



A Better Approach to Layoffs

AT A GLANCE

Ethical offboarding emphasizes opportunity, even in the most challenging times.

MAY 2020



Introduction

Last year, JFF partnered with leading companies through our Corporate Action Platform to define and promote a set of talent management practices that support workers while driving bottom-line business results. Our goal was to influence companies to become “Impact Employers” by elevating the career prospects of their workers, investing in their communities, and building better, more sustainable business practices.

Our **Impact Employer Framework**, released in June 2019, was met with a positive reception among a wide audience of corporate leaders. Our premise at the time was that during the years-long economic expansion in which unemployment rates dropped below 4 percent, businesses could win only by rethinking how they attract, develop, and retain employees.

In the past several months, however, the COVID-19 crisis has thrown the economic picture into disarray. As of mid-April, 26 million Americans had filed new jobless claims in just five weeks, and the **unemployment rate was predicted to jump to nearly 20 percent.**

The impact of COVID-19 creates an immediate need for companies to downsize, it is becoming even more important to pursue worker-friendly practices. Now more than ever, businesses have an opportunity to make a clear and compelling statement that they promote employee well-being as a core business tenet that persists through the best of times and the worst of times.

Ethical Offboarding Strategies

As companies move from a tight labor market where onboarding and retention were a primary focus to a recessionary economy where layoffs and furloughs are all too common, they should embrace what we call “ethical offboarding”.

Ethical offboarding strategies are approaches to downsizing that not only improve the future economic prospects of former employees, but also foster long-term employee performance, engagement, and loyalty.

These strategies will help companies reduce the pain of the current economic downturn, position themselves for future growth, and lessen operational, legal, and reputational risks.

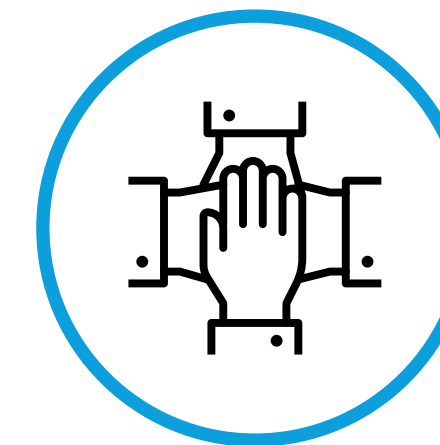
In the roadmap to ethical offboarding presented on the next page, we summarize the business imperative supporting each

strategy and recommend two or three concrete ways to take action. Each method has shown demonstrated evidence of driving successful outcomes for both employers and employees—or it has shown the potential to do so. All are practical, common-sense courses of action for employers of all sizes.

There are 10 methods in all, and while we recommend adopting at least one method for each strategy, it’s possible to undertake just one or all of them and pursue each of them completely independently.

No matter how many you choose to implement, the imperative is clear: Now is the time to take a stand. Your efforts as an Impact Employer will set the stage for the future and will help usher in a quick and sustainable recovery for workers, communities, customers, and businesses.

4 Strategies for Ethical Offboarding



Build a Culture
of Resiliency



Reduce Emotional
Costs of Layoffs

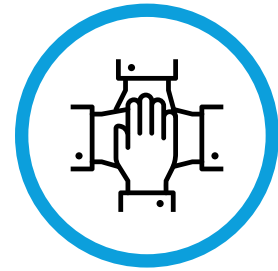


Help Displaced Workers
Land on Their Feet



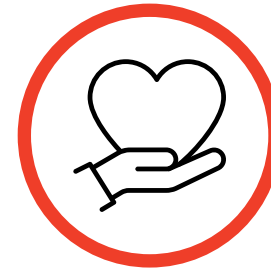
Help Workers Bridge to
New Opportunities

Ethical Offboarding Roadmap



Build a Culture of Resiliency

- **Method 1:** Invest in Outskilling
- **Method 2:** Support Lifelong Learning and Career Transitions



Reduce the Emotional Costs of Layoffs

- **Method 1:** Offer Severance Buyouts
- **Method 2:** Adopt a “Layoffs with Gratitude” Policy



Help Displaced Workers Land on Their Feet

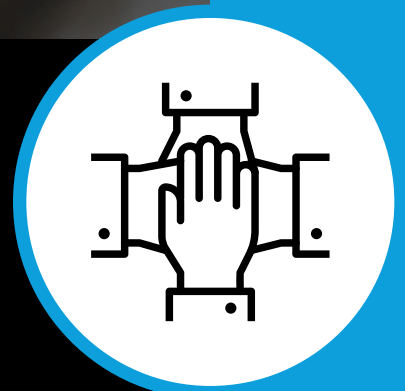
- **Method 1:** Make Offboarding Packages Standard Practice
- **Method 2:** Ensure that the Termination Process is Managed Flawlessly
- **Method 3:** Provide Support from Dedicated and Knowledgeable HR Professionals



Help Workers Bridge to New Opportunities

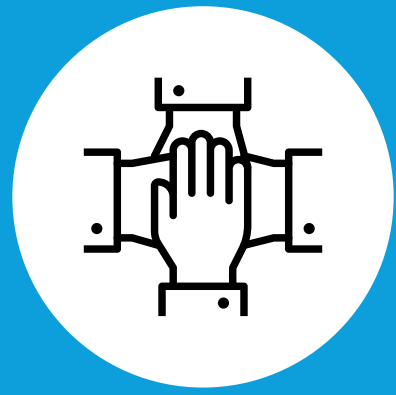
- **Method 1:** Build Partnerships with Local Community Organizations
- **Method 2:** Credentialing the Skills and Abilities of Employees
- **Method 3:** Providing Meaningful Letters of Reference to Deserving Employees

Continue reading for a deep dive on each method and strategy ▼



Build a Culture of Resilience

The future prospects of your employees—both those you must let go and those you're able to retain—depend largely on the work environment you build. Your efforts to create a corporate culture and a set of concrete employee development practices that promote resilience will go a long way toward reducing the sense of loss and dislocation that can accompany periods of downsizing.



Build a Culture of
Resilience

METHOD 1

Invest in Outskilling

Bolster the long-term prospects of your employees by “future-proofing” their skills. Help employees develop skills that are in demand in fast-growing sectors of the economy to prepare them to one day leave their current jobs and successfully pursue higher-paying, more-secure career opportunities—within your own organization or elsewhere.

BENEFITS

Employees: This approach is a proactive way to help employees transition into higher-paying lines of work, and it can insulate people who lose their jobs in corporate layoffs from long-term economic hardship.

Employers:

- Improves the effectiveness of recruiting efforts, because hard-working, ambitious, and motivated jobseekers will gravitate to job opportunities at companies that offer employees this type of proactive support
- Increases employee engagement because workers will see that their employer wants to support their long-term career interests

- Increases staff productivity because employees who are continually developing new skills will naturally be effective at their current jobs.

CONSIDERATIONS

Focus your program on moving workers from low-paying jobs or occupations that are becoming obsolete into higher-paying jobs and growing lines of work, such as nursing, software development, or medical technology.

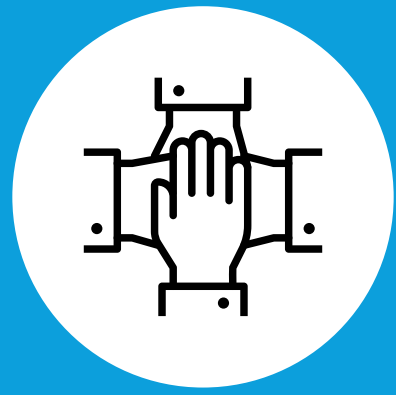
EXEMPLAR COMPANIES



Getting Started ▶

The following two articles help explain the practical benefits of offering outskilling as a key tenet of your “employee resilience” strategy:

- [Outskilling: The Layoff Alternative](#)
- [Amid Mass Layoffs, Outskilling Should Become The New Normal](#)



Build a Culture of
Resilience

METHOD 2

Support Lifelong Learning and Career Transitions

Foster employee resilience through promoting growth-oriented, positive mindsets. Build a corporate culture that supports lifelong learning, encourages career movement, and does not stigmatize departures—either voluntary or involuntary.

BENEFITS

Employees: This approach ensures that employees make an effort to keep their skills up to date in preparation for eventual departure. It also helps ease the transition for employees who lose their jobs and those who are left behind.

Employers:

- Increases staff productivity, because all employees are continually striving to upgrade their skills
- Increases engagement, because employees see greater transparency of communication
- Reduces the sense of dislocation and alienation during periods of layoffs and helps employees—even those who leave—bounce back faster.

CONSIDERATIONS

Building a companywide learning culture can take years of effort and focus. However, it’s possible to begin making progress toward building a learning culture quickly through a series of small, high-leverage actions, such as encouraging members of your executive team to teach informal classes on topics they’re passionate about. Our advice is to start small and look for highly symbolic efforts that can shift mindsets.

EXEMPLAR COMPANIES



Getting Started ▶

- An article on the Society for Human Resource Management website titled “[How to Create a Learning Culture](#)” provides an excellent overview of ways to promote lifelong learning among your employees.
- With Google’s program, g2g, through which Google employees built their own informal training programs to share knowledge with one another.
- Many companies—like Walmart and Starbucks, for example—have robust “education as a benefit” programs. These programs demonstrate the importance of continuous learning and help employees prepare for long-term career advancement.



Reduce the Emotional Costs of Layoffs

Layoffs are extraordinarily painful for all involved. Terminated employees can be emotionally scarred from the experience; managers often feel high levels of stress, anxiety, and guilt; trust is often ruptured with remaining employees. In short, layoffs can be very damaging to a company's morale and culture. That's why, when it's necessary to downsize, companies must strive to do so in a way that reduces the overall emotional damage to impacted employees, their managers, and their peers.



Reduce the Emotional
Costs of Layoffs

METHOD 1

Offer Severance Buyouts

Allowing early retirements and elective departures reduces the emotional toll of a layoff and helps people bounce back faster. Encourage voluntary terminations by offering severance buyout packages to a targeted group of willing employees.

BENEFITS

Employees: This approach reduces the number of employees who will be involuntarily laid off; it can also ensure that the employees who are terminated first—those who voluntarily accept the buyouts—are the most emotionally prepared to leave the company.

Employers:

- Reduces the total number of disgruntled employees in each layoff, mitigating overall legal and operational risk
- Increases the speed with which remaining employees can bounce back to business as usual.

CONSIDERATIONS

Offering buyout packages to employees presents a number of challenges. Among other things, you must set the compensation offer at the right level, and you must identify the right target population.

EXEMPLAR COMPANIES



Getting Started ►

Begin by consulting with your legal and finance leaders. If necessary, reach out to specialists in the field—such as downsizing practitioners at external HR consulting firms.



Reduce the Emotional
Costs of Layoffs

METHOD 2

Adopt a “Layoffs with Gratitude” Policy

Fostering gratitude and appreciation for departing employees can ease the emotional costs of a layoff and help people better prepare for what’s next. Celebrate the contributions of workers who lose their jobs in a layoff and thank them for their service.

BENEFITS

Employees: This approach may help reduce the feelings of underappreciation and betrayal among employees who lose their jobs. If they’re experiencing less anger and resentment, they may be able to move on to new opportunities with more energy and enthusiasm, improving their long-term prospects with their new employers.

Employers:

- Potentially reduces the feelings of bitterness among displaced employees—feelings that can complicate the exit process and increase legal and operational risk
- Increases the speed with which remaining employees bounce back.

CONSIDERATIONS

If you express high levels of gratitude to employees that you furlough or lay off, you run the risk of confusing the people who are losing their jobs. A poorly executed “Layoffs with Gratitude” exercise can elicit follow-up questions that are hard to answer—questions such as, “If I’ve done such great work, why are you eliminating my job?” It’s important to be direct and candid in your communication. Explain the non-negotiable business drivers that make the downsizing unavoidable in a careful and straightforward manner, and also convey a sincere sense of appreciation and gratitude for the service of employees that are losing their jobs.

EXEMPLAR COMPANIES



Getting Started ►

Work with your C-suite to draft companywide communications in which executives express their sense of loss and their appreciation for the service of employees that have been let go. Help managers with talking points that articulate the business drivers along with a company’s gratitude for the service of their employees. Consider encouraging managers to write personal notes of appreciation to their former employees.



Help Displaced Workers Land on Their Feet

Ensure that employees who are laid off have access to resources that will carry them through the transition to future employment. This includes not only financial support in the form of severance pay, but also medical and dental insurance, educational benefits, and any other supports that they will need to maintain stability in their lives. If they include the right components, such packages can go a long way toward cushioning the initial blow for departing employees.



Help Displaced Workers
Land on Their Feet

METHOD 1

Make Offboarding Packages Standard Practice

An employer's actions can ease the financial burden of a layoff and set workers up for a more stable transition and search. Provide severance packages that include several weeks to several months of wages, plus transitional medical, dental, and educational benefits.

BENEFITS

Employees: Laid-off workers who don't face immediate financial concerns are better able to mount careful searches for meaningful jobs that fully leverage their skills and expertise and align with their long-term career ambitions.

Employers: Companies can reduce their exposure to legal and reputational risk by ensuring that terminated employees have time to find suitable new jobs.

CONSIDERATIONS

Some aspects of offboarding packages are governed by the Fair Labor Standards Act (FLSA) and the Consolidated Omnibus Budget Reconciliation Act (COBRA), so it's critical to involve your legal department as you discuss changes to your severance policy.

Getting Started ►

Begin by asking peers in your industry about their standard severance packages. Many companies offer two weeks of severance pay per year of service. Try to match or even exceed the standard. Try to stretch the benefits you make available under COBRA for as long as possible, because your laid-off workers may be able to do gig work while they look for opportunities with full benefits if they can get health insurance and other benefits under COBRA. Consider offering opportunities for employees to upskill into new career paths that offer greater economic mobility. Offerings like [Next Chapter](#), can give laid-off workers access to career navigation, training programs, and job placement assistance to help them transition into better-paying occupations. Focused and structured strategically, these programs can play a big role in helping workers move into more stable, better-paying occupations.



Help Displaced Workers
Land on Their Feet

METHOD 2

Ensure that the Termination Process is Managed Flawlessly

Offboarding is as important as onboarding, but it is often overlooked and mismanaged. This hurts departing employees and the business. Spend the time and money to ensure that the administrative details of the termination process are handled with great care and precision. This means ensuring that severance is correctly calculated, COBRA benefits are appropriately funded, and paid time off is correctly paid out, etc.

BENEFITS

Employees: Laid off employees can put more time and energy into looking for new opportunities when they don't have to work with their former employers to make sure their termination benefits were correctly calculated and paid out.

Employers: Employers will keep their operational costs under control if they proactively avoid administrative errors during the termination process. They will also avoid the reputational and legal risks associated with underpaying terminated employees.

CONSIDERATIONS

Like managing the “employee experience,” managing the “former-employee experience” can be time-consuming and difficult, and many employers don't give it the focus and attention necessary to do it well.

Getting Started ▶

Design your approach sensitively with user needs at the center. Convene a team of HR professionals who know the ins and outs of developing exit packages, communicating layoffs, and managing the operational aspects of an employee's exit. Build a cross-functional process flow diagram and work to improve handoffs, streamline and automate error-prone tasks, and create success metrics, etc. Survey employees who have been terminated and create accountability for flawless execution.



Help Displaced Workers
Land on Their Feet

METHOD 3

Provide Support from Dedicated and Knowledgeable HR Professionals

Termination benefits are there to cushion the landing after a layoff—and provide financial stability through a subsequent search. Help employees understand their options and the associated financial implications upon termination.

BENEFITS

Employees: Employees are often asked to make a bevy of complex decisions at precisely the moment that they are least emotionally equipped to review and fully comprehend their options. Helping terminated employees fully understand the various alternatives they have will help them make the best possible choices for their welfare.

Employers: Ensuring that employees understand their termination benefits reduces the legal and reputational risks associated with layoffs. It can also increase the goodwill that terminated employees will feel toward their former employer.

CONSIDERATIONS

Ensuring that knowledgeable HR representatives are available for every employee who is being terminated can be logistically challenging. Moreover, ramping up this capability is difficult under even the best of circumstances; it is even more challenging when facing the financial stresses that force layoffs.

Getting Started ►

Consider partnering with an external firm that has expertise in explaining employee benefits and the ability to ramp up on relatively short notice.



Help Workers Bridge to New Opportunities

The top priority of employers that want to engage in ethical offboarding should be to help terminated employees quickly find meaningful work with equal or better compensation. Research has consistently shown that the longer workers remain unemployed, the lower their long-term economic prospects.

According to the [Urban Institute](#), “being out of work for six months or more is associated with lower well-being among the long-term unemployed, their families, and their communities. The long-term unemployed also tend to earn less once they find new jobs.”



Help Workers
Bridge to New
Opportunities

METHOD 1

Build Partnerships with Local Community Organizations

Take a proactive role in helping terminated employees find new job opportunities. Work with local workforce development boards, community colleges, and nonprofits to ensure that terminated employees have access to reskilling and job placement opportunities.

BENEFITS

Employees: Learning new in-demand skills and having the opportunity to showcase those skills to prospective employers can reduce the amount of time laid-off workers spend looking for new jobs and improve their future earning potential.

Employers: By helping former employees find new jobs—and thereby reducing the amount of time to collect unemployment compensation—employers can reduce their state unemployment tax liabilities. Moreover, strong partnerships with local community colleges, workforce boards, and nonprofits can benefit employers when they are able to expand and need to recruit new workers.

CONSIDERATIONS

While many large employers have national or global footprints, the entities that are best able to help terminated employees find new jobs typically operate at the regional or local levels. Therefore, companies should empower the HR leaders of branch operations to work directly with local workforce development boards, community education providers, nonprofits, and philanthropic organizations.

EXEMPLAR COMPANIES



Getting Started ▶

Local workforce boards or community-based organizations that are focused on helping jobseekers build skills and connect to in-demand jobs are always on the lookout for employers who are interested in hiring talent. Find the organizations in your community that lead in this space – and, when in doubt, ask an organization like JFF to help broker a good employer/community-based organization relationship.



Help Workers Bridge to New Opportunities

METHOD 2

Credential the Skills and Abilities of Employees

Credentials help your former employees signal their skills and abilities to new employers. Help employees earn industry recognized, skills-based credentials that certify their capabilities so they will be better able to promote their past experiences when they're looking for new jobs.

BENEFITS

Employees: Some people have difficulty articulating how past experiences have prepared them to meet the needs of future employers. But if they have earned certificates and credentials that are recognized and respected within a given industry or profession, they will have reliable evidence of their skills and capabilities. This will make it easier for them to find work with new employers.

Employers: By supporting workers' efforts to earn credentials and certifications, employers ensure that former employees will be in a strong position to move into similar roles in the same or adjacent industries. Such efforts will also strengthen the local talent pool, and that will benefit employers when they recruit new employees to meet future hiring needs.

CONSIDERATIONS

It's critically important to adopt or create a credentialing framework that's easy to understand and offers value to prospective hiring managers.

EXEMPLAR COMPANIES



Getting Started ►

Research emerging online platforms that offer badges and credential templates, such as [Credly](#) and [Accredible](#). If you are looking for a good way to pair a credentialing initiative with internal talent management and development objectives, consider [Workday's Talent Marketplace](#), [Degreed](#), and [EdCast](#).



Help Workers
Bridge to New
Opportunities

METHOD 3

Provide Meaningful References to Deserving Employees

References give former employees a leg up. Give employees who have been laid off the option to sign liability waivers that permit former peers and managers to provide references on their behalf to prospective employers.

BENEFITS

Employees: When terminated employees can rely on former coworkers for references, they’re better able promote their knowledge, skills, and abilities to prospective employers, and they’re more likely to land new jobs quickly.

Employers: This reduces the risk of litigation associated with unauthorized “personal” references provided by the peers and managers of laid-off workers.

CONSIDERATIONS

The vast majority of large companies prohibit their employees from acting as references for former coworkers, usually due to concerns about litigation. Be sure to consult with your legal department so that you can address any issues.

Getting Started ▶

Begin by speaking to your colleagues in the legal department to get an understanding of how they assess the legal risk of employees providing references for former coworkers. Work with them to find ways to mitigate risks through liability waivers.

A Few Final Thoughts

While economists debate how the looming recession is likely to unfold, the outcome is largely in the hands of today's employers. How they face this crisis will determine whether we experience a short, V-shaped recession, or years of grinding unemployment and economic pain. Although it is often the case that employee and employer interests are at odds, companies do have an opportunity to serve their workers and strengthen their communities while also serving the long-term interests of their shareholders.

While the work can be difficult, unfamiliar, and time-consuming, the choice is simple. Employers can make a stand by prioritizing a small number of activities that collectively serve the interests of displaced workers.

Helping prepare current employees for an uncertain future, cushioning the economic and emotional impact of downsizing, and helping bridge displaced employees to new opportunities—these are the ways in which today's employers can take a stand.



Let's work together.

Email Us Today ►

Acknowledgments

About JFF

JFF is a national nonprofit that drives transformation in the American workforce and education systems. For 35 years, JFF has led the way in designing innovative and scalable solutions that create access to economic advancement for all. **Join us as we build a future that works.** www.jff.org

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JFF's Corporate Action Platform

This report is produced as part of JFF's Corporate Action Platform, a resource that helps companies double-down on business performance while preparing workers to advance in their careers.



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