



A Better Approach to Layoffs

AT A GLANCE

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

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Introduction

Nobody likes layoffs. They're painful for everyone involved, regardless of their cause. Employers whose organizations are able to thrive during and after periods of transition are those that prepare to manage difficult changes in advance—and likewise prepare their employees to deal with such changes, well before the need for staff cuts or other disruptive moves appear imminent. Planning for layoffs involves challenging conversations and hard work. But planning is essential to ensuring that employees—both those who leave and those who stay—are able to continue to move forward in their careers, and that the organization can continue to prosper.

At **Jobs for the Future** (JFF), we believe preparing for layoffs must involve planning for what we call “ethical offboarding.” An essential talent practice for **Impact Employers**, ethical offboarding includes

approaches to downsizing that not only boost the future economic prospects of laid-off employees, but also foster long-term improvements in levels of performance, engagement, and loyalty among current employees, whether the organization has had to eliminate jobs or not. Ethical offboarding can also play a role in ensuring equity in an employer's workforce and in the larger labor market, because layoffs can have a disproportionately negative impact on people in low-wage jobs, **Black and Latinx workers, and women of all backgrounds.**

Ethical Offboarding Strategies

Employers should adopt ethical offboarding policies and practices whether they're forced to downsize because of economic disruptions such as **recession** or have chosen to reorganize in order to implement new strategies as they pursue new business opportunities.

Whatever reasons drive employers to embrace ethical offboarding, the strategies they put in place to make it happen will help them limit the pain of layoffs for displaced workers, enable them to better withstand economic downturns and position themselves for growth, and reduce their risk of facing operational, legal, and reputational repercussions if they do have to implement staff cuts.

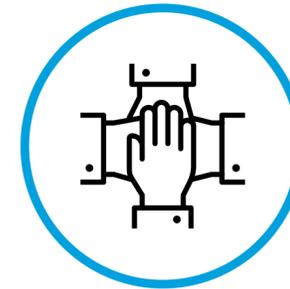
In the road map on the following page, we present four core strategies for ethical offboarding, summarize the business imperative supporting each one, and recommend a total of 11 concrete ways to carry

them out. Each method can drive successful outcomes for both employers and employees. All are practical, common-sense courses of action that have demonstrated positive impacts at organizations that have implemented them.

We recommend adopting all four strategies and choosing at least one of the suggested ways of implementing each. No matter what approach you take, your efforts as an Impact Employer will set the stage for long-term success and will help usher in a sustainable future for workers, communities, customers, and businesses.

Here are the four strategies we recommend for employers that want to pursue ethical offboarding: Build a culture of resilience, reduce the emotional costs of layoffs, help displaced workers position themselves for success, and help workers progress to new opportunities.

JFF's Ethical Offboarding Strategies



Build a Culture of Resilience



Reduce the Emotional Costs of Layoffs



Help Displaced Workers Position Themselves for Success



Help Workers Progress to New Opportunities

Ethical Offboarding Road Map



Build a Culture of Resilience

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



Reduce the Emotional Costs of Layoffs

- **Method 1:** Offer Holistic Severance Packages
- **Method 2:** Adopt a Human-Centered Approach to Layoffs



Help Displaced Workers Position Themselves for Success

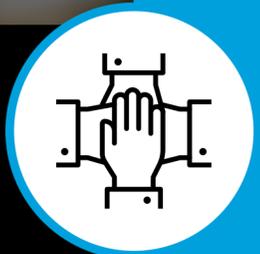
- **Method 1:** Make Offboarding Packages Standard Practice
- **Method 2:** Ensure that the Termination Process Is Managed Flawlessly
- **Method 3:** Provide Support From Dedicated and Knowledgeable HR Professionals



Help Workers Progress to New Opportunities

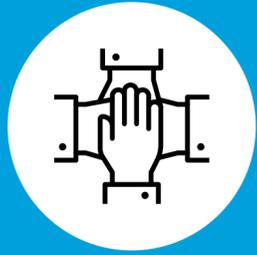
- **Method 1:** Build Partnerships with Local Organizations
- **Method 2:** Build an Alumni Network of Former Employees
- **Method 3:** Credential the Skills and Abilities of Employees
- **Method 4:** Provide Meaningful References for Deserving Employees

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



Build a Culture of Resilience

The work environment you build has a big impact on the well-being and future career prospects of your employees—both those you must let go and those you're able to retain. Creating a corporate culture and employee development practices that promote resilience will go a long way toward reducing the sense of loss and dislocation that all employees may experience during periods of downsizing. This approach also has very real business benefits because resilient organizations are able to recover from disruptions quickly and spring back into action to pursue new opportunities.



Build a Culture of Resilience

METHOD 1

Invest in ‘Outskilling’

Bolster the long-term prospects of your employees by future-proofing their skills through “outskilling” programs, in which workers who are being laid off—or whose jobs are at risk of one day being eliminated—receive training to build in-demand skills that will enable them to move into new jobs with better prospects for advancement in your organization or in new industries or new lines of work.

BENEFITS

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

Employers:

- Improves the effectiveness of recruiting efforts because motivated jobseekers will gravitate toward opportunities with employers that offer their workers 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
- Allows employers to proactively shape their workforces of the future according to known and anticipated needs

CONSIDERATIONS

Outskilling programs should focus 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.

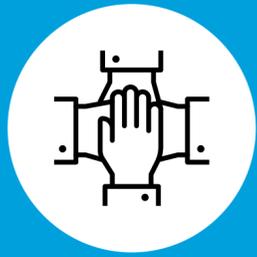
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Getting Started ▶

These two articles help explain the practical benefits of offering outskilling as a key element of an effort to build a culture of resilience:

- [“Outskilling: The Layoff Alternative,”](#) CSI Companies, March 2020
- [“Amid Mass Layoffs, Outskilling Should Become the New Normal,”](#) Forbes, August 2020



Build a Culture of Resilience

METHOD 2

Support Lifelong Learning and Career Transitions

Foster employee resilience by promoting growth-oriented mindsets. Build a corporate culture that supports lifelong learning, encourages career movement, and doesn't stigmatize departures—either voluntary or involuntary. Offer training programs and resources that employees can tap to build in-demand skills and expertise that enable them to remain competitive in the labor market and prepare to pursue new jobs if necessary.

BENEFITS

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

Employers:

- Increases employee **loyalty** and reduces turnover costs
- Increases staff productivity because all employees are continually striving to improve their skills
- Increases employee engagement because the staff sees that the organization is communicating transparently
- Reduces the sense of dislocation and alienation staff may

experience during 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 that goal through a series of small, high-impact 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.

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Getting Started ▶

Here are resources that offer tips and insights about ways to promote lifelong learning among employees:

- A Society for Human Resource Management article titled "**How to Create a Learning Culture**" explains the importance of cultivating a learning mindset within your organization.
- Google's employee-to-employee learning program, **g2g**, is a good example of how an employer can

create an environment that encourages curiosity and knowledge sharing.

- Successful "education as a benefit" programs—like those at **Walmart** and **Starbucks**—demonstrate the important role that continuous learning plays in helping employees prepare for long-term career advancement.



Reduce the Emotional Costs of Layoffs

Layoffs are 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, culture, and reputation in communities where large populations are impacted. 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 Holistic Severance Packages

One way to reduce the emotional toll of layoffs is to offer elective departure programs such as early retirement plans and buyout packages to targeted groups of employees who are likely to be willing to accept such options.

BENEFITS

Employees: This approach reduces the number of people 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 and financially prepared to leave their jobs.

Employers:

- Reduces the number of employees who are likely to be angry or resentful about layoffs, and that lessens the employer's risk of facing legal challenges or experiencing reputational or operational harm

- Increases the speed at which remaining employees can refocus and move forward

CONSIDERATIONS

Offering buyout packages presents several challenges. Among other things, you must set the compensation offer at the right level, and you must identify the right target population. Consider including some extras in your severance package, such as letting employees keep employer-issued computers and phones or offering them opportunities to participate in training that leads to new career paths.

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Getting Started ▶

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



Reduce the Emotional
Costs of Layoffs

METHOD 2

Adopt a Human-Centered Approach to Layoffs

Expressing gratitude and appreciation for departing employees can ease the emotional costs of a layoff and help people better prepare for what's next. Acknowledge 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 risks
- Increases the speed at which remaining employees bounce back

CONSIDERATIONS

If you express high levels of gratitude to employees that you lay off, you run the risk of confusing the people who are losing their jobs. A poorly executed “layoffs with gratitude” exercise can send mixed messages that elicit follow-up questions that are hard to answer—questions such as, “If I’ve done such great work, why are you letting me go?” 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 convey a sincere sense of appreciation and gratitude for the service of employees who are losing their jobs.

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Getting Started ▶

C-suite executives should draft companywide communications in which they use measured tones to express their sense of loss and their appreciation for the service of employees who are being let go. To avoid mixed messages, HR and legal specialists should prepare talking points for the managers of departing employees to ensure that they are able to carefully and diplomatically express their gratitude for the employees’ service while also clearly and accurately explaining the business drivers and economic factors that led to the downsizing decisions.



Help Displaced Workers Position Themselves for Success

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
Position Themselves for
Success

METHOD 1

Make Offboarding Packages Standard Practice

*An employer's actions can ease the financial burdens and other challenges workers face and allow them to focus on searching for a new job. Consider providing holistic severance packages that include several months of wages; transitional medical, dental, and educational benefits; and **outplacement** supports from in-house or third-party HR professionals that include job coaching and career services.*

BENEFITS

Employees: Laid-off workers who don't face immediate concerns about finances and other matters are better able to mount careful searches for meaningful jobs.

Employers: Providing comprehensive transitional benefits and outplacement services can help companies reduce the legal and reputational risks that companies may face during layoffs.

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 seek legal advice when considering changes to your severance policies.

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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 that will give laid-off workers more flexibility to do gig work while looking for full-time jobs with benefits.



Help Displaced Workers
Position Themselves for
Success

METHOD 2

Ensure That the Termination Process Is Managed Flawlessly

Offboarding is as important as onboarding, but it's 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. One important step is to take the demographic breakdown of your staff into account and ensure that termination decisions aren't having a disproportionate impact on specific populations.

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 be better able to keep their operational costs under control if they manage the termination process carefully and avoid administrative errors. They will also avoid the reputational and legal risks associated with underpaying terminated employees
- Managing layoffs carefully, with a specific focus on ensuring that all demographic groups are affected equitably, will help employers avoid lawsuits and enable organizations that have built diverse and inclusive cultures to maintain their

reputations as welcoming workplaces

- There's a greater likelihood that future recruiting and hiring efforts will go smoothly for employers that have reputations for managing layoffs well, especially those that take care to ensure that the process was equitable. According to [Glassdoor](#), 76% of jobseekers and employees report that a diverse workforce is an important factor when evaluating companies and job offers

CONSIDERATIONS

Like managing the “employee experience,” managing the “former-employee experience” takes time and intention, and many employers don't give it the focus and attention necessary to do it well. If significant job cuts are necessary, one way to lessen the impact is to stagger layoffs over a period of weeks or months to allow remaining teams to adjust to the changes and develop



Help Displaced Workers
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new workflows. Also, try to set goals for the success laid-off workers will have in the labor market, such as 50% of former employees finding new jobs within a certain number of weeks.

And it's essential to emphasize diversity, equity, and inclusion in the layoff process. Be sure to analyze the demographic data of the people who are being let go to ensure that the impact of the cuts is equitable based on race, ethnicity, age, gender and seniority and pay level.

Getting Started ▶

Design your approach sensitively with employee 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 to ensure smooth handoffs, streamline and automate potentially error-prone tasks, and create success metrics, etc. Survey employees who have been terminated to understand how the experience affected them, and use that information to redesign and improve your approach with an emphasis on accountability for flawless execution.

Here are two articles that can help employers understand the importance of ensuring that layoffs are handled equitably:

[“Don't Let Layoffs Undermine Your DEI Efforts,”](#) Harvard Business Review, July 2022

[“Inclusive Layoffs Are Possible. Here's How. . .,”](#) LinkedIn, August 2022



Help Displaced Workers
Position Themselves for
Success

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. But employees may need help understanding their options and the associated financial implications.

BENEFITS

Employees: Employees who are being laid off are often asked to make a bevy of complex decisions at precisely the moment when they are least emotionally equipped to assess and fully comprehend their options. Helping terminated employees gain a clear understanding of the various decisions they must make will help ensure that they can do what's best for themselves and their families.

Employers: Ensuring that employees understand their termination benefits reduces the legal and reputational risks employers may face in the wake of layoffs. It can also increase the goodwill that terminated employees feel toward their former employers.

CONSIDERATIONS

Ensuring that knowledgeable HR representatives are available for every employee who is being terminated can be logistically challenging. Moreover, assembling that level of expert staff capacity is difficult under even the best of circumstances, and it's even more challenging for employers who are facing the types of financial stresses that force layoffs.

Getting Started ▶

Consider partnering with an external firm that has expertise in explaining employee benefits and the ability to assemble the staff and other resources necessary on relatively short notice.



Help Workers Progress 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 and opportunities for advancement. 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
Progress to New
Opportunities**

METHOD 1

Build Partnerships With Local Organizations

Take a proactive approach to building organizational networks that terminated employees can tap when seeking new job opportunities. Forge relationships with local workforce development boards, community colleges, and nonprofits that provide training programs and job placement services to ensure that your terminated employees have access to the services and resources they will need as they look for new 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 they 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 in many ways, including by helping them build strong talent pipelines that they can tap when they're able to expand and hire 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 local or regional 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 in-demand skills and connect to rewarding employment opportunities are always interested in working with employers that have **quality jobs** to fill. Reach out to organizations in your community that are leaders in training and workforce development, or contact an organization like JFF that can help employers build relationships with community-based organizations.



**Help Workers
Progress to New
Opportunities**

METHOD 2

Build an Alumni Network of Former Employees

*Laying people off doesn't have to mean you're forever cutting ties with them; try to maintain positive relationships with **former employees** and consider building a network of **loyal alumni**, similar to the alumni associations of colleges and universities. Corporate alumni networks can offer ongoing career services to ex-employees, keep them in contact with your organization, and enable them to build **professional social capital** by making connections with other former employees.*

Creating such an organization and remaining on good terms with ex-employees can pay off in many ways. Former employees could be future customers, or they could return to your organization as “boomerang” members of your staff. They could also serve as mentors to current employees or act as informal brand ambassadors and send new customers and new potential employees your way.

BENEFITS

Employees: As members of alumni networks, ex-employees can gain access to professional development experiences and make connections that widen their networks and lead to new employment opportunities.

Employers:

- Companies with active alumni networks are seen as more desirable employers than competitors that don't have them. A robust alumni network will enhance the reputation of your company's culture, products, and services among prospective employees

- Members of alumni networks can provide feedback to management, refer new customers or prospective employees, or return to the organization when new jobs open up
- Former employees are a source of institutional knowledge that could prove valuable in the current labor market if senior employees begin leaving and taking their expertise and understanding of organizational policies and procedures with them



Help Workers
Progress to New
Opportunities

METHOD 2

Build an Alumni Network of Former Employees

CONSIDERATIONS

The ways alumni networks are structured and managed vary widely, from programs that are run and staffed by the employer to fully autonomous online groups. But whatever model such a group is based on, a strong emphasis on offering **ongoing career services** to ex-employees has been shown to be the most important factor

in an alumni network's success. Start building a culture that encourages employees to become **loyal alumni** after they leave the organization at the very beginning, using the onboarding process to help new hires understand that they are joining an elite group of current and former employees.

EXEMPLAR COMPANIES



J.P.Morgan



**Help Workers
Progress to New
Opportunities**

METHOD 3

Credential the Skills and Abilities of Employees

Credentials give your former employees a way to show prospective new employers what skills and abilities they have. 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 new roles. Offering employees opportunities to earn credentials also advances local and regional economies by strengthening the talent pool—and that benefits

all employers when they need to recruit new workers, including employers that have had to lay people off in the past.

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're 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
Progress to New
Opportunities**

METHOD 4

Provide Meaningful References to Deserving Employees

References give former employees a leg up. Give employees who have been laid off the option of signing 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

Most large companies prohibit their employees from acting as references for former coworkers, usually because of concerns that the organization could face litigation regarding negative statements current employees might make when asked for references about former coworkers. Be sure to consult with your legal department so that you can address any issues.

EXEMPLAR COMPANIES

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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.

Preparing for an Uncertain Future Benefits All Involved

No one can predict the exact outcomes of recessions, changes in business strategies, restructurings, mergers, or other disruptions. But how your company prepares for circumstances that might necessitate layoffs, and how you prepare your employees for those situations, will determine how your organization fares once the period of downsizing and reorganization is over. Employers may experience only brief interruptions in operations during and after layoffs if they engage in ethical offboarding and treat departing employees with respect by helping them prepare for new jobs, and perhaps new careers. If they handle the process well from beginning to end, they will build a culture of resilience and their teams will be able to regroup, adopt new processes, and once again start moving forward and pursuing new opportunities. Those that don't may face years of management and hiring and recruiting challenges as they contend with discontent and distrust among current employees, potential legal challenges from ex-employees, and damage to their reputations brought on by negative publicity about poorly managed layoffs.

Adopting policies and processes that make ethical offboarding possible can involve difficult, unfamiliar, and time-consuming work. But it's a simple decision to make, because it's the right thing to do. Companies that have the foresight to prepare themselves and their employees for the possibility of layoffs well in advance can raise employee morale and engagement, improve the career prospects of all workers, and strengthen their communities and regional economies while also improving their ability to compete in the marketplace.

Preparing current employees for an uncertain future, cushioning the economic and emotional impact of layoffs, and helping displaced employees progress to new opportunities—those are the practical, common-sense steps employers can take to limit the pain and disruption of layoffs and position themselves for renewed growth.

Let's work together.

Email Us Today ▶

Acknowledgments

About Jobs for the Future

Jobs for the Future (JFF) drives transformation of the American workforce and education systems to achieve equitable economic advancement for all.

www.jff.org

About JFF's Language Choices

JFF is committed to using language that promotes equity and human dignity, rooted in the strengths of the people and communities we serve. We develop our content with the awareness that language can perpetuate privilege but also can educate, empower, and drive positive change to create a more equitable society. We will continually reevaluate our efforts as language usage continues to evolve.

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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