



BEST PRACTICES GUIDE

HOW TO LAY OFF AN EMPLOYEE

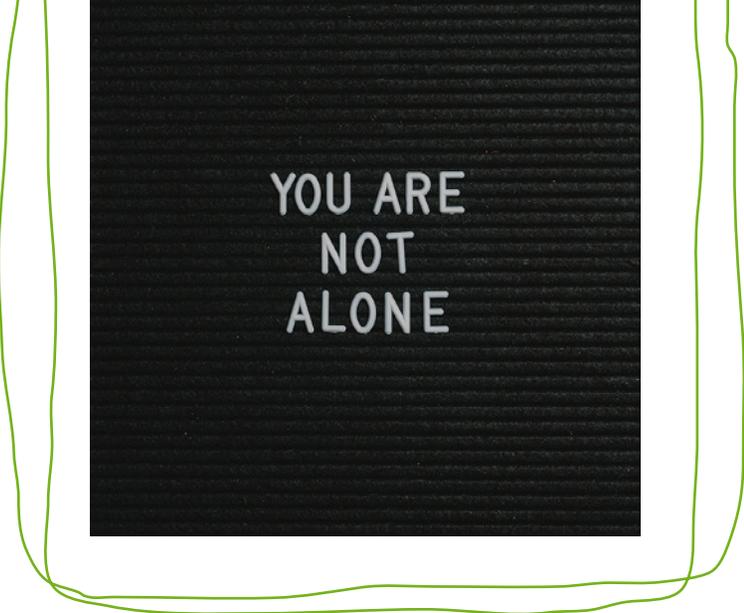
Special section: Handling virtual layoffs



A primer on layoffs

In today's fast-paced and globalized business environment, organizations have to continuously innovate to remain competitive and sometimes pivot to respond to external challenges or economic downturns. Layoffs are sometimes necessary as an important part of this change process—and HR professionals are expected to know how to lay off an employee and be prepared for a reduction in force under short notice.

Managing a layoff is a complex and challenging task. In addition to following all federal, state, and local regulations, you need to prepare paperwork and severance packages, coordinate with a variety of internal departments, and hold tough conversations in layoff meetings—all while protecting employer brand and company culture.

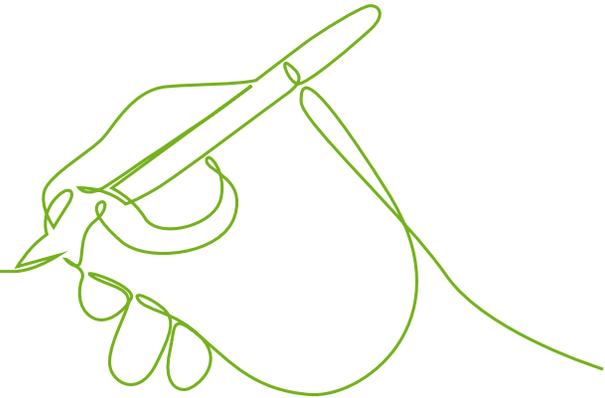


YOU ARE
NOT
ALONE

Layoffs can have a major effect on not only your organization's brand reputation but also your company's bottom line. In fact, 66% of people who have had poor layoff experiences share that negative perception with others, according to the [CareerArc/Intoo Employer Branding Study](#). Those shares can have a strong negative impact on your customer base. The same study found 64% of consumers stop purchasing a brand after hearing news of that company's poor employee treatment.

This guide will give you a clear roadmap to prepare for and successfully conduct a layoff so that you can stay in compliance with employment laws, minimize business interruption, and, most importantly, treat all employees with respect and empathy.

9 STEPS TO CONDUCTING A SUCCESSFUL LAYOFF



01 Develop a layoff and recall policy

While some reductions in force are planned well in advance, many layoffs often come about suddenly. This is why you shouldn't wait until a workforce reduction is imminent to figure out how to lay off an employee. It's best to create policies and prepare procedures well in advance, so you are equipped to handle layoffs whenever they happen.

Begin by creating or updating a [layoff and recall](#) policy that spells out the details for how your organization will conduct layoffs and outline provisions for impacted employees, such as severance packages and outplacement assistance. This includes the criteria for [how to select whom to lay off](#), the rules for determining tenure and seniority, and the process and procedures of the layoff process. In addition, this policy

includes details about the recall process, in case your organization is able to bring laid-off employees back on to payroll.

This policy also includes your organization's guidelines regarding severance packages. Knowing what severance packages will contain and how severance pay will be determined is an essential part of preparing for a layoff. If you don't have standard policies in place, you can be put in the position of negotiating severance packages for each employee who is let go. Consult the [Intoo Complete Guide to Severance Packages](#) to craft the best severance package policy for your organization.

Create a layoff list

If you have a layoff and recall policy to guide you on how to lay off multiple employees, determining which employees will be laid off will be an easier task. Your layoff selection criteria must be objective, fair, and measurable—and take into account the federal laws against employment discrimination enforced by the U.S. Equal Employment Opportunity Commission (EEOC). Characteristics protected by federal law are “race, color, religion, sex (including pregnancy, sexual orientation, or gender identity), national origin, disability, age (40 or older) or genetic information (including family medical history),” according to [EEOC](#). Some states have additional protected classes that may apply to your company. Make sure to check the laws in your state so you know how to lay off employees legally.



Apply your layoff selection criteria unilaterally so there can be no accusations of layoff discrimination, since employment lawsuits are both common and expensive to defend. [Inc.](#) reports one in five small and mid-sized businesses will face an employee lawsuit; these lawsuits cost \$125,000 on average to defend. Taking the extra precautions needed to lower the possibility your company will be charged with layoff discrimination is well worth the time and effort.

Once you’ve come up with a list of employees to lay off based on what you believe are non-discriminatory criteria, evaluate the resulting list to make sure it doesn’t disproportionately affect some protected groups. If it does, the EEOC recommends considering “alternative layoff criteria, such as employees’ profitability, productivity, or expertise” to tweak the list.

03

Notify other departments

In addition to human resources, layoffs impact many departments. Coordinate with them to ensure the offboarding process goes smoothly. Departments you will want to collaborate with include:

Affected employees' department leadership. Department leaders are often involved in the layoff selection process that directly affect their teams; however, in cases where these decisions are made exclusively by senior or executive leadership, informing department heads of those decisions as soon as possible is highly advised. This will allow them as much time as possible to plan for necessary shifts, such as reassigning client accounts and ongoing projects.

Legal. Check with legal to see if there are any employment contract issues to keep in mind—especially if affected employees are part of a union or in the U.S. on a work visa.

Payroll. Some states require companies to give exiting employees their final paychecks on their last day of work. Coordinate with your payroll department so a check—which might also include accrued vacation time and reimbursement for business expenses—can be prepared in time.

Finance. The finance department may need to get involved if affected employees held company credit cards or managed other company financial accounts.

Information Technology. Your IT department will need to close email accounts, change passwords, and reassign phone extensions. In addition, the department may need to collect company-owned electronics from the departing employee.

Facilities management. Coordinate with facilities management to update phone lists and directories, reassign office mailboxes, and change office name plates or other signage.

Administrative. Let key administrative staff know about staff departures so they are able to reroute calls and inquiries to the appropriate people.

Security. You may need security to deactivate keycards or change access codes to your building. In addition, you may want to enlist a member of the security team to be present at the termination meeting or to escort the employee out of the building.



04 Prepare severance packages and employee separation agreements

Many companies offer severance packages to laid-off employees to protect brand reputation and foster goodwill. Severance packages also help mitigate lawsuits, since in exchange for receiving these packages, departing employees are generally asked to sign an employee separation agreement, agreeing not to sue the company for wrongful termination or additional severance benefits.

If you already have a layoff and recall policy that outlines severance benefits, you can simply calculate each affected employee's severance pay and other benefits to include in the employee separation agreements. For more details on severance packages and agreements, consult the [Intoo Complete Guide to Severance Packages](#).

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OUR
COMPLETE
GUIDE TO
SEVERANCE
PACKAGES**

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05 Engage outplacement services

As an HR or business leader, you care deeply about employees and are concerned about how to lay off an employee with compassion and dignity. Showing how you care about your people can be communicated during the layoff notification meeting—both in how you deliver the news as well as in what benefits you provide for their transition. It is at this moment that organizations can decide to show their commitment to their employees by investing in a common goal—helping them find their next career opportunities, faster.

This is why many organizations choose to offer departing employees **outplacement**, also known as career transition services, to assist employees in finding a new job quickly. Providing outplacement services not only assists employees in making a swift and meaningful transition, but also helps

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for more solutions on how to mitigate the many negative impacts of a layoff

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companies save money on unemployment claims, mitigate the threat of lawsuits, and retain a positive brand reputation, among other benefits. A [CareerArc/Intoo survey](#) found that employees who were given outplacement or career assistance following a layoff were 38% less likely to harbor a negative perception of their former employer, and also three times more likely to continue purchasing that company's offerings after the separation event.

For more details on what outplacement services are and how to select the best program for your organization, download [Intoo's Essential Guide to Outplacement](#) and view the [Outplacement Vendor Checklist](#).

06 Provide a layoff notice to affected employees

In some instances, employers must provide a layoff notice to employees in advance. If your organization has 100 or more full-time employees, and are conducting layoffs that affect more than 50 employees, the Worker Adjustment and Retraining Notification (WARN) Act requires you to provide written notice 60 days in advance of layoffs. Fail to provide notice in due time, and you may have to compensate affected workers for lost wages. Some states also have additional notification requirements. In addition, if your employees are unionized, you may also need to abide by notification rules as part of your bargaining agreement.



According to the [U.S. Department of Labor](#), the WARN notice must clearly state whether the layoff is expected to be permanent or temporary, or if an entire plant is to be closed. The notice must also give the expected dates of when the layoffs will begin and when the individual employee will be laid off. If bumping rights—which are the rights of a more senior employee to replace a less senior employee in the case of a layoff—exist, mention this in the notice. Include the name and phone number of a company contact employees can reach with questions or for more information.



Additional information you may want to include in your layoff notice are:

The main facts about the layoff. By stating the number or percentage of the people who are being laid off, you'll be able to better maintain consistency and transparency of communication within the organization.

The reason for the layoff. Let employees know why your organization has chosen to conduct layoffs to help workers understand the decision was carefully considered and deemed necessary.

Benefits and services provided to affected workers. Inform exiting employees they will be supported with severance packages, outplacement services for job-transition assistance, or any other benefits and services your organization chooses to provide. This will reassure your workforce that assistance will be provided to those impacted and illustrate your company's care for its employees.

Appreciation for affected employees. In closing, thank the employees for their contributions to the company.

Even if your organization isn't obligated to provide a layoff notice in advance, you might still choose to provide one to help protect your organization from lawsuits, forestall rumors, give affected employees closure, and allow them more time to prepare for the transition. This can help reduce unemployment claims while promoting better long-term relationships with company alums.

07

Prepare for the termination meeting (a.k.a. layoff notification meeting)

The termination meeting is when you'll inform the employee that they are being laid off. It is also when you'll give the employee their final paycheck, outline details surrounding severance package and outplacement benefits, get necessary documents signed, and take care of other loose ends.

Decide where and when you will hold the employee termination meeting, preferably a day that will be least disruptive to the business. Train and collaborate with managers, who may not yet know how to lay off an employee but who will be part of these meetings. To ensure the meeting goes smoothly, make sure you are prepared with the following:

- final paycheck
- employee files
- COBRA notice
- notices about other insurance or benefits, including supplemental insurance, life insurance, Flexible Spending Accounts (FSA), Health Savings Accounts (HSAs), and Dependent Care Assistance Programs (DCAP), if applicable
- retirement plan options, if applicable
- severance package and severance check, if applicable
- employee separation agreement
- information about outplacement services



08 Hold the termination meeting

Usually, the termination meeting will involve three to four people: the affected employee, their manager, an HR professional, and, if necessary, a member of the security team. In general, the manager speaks first to let the employee know their tenure is coming to an end, after which the HR professional can step in to take care of the more logistical aspects of the meeting.

A prepared script can help you as the HR professional make sure you cover all the details while keeping the conversation on track. [Intoo's Layoff Notification Guide](#) offers a sample script that outlines how to deliver the news and structure the conversation in order to help you prepare for emotions such as sadness and anger that often come up during termination meetings.

This meeting is also your opportunity to present the employee separation agreement and severance package,

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with best practices and
sample scripts for
conducting a layoff

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give the employee their paycheck and other materials you've prepared, and reclaim company property like electronics, uniforms, keys, and ID cards.

If you cannot meet in person to conduct your layoff notification meeting, there are additional steps to making this experience as compassionate and respectful as possible. Please see our best practices for virtual layoffs in the next section.

Communicate layoffs to remaining employees

When thinking through how to lay off an employee, it's important to also consider the retained employees. Since employees who are fearful about losing their jobs are unlikely to be as productive at work, clearly and transparently communicating layoffs to the employees who remain at your company can help manage the impact, ultimately benefiting your organization's bottom line.

In addition to taking on more or different duties, employees who stay with the company can experience a breach in company trust and lowered morale. In fact, [Harvard Business Review](#) notes that retained employees experience a 20% decline in job performance after layoffs. Since the retained employees are the people who will play a key role

in the organization's future success, companies should take steps to manage this relationship, getting buy-in on company goals, rebuilding trust, and boosting morale. To [communicate layoffs to remaining employees](#), you will want to hold meetings, answer questions, clarify changes in duties, and make time for individual check-ins.

Retained employees will likely have a number of questions and concerns; they may want to know who was laid off, what the protocol might be for reaching out to impacted employees or offering to serve as a reference for them, how the structure of their department will change, and which additional duties they may need to take on. Consider developing a layoff-related FAQ for managers so they can effectively answer these questions and quickly address employee concerns.

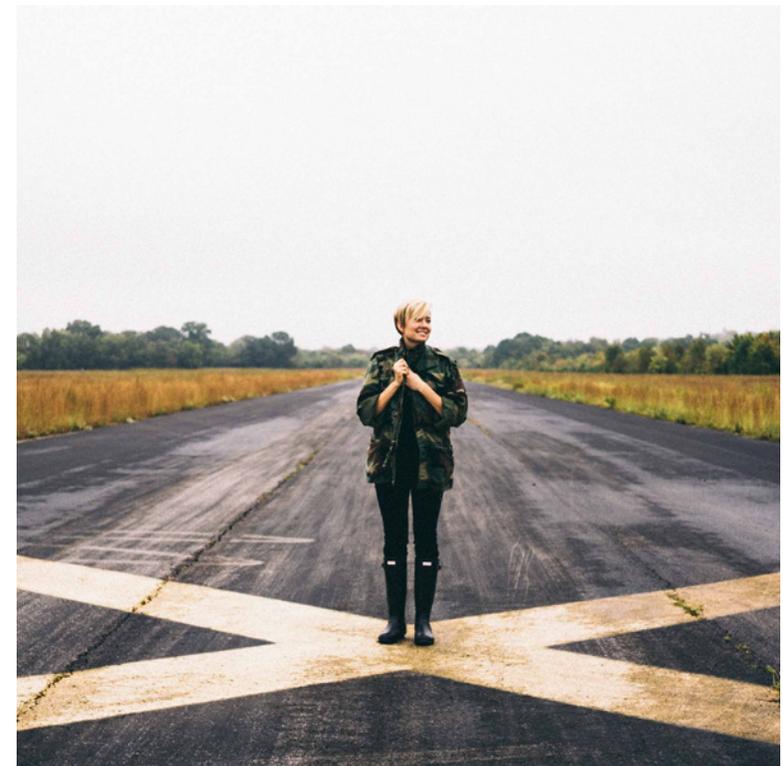


SPECIAL SECTION

Best practices for virtual layoffs

While layoff notification meetings are best conducted in person, circumstances sometimes make this difficult or impossible. The COVID-19 pandemic, for example, forced many organizations to go remote with their workforce seemingly overnight, at the same time economic concerns necessitated a labor downsizing. In addition, some organizations have a distributed workforce with no physical office, while others employ a partially remote workforce. In these cases, virtual layoffs or furlough notices are necessary.

Many of the steps for laying off an employee in person apply to letting go of an employee remotely, but following a few additional best practices can help make this experience a more compassionate and respectful one for the affected employee.



01

Hold individual termination meetings whenever possible.

In response to the coronavirus pandemic, some companies conducted **mass layoffs via Zoom meetings**—triggering negative media coverage and backlash. Even in situations where many employees are being laid off, news should be delivered to each employee personally if at all possible to show that, despite the difficult circumstances that led to the decision, the employee is valued and respected. Of course, this recommendation should be balanced against the size of the layoff and the number of employees available to manage it. Consider training managers and additional HR personnel so multiple people can hold meetings with affected individuals.





02

Take precautions to keep the virtual meetings private.

Some of the factors that make tech tools simple and convenient to use can work against HR leaders when conducting layoffs. Try setting calendar items as private, sending separate event invites to employees and managers, and using separate virtual meeting rooms for each layoff conversation.

03

Be mindful online meetings can be recorded.

Because participants can easily record video calls through either their web conferencing provider or a screen capture program, it is especially important to pay attention to the words and tone you use as you deliver the news of the layoff. A [layoff notification script](#) can be especially helpful in these cases to avoid unclear or ambiguous phrasing and to make sure all necessary points are covered.

04

Give full attention to the employee.

The online medium can make it especially easy for meeting participants to get distracted. Bearing this in mind, make sure to turn off any notifications or alerts on your device that may take your attention away from the conversation on hand. During your conversation, ask guiding questions to check for comprehension of key details. Pay especially close attention to the affected employee's words and emotional cues, and give them time to ask questions.

05

Provide current, specific information on unemployment benefits.

Every state has different rules about unemployment benefits, as well as different guidelines for accessing those benefits. In addition, the coronavirus crisis has prompted lawmakers to release new rules around unemployment benefits that allow more affected people to receive benefits for a longer period of time. In your layoff meetings, communicate up-to-date information to your workers so they know what to expect and get the maximum benefit they are entitled to.

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BRAND AND
BOTTOM LINE**

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06

Pay for continued health coverage, if possible.

Continued health care coverage is vital to many employees, especially in cases like the coronavirus pandemic.

Consider covering one additional month of health care for the employee after the termination date, or scheduling the official termination date near the first of the month, as most health plans run through the end of the month.



07

Offer virtual, long-term outplacement services.

Companies who care about their employees and their employer brand provide **outplacement**, a benefit given by a company to exiting employees to assist them with finding new work faster. In the age of the coronavirus, it's important to make sure the services provided are available in a convenient virtual platform. **Unlimited, on-demand career coaching available by video**, audio, or text when and where the employee needs it can make a dramatic difference in the success of the outplacement program.





08

Remind affected employees about EAP.

Employee Assistance Programs (EAP), which come as a package deal with many employer health care programs, offer a wide variety of complimentary services, ranging from mental health support to legal help. A layoff is exactly the type of situation when employees might find EAP valuable.



09

Have all important information and materials ready in electronic format at the time of the meeting.

For virtual layoffs, everything from the employee separation agreement to the final and severance checks to information about outplacement services will need to be sent to the employee virtually. Send these materials to the employee electronically during or directly after the meeting.

10

Be flexible about work equipment.

While an in-office employee might be expected to turn in their laptop, keycards, and other employer-owned equipment on the day of the layoff meeting, remote workers will need more time. In cases like the coronavirus pandemic, try not to impose strict deadlines for when laid-off employees must ship back their equipment. Also, think about how to address employee property that may still be in the office. Will HR pack up the departing employee's desk when the office reopens and mail the boxes to them? Or should the employee schedule a time to come pick up their boxes? Have answers to such questions ready at the time of the termination meeting to ease affected employees' concerns.



DOWNLOAD OUR REDUCTION-IN- FORCE CHECKLIST NOW.

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Get ready today

Conducting a layoff successfully is a challenging task, but advance preparation will help make the process go as smoothly and painlessly as possible for both you and your employees. A poorly managed layoff could result in compounding losses. One overlooked policy or mishandled notification meeting could prompt legal disputes, costly settlements, burned bridges, and tarnished brand reputation.

In addition to using the information in this guide, download [Intoo's Reduction-In-Force Checklist](#). This employee termination checklist provides a 16-step guide to help you successfully manage a reduction in force.

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For more information on how Intoo can protect your employer brand and help departing employees land new jobs faster, visit [Intoo.com](https://www.intoo.com) or call 888 879 9357 to schedule a demo.