conduct this post-exit interview three to six months after separation.<sup>14 15 16</sup> **Finally**, combine the data from the exit interview, post exit interview along with insights from employee engagement surveys to observe patterns, and identify root cause thereby minimizing potential disgruntled respondent bias, if any.<sup>17</sup>

b) **Nurture Relationships with Former Employees:** Endeavor to engage with the former employees through formal mechanisms such as alumni networks that allow ex-employees preferred access to career opportunities and network with their former coworkers, or informal platforms such as monthly newsletter or social events.<sup>18</sup>

### **Conclusion**

To successfully drive a positive off-boarding experience, it is important to have customized approaches basis the separation type, employee group, and the industry uniqueness. Thus, organizations should continuously learn and re-evaluate to sustain their competitive talent advantage.

## References

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