LEE HECHT HARRISON

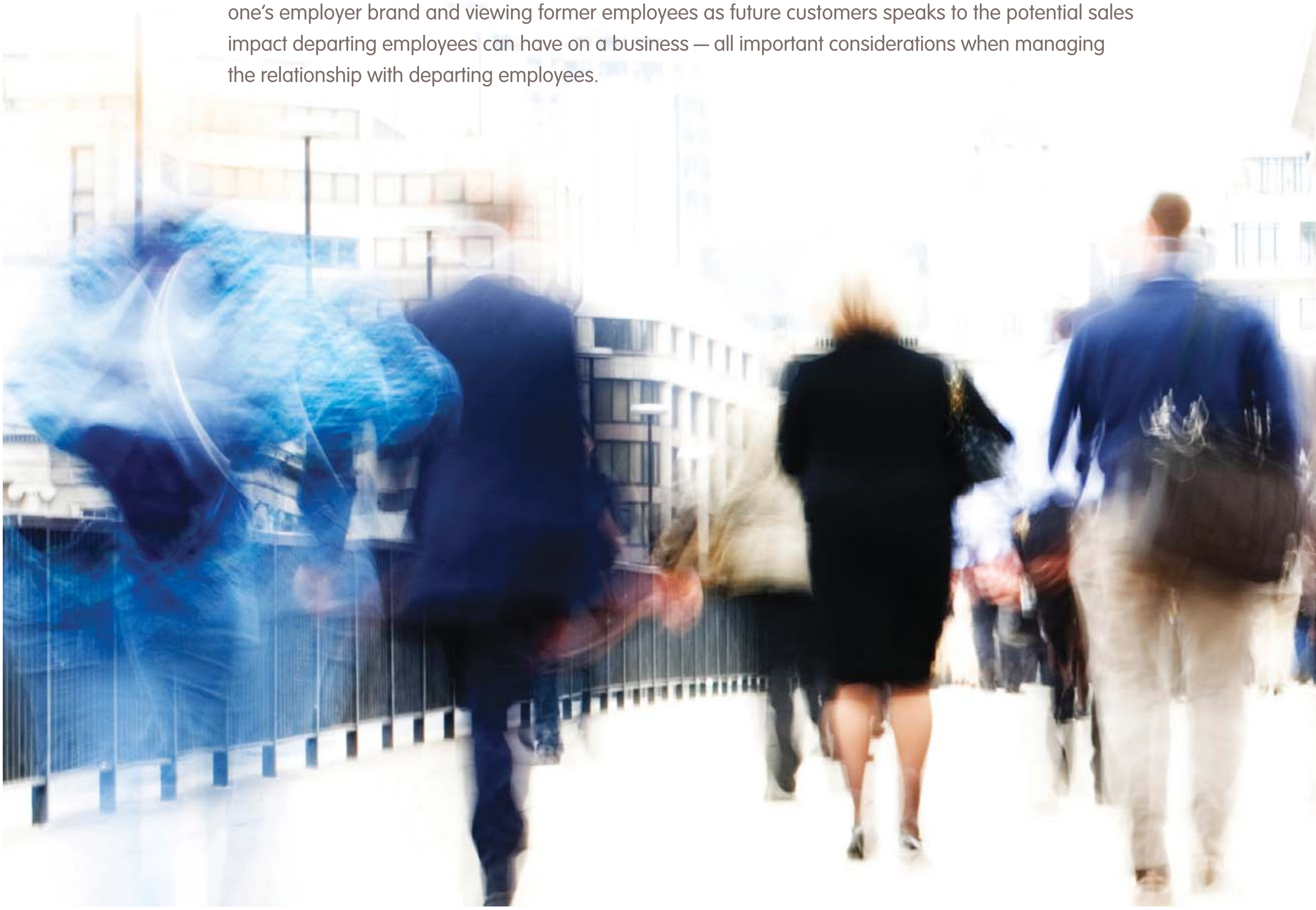
Severance & separation practices
benchmark study 2008-2009

From HR executives to the C-suite, a regular discussion item high on the strategic agenda of most successful organizations is employing effective recruiting and retention programs. Tactics, strategies and goals are regularly reviewed, adjusted and implemented to match changing market conditions and organizational goals. While these discussions are taking place, oftentimes severance is not as much a part of the dialogue or as central of a focus, but is this a mere oversight or a much larger missed opportunity?

What's important to keep in mind is that there is a strong connection between how a company treats its departing employees and its ability to attract and retain top talent now and in the future.

The U.S. economy lost almost 2 million jobs in 2008, gas and food prices have been fluctuating, domestic and international markets prove to be increasingly volatile and the mortgage and credit crises continue to rock the economic boat. As this environment of uncertainty prevails, it also casts a shadow upon job security, bringing interest, concern and focus on severance into the limelight. Does this increased attention to severance offerings equate to more or fewer benefits for employees? Are employers more sophisticated in their offerings than they were in the earlier part of the decade?

Outplacement and severance are becoming increasingly important business decisions as evidenced by the findings in the chart at right. Litigation speaks to managing risk; employer of choice speaks to protecting one's employer brand and viewing former employees as future customers speaks to the potential sales impact departing employees can have on a business — all important considerations when managing the relationship with departing employees.



The top reasons cited as key drivers for severance policies are:
(survey respondents selected all that applied)

Avoiding future litigation	69%
Competition/employer of choice	43%
View former employees as future customers	25%
Government regulatory/compliance	14%
Treat fairly/respectfully	7%
Right thing to do	5%
Unions or other organized associations	5%
Other	28%

As the leader in Career Transition, executives often turn to Lee Hecht Harrison for answers to these questions and insights into what companies give to departing employees in terms of severance, outplacement services, retention bonuses and other related benefits. In the increasingly complex and evolving world of severance policies and practices, it can be helpful to understand what other companies in your peer group (whether by size or industry) are doing to help strategize, plan and implement your own organization's severance practices.

Originally conducted in 1995, 1998, 2001 and again in 2005, this fifth edition of the Lee Hecht Harrison Severance & Separation Practices Benchmark Study is designed to provide you with a clear sense of key benchmarks you can utilize to design your severance programs, remain competitive in today's environment and ensure you're building a reputation as an employer of choice now and in the future.

Severance & separation practices benchmark study 2008-2009

Key findings

On the following pages, there are detailed results in several categories of severance policies and practices, however we thought the following five findings indicated some interesting trends given our current business and economic environment:

1. Redeployment on the rise.

Some organizations attempt to reemploy employees affected by a reduction in force to other areas of their companies needing talent. The number of companies indicating they have implemented redeployment rose from 22% in 2005 to 28% in 2008. However, a majority of companies still do not implement redeployment. In our experience, this is often due to the perceived need to reduce costs rapidly in the short term. However more companies, especially ones that are restructuring parts of their organization to respond to market conditions but whose overall financial strength is sound, are taking a different attitude.

We see increased use of redeployment due to pressures to improve retention, keep highly trained employees and reduce the costs of turnover for the long term. One high tech firm, which typically has many openings in other areas of their organization, has instituted redeployment services with a goal of retaining 90% or more of their workforce scheduled for separation. They concluded that to do otherwise is to, in effect; serve as a training ground for their competitors. A large manufacturer in the Midwest has attained a goal of redeploying 75% of employees who would otherwise be separated. The savings in separation, recruitment and hiring costs has been substantial.

Has your organization compared the cost of terminating employees to the cost of redeploying them? (moving employees elsewhere in the organization where their skills can be utilized)

	2008 (n=954)	2005 (n=978)
Yes and implemented redeployment	28%	22%
Yes and did not implement redeployment	21%	24%
No	51%	54%

2. Live human interaction in outplacement still necessary.

The advent of e-learning and web-based outplacement programs have certainly made an impact on career transition in the past decade, but technology has not taken over. A significant majority (eight in 10 respondents) say that "A blend of technology and in-person resources are important to our organization's outplacement program" most closely describes their organization's philosophy regarding outplacement programs.

What is your organization's philosophy regarding outplacement programs? (n=968)

In-person meetings, seminars and coaching	17%
Technology	1%
A blend of technology and in-person resources	82%

3. The mature workforce.

All of the media attention and reports on the need for companies to implement programs to retain their mature workforce (generally understood as workers age 55 years and older), have not been heeded by most respondents. The number of older employees that were offered opportunities to work fewer hours and to work in less demanding positions decreased compared to 2005. And, a majority of respondents say their organization has not done anything to encourage older workers to continue working.

Has your organization done any of the following to encourage older employees to continue working rather than retire?

(survey respondents selected all that applied)	2008 (n=165)	2005 (n=197)
Offered opportunities to work fewer hours	54%	85%
Offered opportunities to work in less demanding positions	29%	49%
Offered retirement counseling	10%	5%
Restructured pension plan to be based on individuals' highest earnings	7%	7%

The most commonly mentioned steps that have been taken to encourage mature workers to continue working are offering older workers opportunities to work fewer hours or to work in less demanding positions.

4. Planning ahead for a change of control

A "change of control" policy is an agreement between a company and an individual (mostly executives) that is designed to provide key employees with negotiated compensation and benefits if they lose their employment under certain circumstances (e.g. merger, acquisition, sale or a change in the majority of the board) once ownership has changed hands.

In situations where an organization merges, consolidates or is acquired by another company or person, most change of control agreements are determined in advance of the transition as a regular part of the Executive Team's compensation agreement.

Does your organization have change of control policies in place?

Yes	**31%**
No	**69%**

Despite several years of steady M&A activity, more than two-thirds of respondents say their organizations do not have change of control policies in place. Larger organizations seem to plan ahead for changes of control better than smaller organizations. Respondents at organizations that have 5,001 or more employees are more likely to say they have change of control policies in place when compared to organizations that have 500 or fewer employees.

5. Preserving severance

Despite recent widespread cost cutting, a significant majority of companies have either maintained their severance policies (65%) or made them more generous (19%), a trend that follows what we found when we conducted the study three years ago in 2005. This finding is validation that severance is an important investment for companies that can withstand economic pressures.

These five key findings show us that:

- Redeployment is on the rise
- Companies are leaning toward a blend of in-person and technology resources for their outplacement programs
- We need to do more to engage the mature workforce in new and different ways
- We need to do a better job of planning ahead for a potential change of control
- Executives are working hard to preserve severance even in uncertain economic times

All key trends we believe will continue through the next several years until we conduct our next study in 2011.

Severance

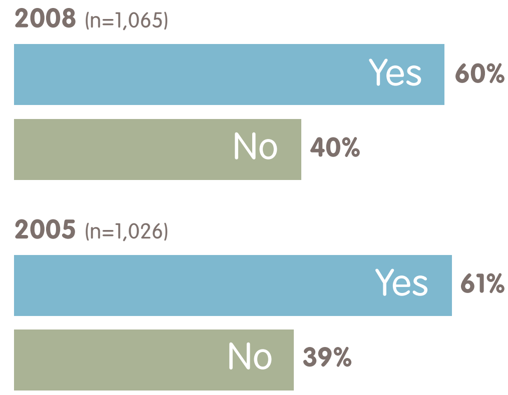
A majority of companies surveyed have a written severance policy, with larger companies being more likely than smaller companies to say this. The main driver behind having a severance policy is to avoid litigation and the majority of respondents say their organization has not made changes to the policy in the past three years, though most companies, particularly larger ones, have reviewed their policies in the past year.

When severance is based only on years of service, employees earn on average one to two weeks per year of service. Lower-level employee categories are more likely to have their severance payments based only on years of service with the company.

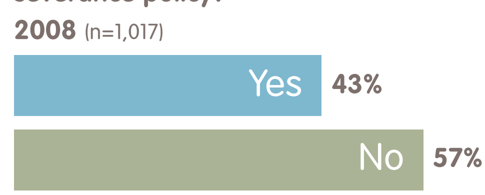
Approximately two-thirds of organizations surveyed have minimum and maximum lengths of time that employees can be eligible for severance (an increase from 2005), with the minimum generally being 1 month or less and the maximum (mostly related to Officers and Senior Executives) being up to a year or more. Almost all organizations surveyed say they offer medical benefits throughout the severance period.

Almost half of respondents who have a maximum number of weeks of severance pay say that Officers and Senior Executives can receive a full year or more of severance (52+ weeks), while most say the maximum number of weeks of severance pay for Professionals and Administrative employees is 26 weeks or less. Organizations who have 500 or fewer employees are more likely to state that maximum severance is 13 weeks or less when compared to organizations that have more than 25,000 employees.

Does your company have a written severance policy?



Does your company have an informal severance policy?



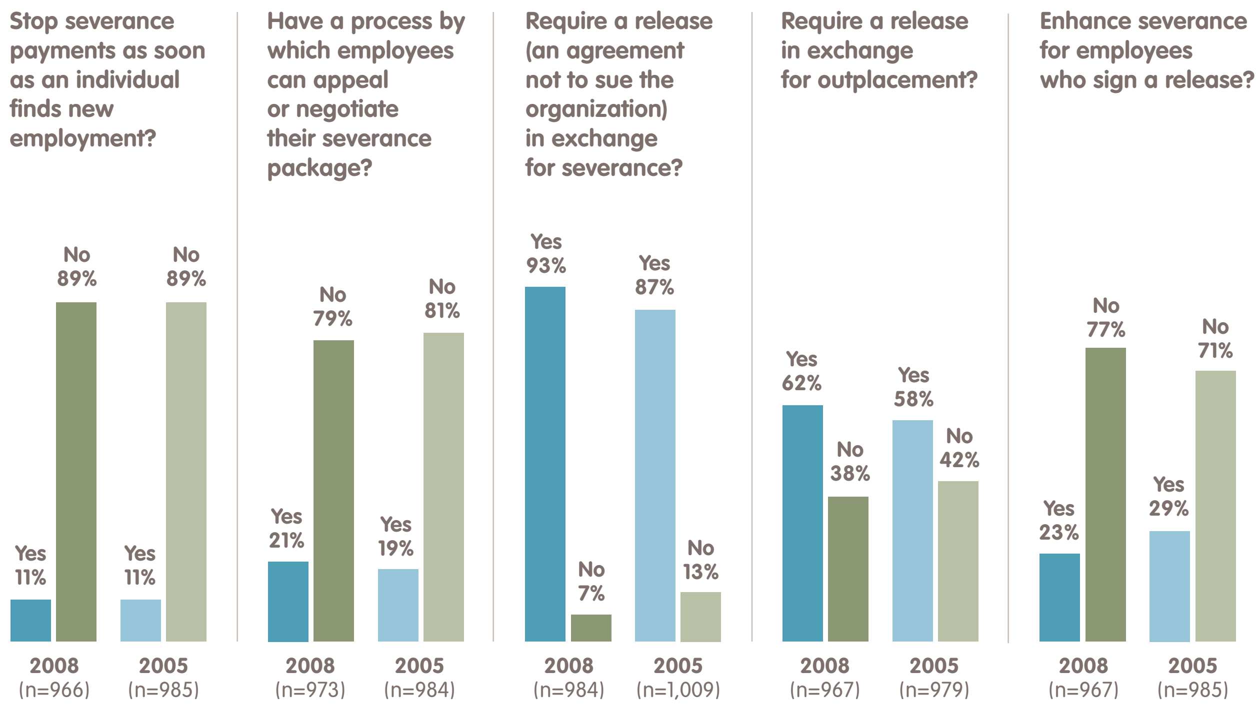
Six in ten organizations have a written severance policy, while approximately four in ten have an informal policy. Organizations that have 5,001 or more employees are more likely to have a written severance policy than organizations that have 1,000 or fewer employees. Informal severance policies are more likely to be found in smaller organizations (5,000 or fewer employees) than in larger organizations (5,001 or more employees).

In general, how are severance payments made?

	2008 (n=982)	2005 (n=1,006)
Salary continuation	48%	49%
Lump sum	46%	43%
Employee's option	6%	8%

Severance payments are split almost evenly between salary continuation and lump sum payments. Very few respondents (6%) say it is left up to employee choice.

Does your company apply the following conditions to severance policies?



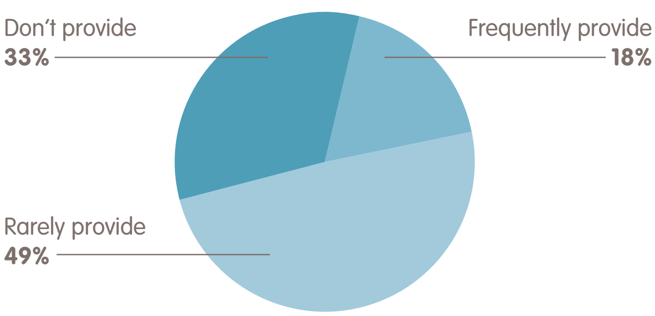
Almost all respondents (93%) say their company requires a release in exchange for severance and 62% say this is true in return for outplacement assistance. Respondents from very large organizations (25,001+ employees) are more likely than those at smaller companies (5,000 or fewer employees) to have a policy by which employees can appeal or negotiate their severance packages.

Who is eligible for severance?

	Yes	Yes some	No
Officers (n=980)	87%	10%	3%
Senior executives (n=986)	88%	11%	2%
Executives (n=988)	89%	10%	1%
Professionals (n=989)	84%	15%	1%
Administrative/support staff (n=988)	79%	17%	4%
Part-time employees (n=966)	35%	18%	47%
Temporary/contract workers (n=959)	1%	2%	97%

The strong majority of respondents indicate that all officers, senior executives, executives, professionals and administrative/support staff are eligible for severance.

Do you provide severance pay to employees who are terminated for performance reasons? (n=984)



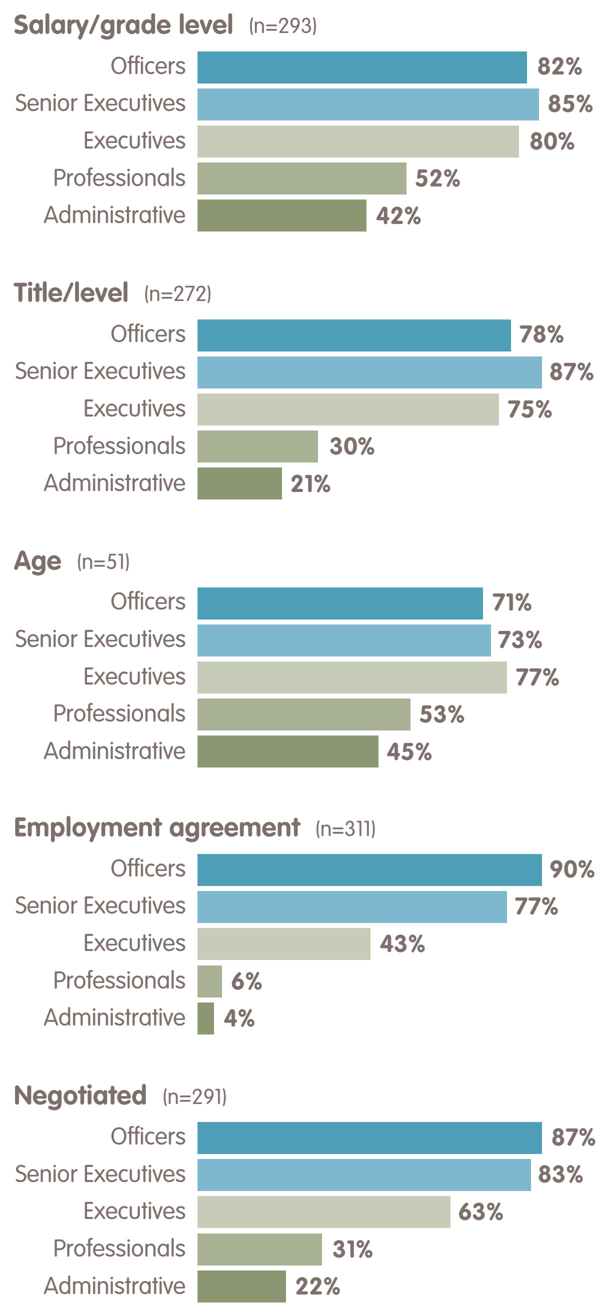
Approximately one-fifth of respondents say their organization frequently provides severance to employees terminated for performance reasons. Almost half say they rarely do this and one-third say they do not do this.

At the following levels, is severance based on years of service only?

	Yes	No
Officers (n=941)	32%	68%
Senior executives (n=958)	33%	67%
Executives (n=966)	44%	56%
Professionals (n=974)	69%	31%
Administrative (n=946)	73%	27%

One-third of respondents state that severance for officers and senior executives is based on years of service only, while this is true of approximately 7 in 10 respondents in relation to professional and administrative employees.

If severance is not based only on years of service, then what is it based on? Percent selecting each response



Approximately nine in ten respondents say officers have their severance included in their employment agreement or negotiate it. For senior executives, the most common factor is title.

If your organization makes special provisions in the case of a merger/acquisition or change of control, answer the following:

Who is eligible? Select all that apply (n=933)

No, do not offer special provisions	51%
Corporate officers only	28%
Senior management	23%
Full-time salaried	7%
All full-time employees	19%

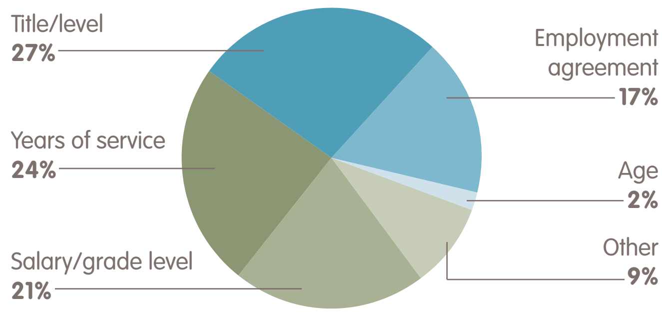
A majority of respondents say their organization does not make special provisions in the case of mergers or acquisitions. Meanwhile, approximately one-quarter of respondents say that only corporate officers and senior management would be eligible for special provisions. Organizations who have 1,001 or more employees are more likely to have special provisions than those with 101-500 employees.

Does your policy specify the following?
Select all that apply

	2008 (n=395)	2005 (n=226)
Severance benefits that are more generous than the standard policy	53%	65%
Immediate vesting of stock options	38%	24%
Additional health and supplemental benefits that are more generous than the standard policy	32%	40%
Additional outplacement benefits that are more generous than the standard policy	21%	31%
None of these	25%	NA
Don't know/no answer	NA	26%

More than half of respondents say their severance benefits are more generous than the standard policy. When compared to 2005, immediate vesting of stock options is the only area where there is an increase.

If severance is not based on years of service only, which of the following is weighted most heavily in your formula? (n=678)



When severance is not solely based on years of service, title, along with years of service and salary are the most important factors, followed by employee agreements.

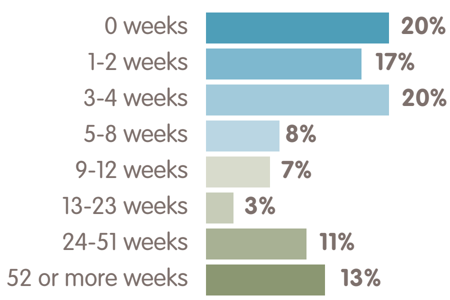
Does your company have minimum severance amounts?

Does your company have maximum severance amounts?

Approximately two-thirds of respondents have minimum (71%) and maximum (66%) severance policy amounts. These numbers have increased since 2005.

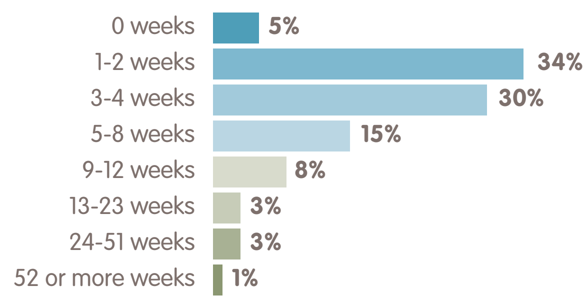
If your company has a minimum number of weeks of severance pay, what is it? (n=690)

Officers



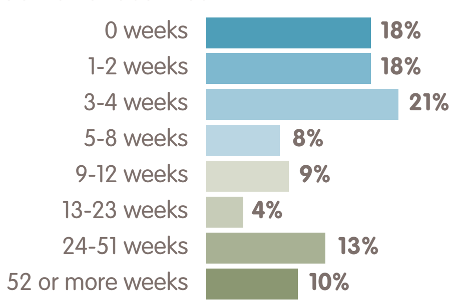
2008 mean 18.9, 2005 mean 15.7

Professionals



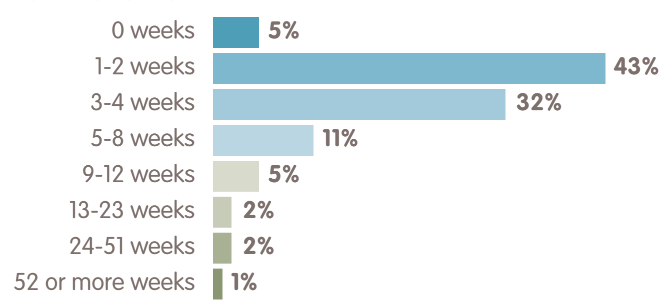
2008 mean 6.4, 2005 mean 5.0

Senior executives



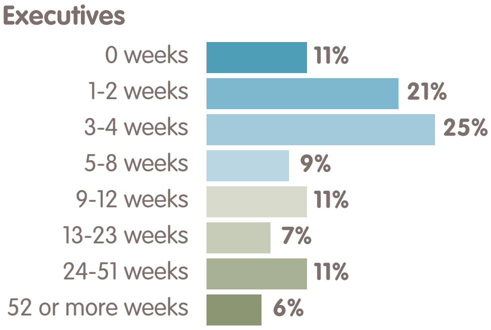
2008 mean 17.0, 2005 mean 12.7

Administrative



2008 mean 5.1, 2005 mean 4.1

Executives



2008 mean 13.3, 2005 mean 9.1

Mean numbers exclude "0 weeks"

Minimum:
The most common level across all employment categories is 1 month of pay or less. For all categories, organizations with 101-500 employees are more likely to state that 1 to 2 weeks is the minimum severance level when compared to organizations who have 1,001 or more employees.

Maximum: (on page 9)
Almost half of respondents say that officers and senior executives can receive a full year or more of severance pay (52+ weeks), while most say that the maximum for professionals and administrative employees is 26 or fewer weeks of severance pay. Organizations who have 500 or fewer employees are more likely to state that maximum severance falls at 13 or fewer weeks of pay when compared to organizations that have more than 25,000 employees.

If your company has a maximum number of weeks of severance pay, what is it? (n=632)

Officers

0 weeks	24%
1-13 weeks	6%
14-26 weeks	20%
27-39	5%
40-51 weeks	2%
52 or more weeks	43%

2008 mean 45.5, 2005 mean 47.2

Senior executives

0 weeks	21%
1-13 weeks	7%
14-26 weeks	24%
27-39	6%
40-51 weeks	2%
52 or more weeks	41%

2008 mean 42.6, 2005 mean 43.3

Executives

0 weeks	13%
1-13 weeks	9%
14-26 weeks	32%
27-39	7%
40-51 weeks	2%
52 or more weeks	36%

2008 mean 37.6, 2005 mean 37.6

Professionals

0 weeks	7%
1-13 weeks	18%
14-26 weeks	44%
27-39	7%
40-51 weeks	1%
52 or more weeks	23%

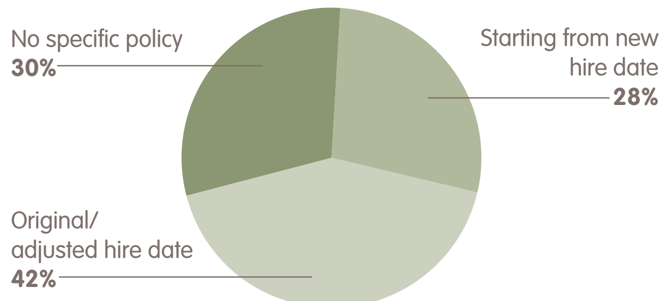
2008 mean 30.0, 2005 mean 31.6

Administrative

0 weeks	7%
1-13 weeks	23%
14-26 weeks	42%
27-39	6%
40-51 weeks	1%
52 or more weeks	21%

2008 mean 28.0, 2005 mean 29.5

How is severance calculated for re-hires? (n=971)



There is no consensus among respondents regarding how to calculate severance for re-hires. More than four in ten say their organization uses the original or an adjusted hire date, while the rest are relatively evenly split between using the new hire date and having no specific policy one way or the other. Organizations that have 500 or fewer employees are more likely to have no specific policy regarding how severance is calculated for re-hires when compared to organizations that have 501 or more employees.

Which of the following benefits are paid for by your organization throughout the severance period?

Select all that apply (n=725)

Medical	95%
Life insurance	24%
Vacation accrual	18%
Short-term disability	10%
Education/training reimbursement	10%
Long-term disability	9%
Other, including use of office, use of company car, and club membership	7%

Almost all respondents say that their organization pays medical benefits throughout the severance period, while approximately one-quarter say they pay life insurance and almost one-fifth report that their organization continues to cover vacation accrual during the severance period.

Outplacement

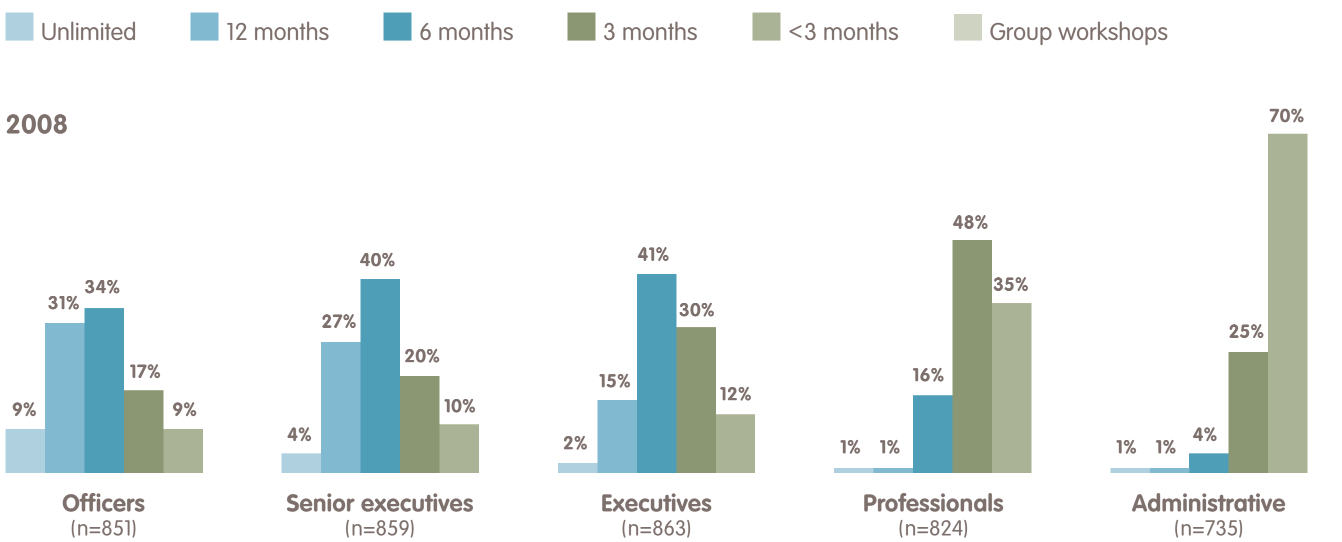
Almost all of the organizations surveyed report that they provide outplacement support to officers, senior executives and executives and approximately three-quarters say they do this for all or some professional and administrative employees as well. This support generally lasts for up to three months for professional and administrative contacts and up to six months for officers, senior executives and executives, with larger companies indicating that they offer support to this level of employees for longer than do smaller companies. Slightly more than half of the organizations surveyed report that they have a time requirement related to beginning usage of the outplacement services, generally within 30 days.

Who do you provide outplacement to?

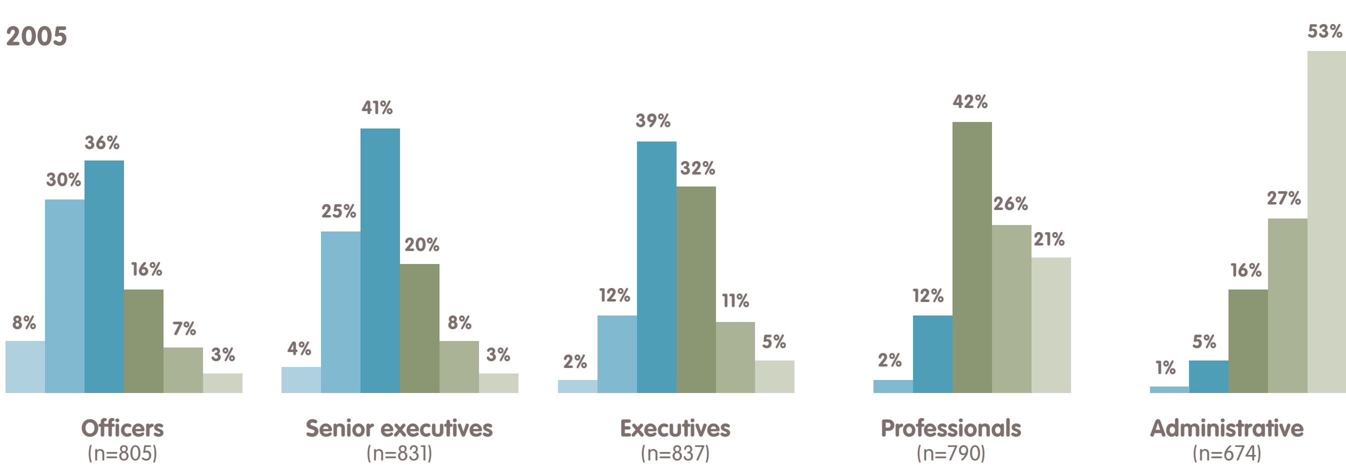
	Yes all	Yes some	No
Officers (n=964)	67%	24%	10%
Senior executives (n=970)	67%	24%	9%
Executives (n=974)	65%	26%	9%
Professionals (n=966)	55%	32%	13%
Administrative/support staff (n=959)	49%	28%	23%

Approximately two-thirds of organizations provide outplacement to all officers, senior executives and executives. Approximately half of organizations surveyed provide outplacement to all professionals and administrative employees. Organizations that have 5,001 or more employees are more likely to provide outplacement for everyone (i.e., "yes all") in all employment categories than are organizations that have 500 or fewer employees.

What is the typical length of time offered for each outplacement program at each level of employee?



The majority of officers, senior executives and executives receive at least 6 months of outplacement support, as compared to at least 3 months for professionals. The typical length of time offered for each outplacement depends on the size of the company. Larger companies (i.e. 5,001 or more employees) tend to offer longer lengths of time for outplacement while smaller companies (i.e. 1,000 or fewer employees) offer shorter lengths of time.



Despite the inclusion of “group workshops” in 2005, the length of time offered for outplacement was consistent when compared to 2008. The only noticeable difference appears to be for administrative employees, where in 2008 70% are offered “<3 months” while in 2005 27% are offered the same time period. This difference could be attributed to “group workshops” not being asked in 2008.

What type of outplacement program do you typically offer to each level of employee?

Select all that apply

Officers (n=873)

Comprehensive	**95%**
Group workshops	**11%**
Online tools only	**6%**

Senior executives (n=873)

Comprehensive	**93%**
Group workshops	**14%**
Online tools only	**9%**

Executives (n=870)

Comprehensive	**84%**
Group workshops	**26%**
Online tools only	**10%**

Professionals (n=813)

Comprehensive	**43%**
Group workshops	**69%**
Online tools only	**35%**

Administrative (n=724)

Comprehensive	**19%**
Group workshops	**79%**
Online tools only	**87%**

Respondents state that almost all officers, senior executives and executives receive comprehensive outplacement, while professionals and administrative employees are more likely to be offered group workshops and online tools, respectively.

Are employees required to begin their outplacement services within a specific timeframe?

2008 (n=900)

No	**42%**
Yes, 30 days	**29%**
Yes, 60 days	**9%**
Yes, 90 days	**8%**
Other	**12%**

2005 (n=904)

No	**44%**
Yes, 30 days	**33%**
Yes, 60 days	**8%**
Yes, 90 days	**7%**
Other	**8%**

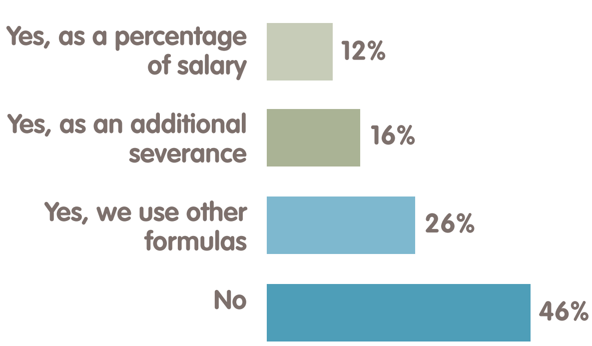
More than four in ten respondents say their organization does not require employees to begin using the outplacement services within a specified timeframe, while more than one-quarter say employees at their organization are required to begin using outplacement services within 30 days. Organizations that have more than 25,000 employees are more likely to require an employee to start their outplacement services in 60 days when compared to organizations that have 500 or fewer employees.

Stay bonuses

A stay bonus is an incentive for employees to remain with an organization through a sale or closure and, sometimes, a period afterward. The firm would make arrangements with the employee and provide a fixed compensation (generally, six or twelve months salary and based on performance goals) to stay with the organization during the sale or closure process.

Just over half of surveyed organizations say they utilize stay bonuses, with the practice being more common at larger companies. The amount of a stay bonus is generally tied to the level or title of the employee receiving it, regardless of how the amount is calculated. More than half of the organizations that offer stay bonuses allow employees to begin receiving this benefit prior to actually leaving the company. When comparing the amount of stay bonuses from 2005 to 2008, there was a decrease across all titles in negotiating stay bonuses on an individual basis.

Does your organization offer stay (retention) bonuses?
(n=1,012)



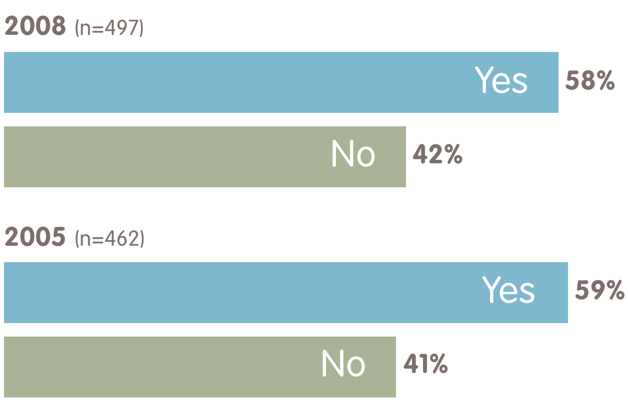
Approximately half of organizations surveyed offer stay bonuses to ensure continued employment. Organizations that have 501 or more employees are more likely to calculate a stay bonus as a percentage of salary when compared to organizations that have 100 or fewer employees. Larger organizations (i.e., 10,001 or more employees) tend to offer stay bonuses compared to smaller organizations (i.e., 500 or fewer employees).

If your organization calculates the stay bonus as a percentage of salary, how much does it give?
(n=114)

Officers	
Less than 10% of salary	**13%**
11% - 20% of salary	**28%**
More than 20% of salary	**59%**
Senior executives	
Less than 10% of salary	**11%**
11% - 20% of salary	**32%**
More than 20% of salary	**57%**
Executives	
Less than 10% of salary	**20%**
11% - 20% of salary	**35%**
More than 20% of salary	**45%**
Professionals	
Less than 10% of salary	**34%**
11% - 20% of salary	**39%**
More than 20% of salary	**27%**
Administrative	
Less than 10% of salary	**55%**
11% - 20% of salary	**26%**
More than 20% of salary	**18%**

Among respondents whose organizations calculate the stay bonus as a percentage of salary, the amount offered for the bonus is relative to title. Those who have a higher title get a higher percentage of salary as a stay bonus.

Does your organization allow employees who have accepted stay bonuses to begin receiving outplacement prior to the date they officially leave the organization?



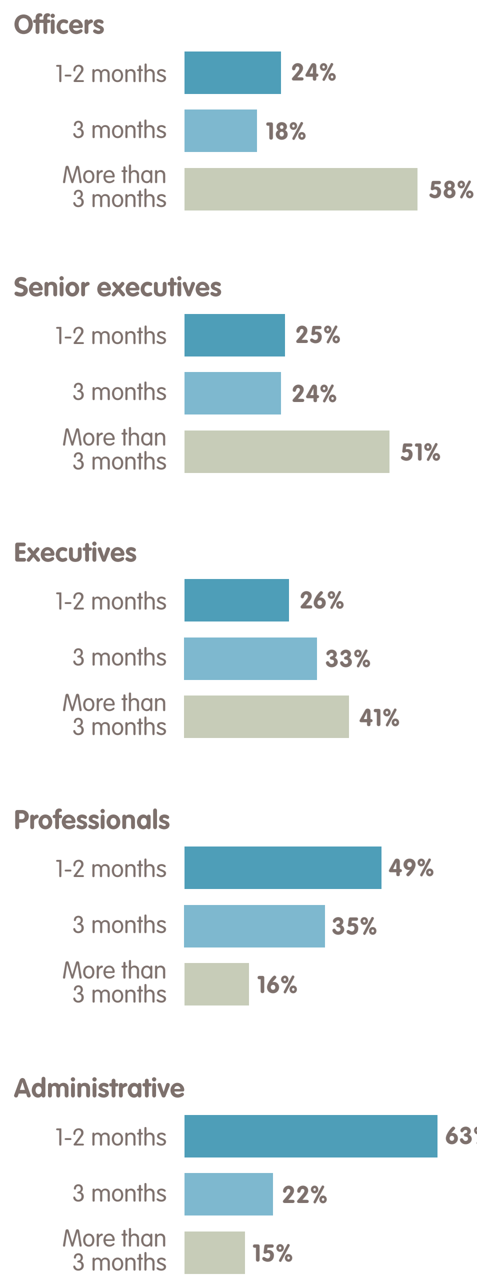
Just over half of organizations allow employees to begin receiving stay bonuses prior to the date they officially leave.

What is the amount of stay bonus that your organization gives to officers?
Select all that apply

	2008 (n=336)	2005 (n=391)
Less than 10% of salary	2%	2%
11% - 20% of salary	7%	5%
More than 20% of salary	11%	5%
1 - 2 months of additional severance	8%	3%
3 months of additional severance	3%	2%
More than 3 months of additional severance	11%	2%
Amount negotiated on individual basis	44%	61%
Amount based on position/level	20%	25%
Amount based on years of service	6%	10%
Amount based on performance	7%	11%

In 2005 Officers negotiated the amount of stay bonus more frequently when compared to 2008 (from approximately two-thirds in 2005 to less than half in 2008).

How much additional severance does your organization give as a stay bonus?
(n=165)

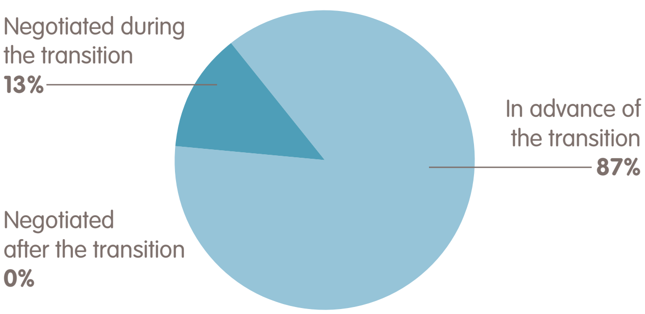


Among respondents whose organizations calculate stay bonuses based on length of service, the amount of the bonus is, again, relative to the recipient's title. Those who have a higher title qualify for a larger bonus.

Change of control agreements

More than two-thirds of responding organizations do not have change of control policies in place and, as with other types of official policies covered in the survey, they are more common at larger companies. Almost all respondents with change of control agreements state that these agreements are received by officers and, to a lesser extent, senior executives, at their organization and that these agreements are almost always negotiated before, occasionally during, and never after the transition takes place.

How are change in control agreements/severance determined? (n=299)



Which level of employees typically receives these agreements in your organization?
Select all that apply (n=300)

Officers	90%
Senior executives	72%
Executives	37%
Professionals	11%

Among respondents at organizations that have change of control agreements, almost all respondents (90%) state that officers receive the change of control agreements, while this number drops to 72% for senior executives and 37% for executives. Only one in ten (11%) of these respondents say that professionals at their organization receive change of control agreements.

Early retirement programs

Early retirement opportunities are only offered to approximately one-quarter to one-fifth of full-time workers in any of the employment categories asked about in the survey. When they are offered, they generally take the form of salary and/or benefit continuation agreements. The types of packages offered in these situations are similar to those offered under organizations' regular severance policies. Interestingly, more than six in ten respondents say their organization did not offer departing employees any type of early retirement benefit or post retirement career consulting during their last downsizing.

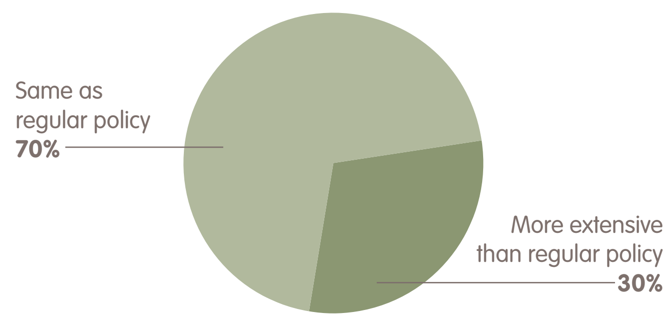
What are the elements of the packages offered?
Select all that apply (n=207)

Salary continuation beyond standard policy	**73%**
Additional health and supplemental benefits	**65%**
Additional outplacement benefits	**29%**
Immediate vesting of stock options	**21%**

Among those whose organizations do make this available, approximately three-quarters of respondents say that salary continuation is offered beyond the standard policy and approximately another two-thirds say that additional health and supplemental benefits are offered.

How do the packages offered to voluntary reductions/retirement differ from your regular severance packages?

2005 and 2008 (n=203)



Among those who offer voluntary reductions/retirement, the majority of respondents say that the package offered is the same as their regular policy. We found these percentages unchanged from when we asked the same question in 2005.

Who is eligible for voluntary reductions/voluntary retirement packages?

	Yes	Yes some	No
Officers (n=944)	13%	11%	76%
Senior executives (n=947)	12%	12%	76%
Executives (n=948)	12%	11%	77%
Professionals (n=948)	11%	11%	78%
Administrative (n=947)	11%	9%	80%
Part-time employees (n=942)	5%	5%	89%
Temporary/contract workers (n=937)	2%	2%	96%

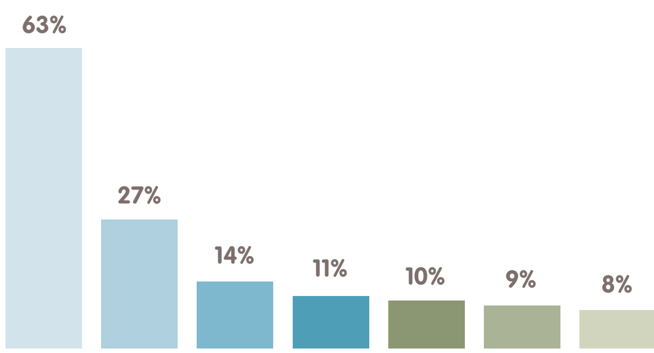
In general, more than three-quarters of respondents say that all employment categories being asked about in the study are not eligible for voluntary reductions or retirement packages.

Which of the following did your organization do during its last downsizing? Select all that apply

- Did not offer anything
- Offered an early retirement package
- Allowed to retire at an earlier age without reducing benefits
- Offered post-retirement/career consulting
- Changed age requirements
- Offered pre-retirement/career consulting
- Changed length of service requirements

2008 (n=269)

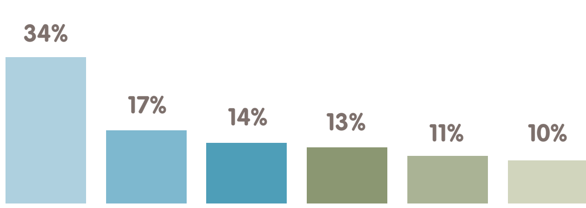
With the option "Did not offer anything" included



Six out of ten organizations did not offer employees any type of enhanced retirement during their last downsizing. Organizations with more than 10,001 employees were more likely to say they "Offered an early retirement package" during their last downsizing when compared to organizations that have 101-500 employees.

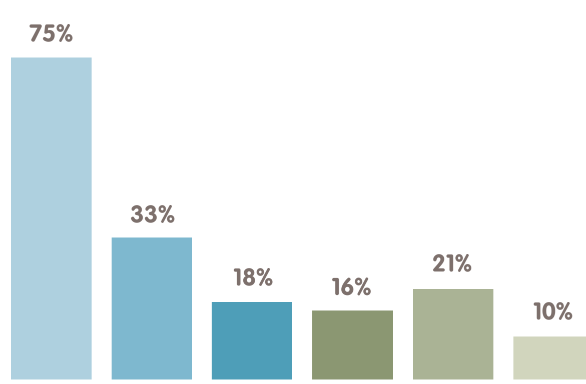
2008 (n=212)

Without the option "Did not offer anything"



2005 (n=157)

Without the option "Did not offer anything"

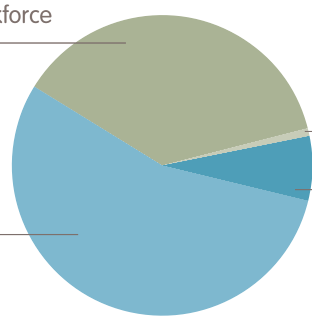


In 2008 respondents had the option to state that their organization did not offer anything to its employees during their last downsizing. When this option is removed for a comparison to 2005, the data remains relatively the same with two exceptions. The number of employees allowed to retire at an earlier age without reducing benefits decreased from 2005 to 2008. More people in 2005 were offered a pre-retirement/career consulting when compared to 2008.

Outplacement program factors

Very few organizations (10%) factor generational differences into outplacement planning, although nearly half of those surveyed say they believe this should be done. Regarding designing the most effective outplacement programs, customization to participants' title or level and having in-person meetings and seminars are seen as being most important. When it comes to delivering the training, using a blend of technological aids and in-person teaching is seen by the majority of respondents as being preferable to one or the other method by itself.

What is the chief reason your company subscribes to outplacement programs? (n=906)



Over half of respondents say the chief reason their company subscribes to outplacement programs is to maintain positive relationships, with more than one-third of respondents saying that they feel that it is their responsibility to take care of their organization's workforce.

On a scale of 1 to 5 where 5 is the highest, rate the following according to importance in designing a successful outplacement program?

Customize by level/title (n=967)	
Most important (4, 5)	**90%**
Neutral (3)	**8%**
Least important (1, 2)	**2%**

In-person meetings, seminars, coaching (n=967)	
Most important (4, 5)	**88%**
Neutral (3)	**10%**
Least important (1, 2)	**2%**

Desired outcome (reemployment, entrepreneurship, active retirement) (n=964)	
Most important (4, 5)	**85%**
Neutral (3)	**13%**
Least important (1, 2)	**2%**

Technology resources (n=962)	
Most important (4, 5)	**84%**
Neutral (3)	**14%**
Least important (1, 2)	**2%**

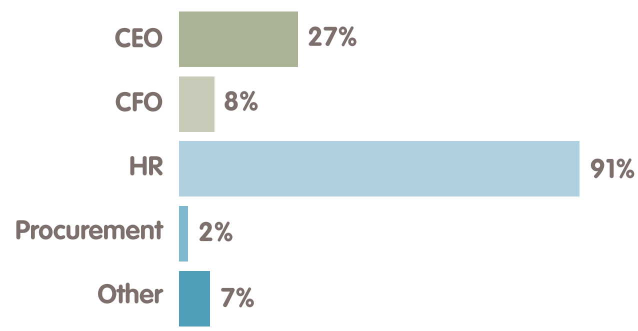
Accommodating learning styles (n=960)	
Most important (4, 5)	**67%**
Neutral (3)	**27%**
Least important (1, 2)	**6%**

The strong majority of respondents feel that all the attributes asked about in the survey are important to designing a successful outplacement program, with customization by level or title being viewed as most important (90% rating it a 4 or 5 on a 5-point scale).

Decision making

The Human Resources department almost always leads the outplacement efforts at the organizations surveyed, particularly at medium and large sized companies.

Who in your organization leads the decision making on outplacement?
Select the top two that apply (n=958)



The vast majority of respondents say that the Human Resources function in their organization leads the decision making on outplacement. Respondents in organizations with 101 or more employees are more likely than those with 100 or fewer employees to say this.

Methodology

1,072 human resources executives were surveyed through the mail (n=548) and online (n=524) using a sample provided by Lee Hecht Harrison. This study yielded data that can be interpreted at a confidence interval of 95% with an error margin of + 2.8%. Error margins associated with subgroups may be larger. All percentages were rounded up or down to the nearest whole number, and, therefore, in some cases where respondents could choose only one answer, totals may not equal 100%. In other cases where respondents could select more than one answer per question, totals may be greater than 100%.

Online and mail data collection was conducted throughout 2008. Guideline Research (www.guideline.com), a third-party research firm fielded the study and conducted the statistical analysis on behalf of Lee Hecht Harrison to ensure integrity of the data.

Categories of organizations who participated

	2008 (n=958)	2005 (n=1,029)
Industrial manufacturing products and services	**21%**	**22%**
Banking/brokerage/ investments/financial services	**10%**	**10%**
Hospitals/healthcare services	**9%**	**9%**
Medical products and pharmaceutical	**6%**	**3%**
Not-for-profit/education, government and associations	**6%**	**6%**
Retail and wholesale	**5%**	**6%**
Insurance	**5%**	**6%**
Professional business services	**5%**	**4%**

Firmographics

What is your title?

	2008 (n=967)	2005 (n=1,029)
EVP/SVP	10%	10%
VP	24%	28%
Director	32%	31%
Manager	24%	22%
Other	10%	10%

How many employees does your organization have?

	2008 (n=933)	2005 (n=1,028)
100 or fewer	**7%**	**10%**
101 - 500	**24%**	**26%**
501 - 1,000	**12%**	**15%**
1,001 - 5,000	**25%**	**26%**
5,001 - 10,000	**11%**	**9%**
10,001 - 25,000	**11%**	**8%**
More than 25,000	**10%**	**7%**

Is your organization in the Fortune 1000?

	2008 (n=951)	2005 (n=1,002)
Yes	**28%**	**25%**
No	**72%**	**78%**

Which best describes the region in which your office is located?

	2008 (n=958)	2005 (n=1,027)
Central	**33%**	**29%**
Northeast	**23%**	**33%**
West	**21%**	**20%**
Southeast	**19%**	**13%**
Southwest	**4%**	**5%**

As the dynamic between employers and their workforce continues to evolve, providing clear and fair severance policies and practices is one tool in an organization's tool box to help protect its employer brand. With more people changing jobs frequently, and oftentimes returning to previous employers, clear and consistent severance practices can help to protect and maintain relationships with talent that may return to your organization one day.

Based on this fifth edition of our severance study, it's clear that organizations understand the value of clear and consistent severance practices. At Lee Hecht Harrison, we believe that severance will continue to be an important part of the employer-employee relationship and hope that the 2008-2009 Severance & Separation Study provides your organization with insights that will help you define and enhance your own organization's programs.

About Lee Hecht Harrison

Lee Hecht Harrison offers talent management solutions throughout the entire employee life cycle to help companies and individuals maximize performance and achieve success. Established in 1974, Lee Hecht Harrison is a global talent management solutions company with over 240 offices worldwide providing expertise in Career Transition, Leadership Consulting and Workforce Solutions.

Lee Hecht Harrison is a part of Adecco Group, the world leader in workforce solutions with over 6,600 offices in over 70 countries and territories around the world. For more information, please visit LHH.com.

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800.611.4544
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