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Outplacement Firms Struggle to Do Job

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By PHRED DVORAK and JOANN S. LUBLIN

When PepsiCo Inc. laid off administrative assistant Sonia Service in February 2008, she thought she'd have a leg up on her next job. Pepsi referred Ms. Service to an "outplacement" firm that specializes in helping laid-off employees get new work.



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Dennis Kale for The Wall Street Journal

Damian Birkel, a former outplacement counselor, teaches at Professionals in Transition, a nonprofit self-help group he founded for the unemployed.

Eighteen months later, Ms. Service says outplacement was a waste of time. She says the job-search training was rushed. During a practice lunch interview, a coach chided her for ordering cranberry juice, saying it could be interpreted as a sign of a urinary-tract infection, she recalls. Her résumé was sent to a prospective employer with a cover letter that included a typo and bore her signature - which she says she never saw.

"I am embarrassed," says Ms. Service. She still hasn't landed a job.

As demand rises in the \$4 billion-a-year outplacement business, providers increasingly offer standardized services, which some workers say offer little value. Businesses anxious to shed former employees quickly and cheaply impose time limits that hamper effectiveness. Few employers track whether outplacement works.

Skeptical employees are voting with their feet: Executives estimate about 40% of workers offered outplacement services don't show up; some ask for cash instead.

Look-Alike Letters



Some industry participants, too, are troubled by reports of mass-produced résumés, canned job advice and slipshod counseling. "It breaks my heart when I hear about stuff like that happening," says Celeste Calfe, North American board president of the Association of Career Firms, a trade group. "And I know it's happening."

Outplacement firms say some frustration with their services reflects the stress of trying to

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Compare cover letters for two job-seekers.

find work during the downturn. "We understand that clients get angry; angry at their former employer, angry at us, angry at the prospective employers that don't seem to be calling back," John Challenger, CEO of Chicago-based outplacement firm Challenger, Gray & Christmas Inc., wrote in response to questions.



Outplacement services arose in the 1960s to provide out-of-work managers with the trappings of a job, such as an office, a phone and a secretary. Layoffs were less common and participants needed to battle the stigma of losing a job.

By the 1990s, outplacement firms expanded to serve everyone from CEOs to hourly workers. Providers competed by lowering prices, offering volume discounts to corporate clients for an increasingly standardized menu of workshops and referral services.

Now, outplacement is a standard feature of corporate layoffs. More than two-thirds of 265 U.S. employers with layoffs during the past two years offered outplacement, at an average cost of \$3,589 an employee, according to a June survey for The Wall Street Journal by the American

Management Association and Institute for Corporate Productivity.

Recipients typically get access to an office and a coach, either in one-on-one or group sessions. They also usually get help with résumé writing, interviewing and job leads.

Business is booming amid the recession. Right Management, the Manpower Inc. unit that's the nation's largest outplacement firm, posted a 36% increase in second-quarter revenue, to \$158 million. Right expects to serve 200,000 people world-wide this year, twice as many as last year; it says revenue is rising more slowly because companies are opting for cheaper group services. Second-quarter revenue at Lee Hecht Harrison, another big provider that is a unit of Switzerland's Adecco SA, jumped 57% to \$119 million.

Journal Community

Discuss: Are career-service centers helpful in a job search? Have you ever used one?

do so in an average of 16 weeks. Challenger, Gray & Christmas, which says it pioneered outplacement, says its clients find jobs in a median of 14 weeks.

Yet both companies say they don't track the percentage of total clients who find work before their outplacement programs end. Challenger says it's now writing software to do so; Right Management says it's hard to get accurate data since some clients leave midprogram and others don't notify the firm when they land jobs.

Employers say they offer outplacement to protect their reputations, forestall lawsuits and minimize unemployment-insurance payments.

It's "a good thing to do from a PR perspective," says Manny Avramidis, the American Management Association's senior vice president for global human resources. Mr. Avramidis says he isn't sure if outplacement is effective, but he offered the service to 60 workers the AMA laid off in October.

Outplacement typically begins the day an employee is laid off. Providers often send staff members to each work site to explain their services. The process helps companies efficiently show employees the door, and gives the outplacement firms -- which are often paid only for the workers who use them -- a chance to market themselves.

Exit Strategy

Length of time outplacement services are provided

Employees usually gain access to online seminars, group

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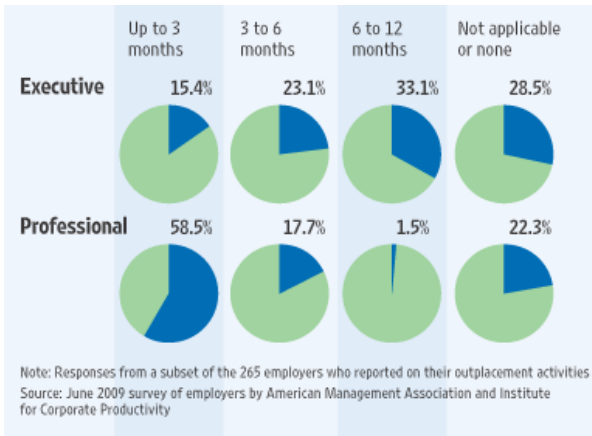
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workshops and individual time with a coach, for periods ranging from a month to more than a year. Programs for executives, priced around \$10,000 and up, generally provide a private office and more coaching time; those for midlevel managers or clerical workers, priced \$5,000 or below, may offer a chair and phone at a shared table.

Workers can also tap job-search boards.

Some activities appear to follow routines. Two Challenger clients, executives from different companies and different parts of the country, describe mock job interviews over lunch with their coaches.

One man says he was scolded for not following his coach to the restroom to continue the conversation. The other says he was chided for ordering diet soda because it suggested immaturity. Both executives asked not to be identified.

Cigdem Oktem, a management consultant, was laid off by Corporate Executive Board, a Washington, D.C., consulting firm, in February, along with a few hundred colleagues. Ms. Oktem says she got six months of outplacement counseling at Lee Hecht Harrison's Washington offices. When a family emergency demanded her attention for a few months, Lee Hecht let her pause and restart the service.

Lee Hecht provided a clear, 10-step process for finding a job, including a spreadsheet for tracking calls, leads and interviews, Ms. Oktem says. The firm organized weekly meetings where she could trade tips and contacts. And it gave her unlimited one-on-one access to a coach, with whom she still meets every two weeks for advice and moral support. She hasn't found a job yet, but has interviews lined up. Overall, she says, outplacement has been a boon.

One challenge for the industry is that laid-off workers have different needs. Some like going to an office; others are happy to connect online. Many like career counseling but don't want help with their résumés.

By contrast, John Farmer, a 61-year-old executive in Dallas who was laid off from a financial company in February, hadn't written a résumé in 20 years and wanted help. But he found coaching sessions to be "almost like grief counseling," he says.

"One size doesn't fit all," says Harry J. Martin, a management professor at Cleveland State University and one of the few academics to study outplacement. Mr. Martin was co-author of a paper last year decrying "commodity outplacement" and urging more individual attention.

Some employers are experimenting with cheaper approaches. Lora Villarreal, chief personnel officer at [Affiliated Computer Services Inc.](#), last year hired RiseSmart Inc., an online provider, to offer outplacement to 4,200 workers. RiseSmart culls job boards and social-networking sites, then sends weekly alerts to users. It also provides individual phone counseling and online group seminars.

Ms. Villarreal was unhappy with ACS's prior, more expensive outplacement firm; she says former staffers complained they didn't get individual attention. RiseSmart CEO Sanjay Sathe says a standard six-month package costs an employer about \$2,500 a person.

Chet Shubert, 53, arranged outplacement as a human-resource executive at Wyeth Pharmaceuticals and National Starch & Chemical Co. Last year, it was his turn, when he was laid off following a merger. He says he was offered several months of outplacement at Right's Management's Philadelphia office. In his first group meeting, he was surprised when a staff

member said the firm didn't track how many clients get jobs.

Mr. Shubert says he got access to job-posting sites and group workshops on topics like preparing a résumé or closing a deal; equivalent material can be found online, he says. He says his coach didn't offer useful advice.

Mr. Shubert's verdict: "truly boilerplate" and "lacking for middle and upper management." He says he stopped going after about a month; he later found a job on his own, from which he was recently laid off.

Right President Doug Matthews, in a written response, says each participant works with a coach to develop a job-search plan tailored to his or her "unique learning style, needs, skill level, and desired outcome."

Damian Birkel, a career coach, joined Right in June 2007, initially as a contract counselor and later as a full-time employee. He primarily worked from home, but spent at least one day a week in Right's office in High Point, N.C.

Mr. Birkel says Right assigned him 60 people, a minimum of 15 a day, to coach by phone or online. One month of outplacement included no more than four hours of counseling, he says, a limited number of online seminars and access to a portion of Right's Web site. Most users received one to three months of services, which often ended before they found work, he says.

Mr. Birkel says Right fired him in August 2008, after he extended counseling time for people whose outplacement had expired. One was a single mother who'd missed appointments while trying to retain her foreclosed home. "I wasn't cut out for over-the-phone, fast-food outplacement," says Mr. Birkel.

Right's Mr. Matthews confirmed Mr. Birkel's employment dates but declined to comment further, citing privacy laws. He says Right is committed to "individualized counseling."

Ms. Service, the former administrative assistant at Pepsi, was offered outplacement with Challenger, Pepsi's main provider for about the past decade. She was invited to a two-day individual workshop in a suburban New York hotel near her former office, where a coach reviewed skills such as crafting résumés and cover letters.

The coach said Challenger would check online regularly for relevant vacancies, then send Ms. Service's résumé and cover letter to prospective employers.

Ms. Service didn't like Challenger's rewrite of her résumé because it contained too many dates she thought would reveal her age; she says she asked Challenger not to use it. Ms. Service says she never saw the finished cover letter. Ms. Service was later surprised to find that the résumé and a cover letter -- which contained a double comma and the date written as "February 05" -- had been sent to a New York public-relations firm on her behalf earlier this year.

Documents reviewed by The Wall Street Journal showed the materials resemble those of another ex-Pepsi job seeker sent to the same firm -- including the same typo and quirky date style. The firm's president says he eliminated both women from consideration as his executive assistant. "We didn't take the letters seriously because they did not reflect an understanding of our company -- and they looked alike," he says. ([Click here to see the letters.](#))

Ms. Service says she learned about the mailed letter and résumé from the Journal. Pepsi spokesman David DeCecco says the issues raised about Challenger's service "are news to us." He says the company is working with Challenger "to improve this service."

In a written response, Mr. Challenger says his firm tells clients it will automatically send materials to prospective employers. Mr. Challenger says clients are told someone else will sign letters on their behalf, in the roughly 3% of cases where the firm sends materials out by mail.

The firm says it crafts standard cover letters with its clients and asks them to approve the final version. "While the introductory and closing paragraphs are similar across many cover letters, the meat of the cover letter is individualized by the client," Mr. Challenger writes.

Though pieces of advice may seem "silly," he said they are part of an overall message to always think about perceptions of the interviewer. "Ordering ice tea, water or coffee, doesn't stand out. Ordering cranberry juice might."