



Newland Associates



A CAREER PARTNERS INTERNATIONAL FIRM

Performance...Through People

Employment and Layoff Plans, and Outplacement Practices Puerto Rico Survey

December, 2009

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Introduction

2009 has been an incredible year, where massive layoffs, poor consumer confidence and the debacle of our financial markets have shaken our economy in ways not seen in over a generation. The practice of Outplacement or Career Transition is often reshaped in moments like this, so we felt it would be prudent to conduct a survey of employment and layoff plans, and outplacement practices in Puerto Rico, to provide some contrasts with what we know are national and global trends in the industry.

We want to thank the members of the 75 organizations that took the time for collaborating with us by participating in this project.

We hope you find the information in this survey useful.

Sincerely,

Robert Newland, President

About Newland Associates, a CPI Partner

Newland Associates is a leading full-service talent management firm. The company is part of Career Partners International (CPI) with over 200 locations in 45 countries worldwide. We support our clients' profitable organization performance through people. Newland Associates provides customer-centered strategic talent management services in the areas of:

- Talent Acquisition
- Talent Development
- Career Transition
- HR Consulting
- HR Technology

With over 17 years experience in talent management, Newland Associates creates and delivers solutions that leverage its extensive collective knowledge, the expertise of its consulting staff and the latest in technology. For questions on this survey or any of the services provided by the firm, call (787) 620-0555, or email to info@enewland.com.

Why do organizations use outplacement?

Organizations utilize outplacement services for many reasons. Outplacement allows employers the opportunity to be good corporate citizens by providing departing employees a service that enhances their ability to find a job. This positive behavior by organizations is a great employee engagement and retention strategy, sending a "we care" message to employees that remain in the organization.

Most people are not good at looking for work because they don't "practice" job searching often; they spent the bulk of their professional lives "working". Job searching is a learned skill that requires adequate training.

Outplacement also allows employers to mitigate potential risks associated with layoffs. Departing employees who are guided through a process that focuses on their future success are less likely to invest time in frivolous employment lawsuits or discrimination complaints. Case in point, the number of EEOC (Equal Employment Opportunity Commission) claims of alleged discrimination has risen by 15%, part of which can be attributed to the massive layoffs being experienced in this economy and the corresponding toughness of the current employment market.

Some laid off employees can pose a threat to their own safety as well as that of others. They can also compromise the security of company facilities, materials, products and even intellectual property or other confidential information. Having access to an outplacement program can assist departing employees channel emotions in more productive ways.

Clearly, outplacement is of tremendous value to organizations in times like this. It allows them to demonstrate good core values to departing employees, the community in general and the employees that remain in the organization.

Highlights of findings

1. Of the 75 organizations that participated in the survey, 47.9% have no plans to hire additional employees.
2. Over a third of these organizations (34.4%) either expects to layoff personnel or are at least considering their options.
3. More than one in every four (27.3%) respondents in organizations with over 500 employees expect to layoff personnel.
4. Organizations in the 101 to 500 employee category showed the stronger employment outlook with 24.2% expecting to hire staff, while only 15.2% of them were forecasting layoffs.
5. 54.7% of participating organizations offer outplacement services to departing employees, with the figure jumping to over two thirds (68.2%) in the over 500 employees category.
6. Outplacement services are offered across all employee levels broadly at rates of over 63%, except for blue collar workers where only 39% of respondents offered these services. However, a substantial 60% of organizations with over 500 employees offered outplacement services to blue collar personnel.
7. The clear favorite for outplacement services is one-on-one individual programs with an adoption of 76.2% followed by outplacement group sessions with 50%. A smaller percentage of adoption (19%) is demonstrated for virtual outplacement services.

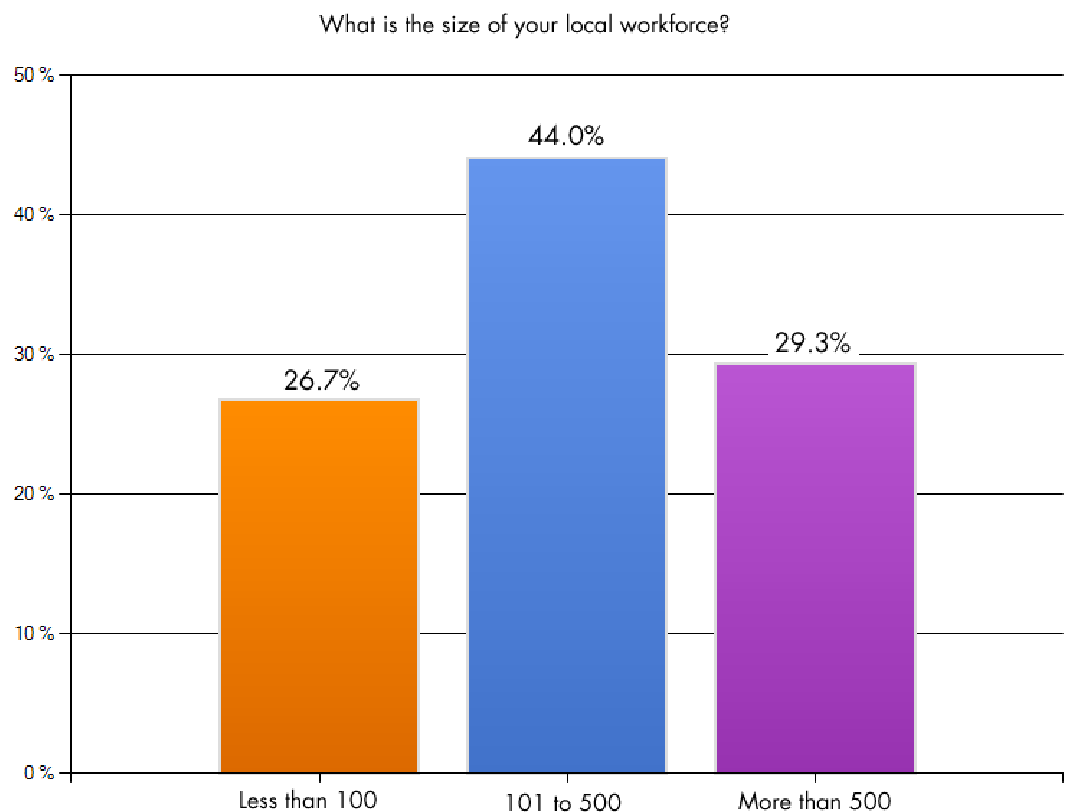
8. Smaller organizations up to 500 employees strongly preferred individual programs, whereas those with over 500 employees had a considerable preference for group programs.

Survey Results:

1- Survey participants' composition

We found our sample to be a good mix. Exactly 75 organizations participated, with a diverse composition of industry sectors, including three government institutions.

Our sample also had a diverse distribution by size of local workforce. 26.7% of them have less than 100 employees, 44.0% are in the 101 to 500 and 29.3% are in the over 500 category.

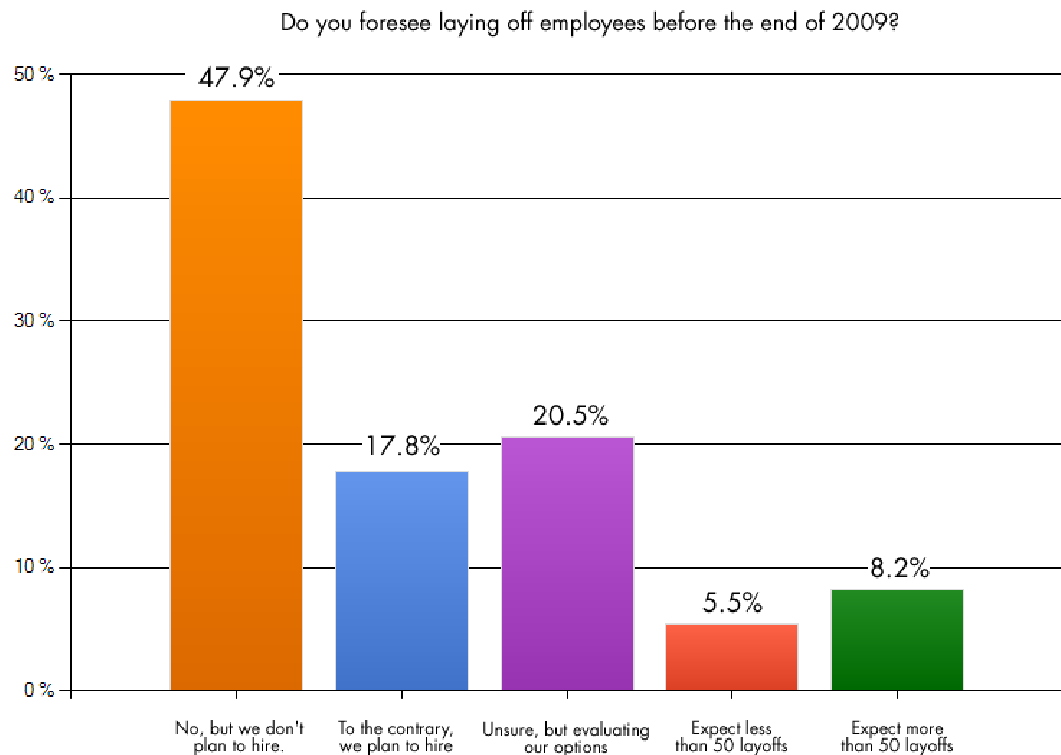


As you read through the analysis, you will find some interesting contrasts by organization size. We found this to be very telling about outplacement practices, and where layoffs may come.

2- Do you foresee laying off employees before the end of 2009?

Over 65% of respondents did not expect to reduce personnel before the end of this year, but only a small percentage (17.8%) plan to hire, leaving a whopping 47.9% with no plans to hire. On the other hand, 13.7% of respondents expect to layoff staff, and 20.5% have not made up their minds and continue to evaluate alternatives.

This data matches well to national forecasts, where most outplacement firms feel that while the worst of reductions in personnel is over, there is still another significant wave of layoffs to be expected by the end of Q4, 2009 through Q1, 2010.



Digging deeper into the data, you learn that organizations with fewer than 100 employees have the largest number of participants that are not looking to hire (55%). This group has no forecasted layoffs, but 30% of organizations in this category are still unsure about their options concerning reductions in force. It is very likely that this group has a less sophisticated approach to forecasting and workforce planning, explaining the aforementioned situation. The group also has the smallest percentage of organizations that will hire with 10%.

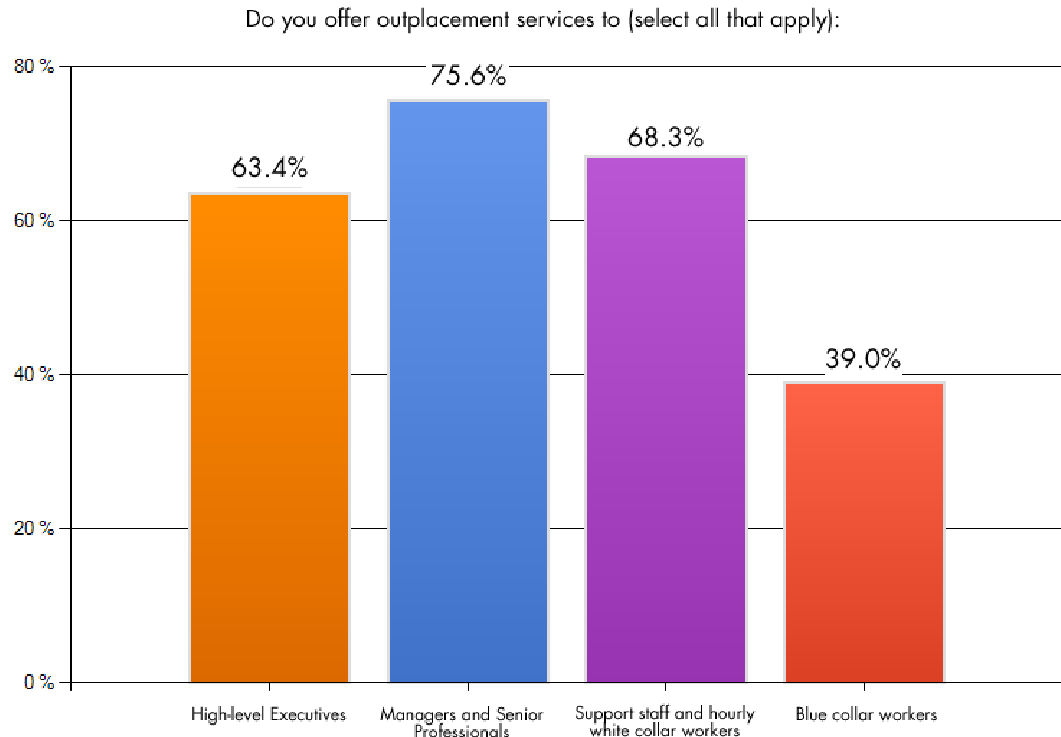
When you look at the data to analyze organizations with 101 to 500 employees, you can see the highest percentage of "planning to hire" with 24.2%, compared with 10% and 18.2% for organizations with less than 100 employees and organizations with over 500 employees respectively. This group also showed a smaller amount of organizations expecting to layoff personnel with only 15.2% when compared to organizations with over 500 employees, although the percentage of organizations in this group still unsure about their plans consisted of 42.4%.

Organizations that employ over 500 people led the group with 27.3% of them expecting layoffs, and a smaller portion of them (13.6%) still evaluating their options. They also represented the second smallest percentage of organizations that are planning to hire before year's end with only 18.2%. Nearly 41% of organizations in this category are not planning to hire employees.

3- Who receives outplacement services?

Of the 75 respondents in this survey, 41 organizations (54.7%) offer outplacement services. In the over 500 employees category, a total of 68.2% of companies offer outplacement services; leading the practice when compared with the percentages of 48.9% and 50% respectively in the groups of 101 to 500 and fewer than 100 employees.

The overwhelming majority of the organizations that offer outplacement do so for executives, managers and professionals, and support staff and other hourly-paid professionals. Only 39% of these organizations offer outplacement services to blue collar workers. Overall, more organizations in the over 500 employees category offer outplacement services to a larger segment of their workforce when compared to those in the 101 to 500 employees category and the under 100 employees category.



In the over 500 employees category, 31.8% of organizations offer outplacement at all levels; 80% offer these services to executives, 66.6% offer them to managers and senior professionals, and to support staff and hourly white collar workers. Blue collar workers had a significant participation with 60%, compared to the across the board rate of 39% in the whole survey.

93.8% of organizations with 101 to 500 employees offer outplacement services to managers and senior professionals, with 68.8% going also to executives. The support staff and hourly white collar workers receive these services in 68.8% of the organizations in this category, while blue collar workers receive services in 37.5% of them.

Executives receive outplacement in 30% of the respondents within the fewer than 100 employees category. However, 60% provided outplacement services for managers and senior professionals. 60% of organizations in this group provide services to support staff and hourly white collar workers and 30% does this too for blue collar workers.

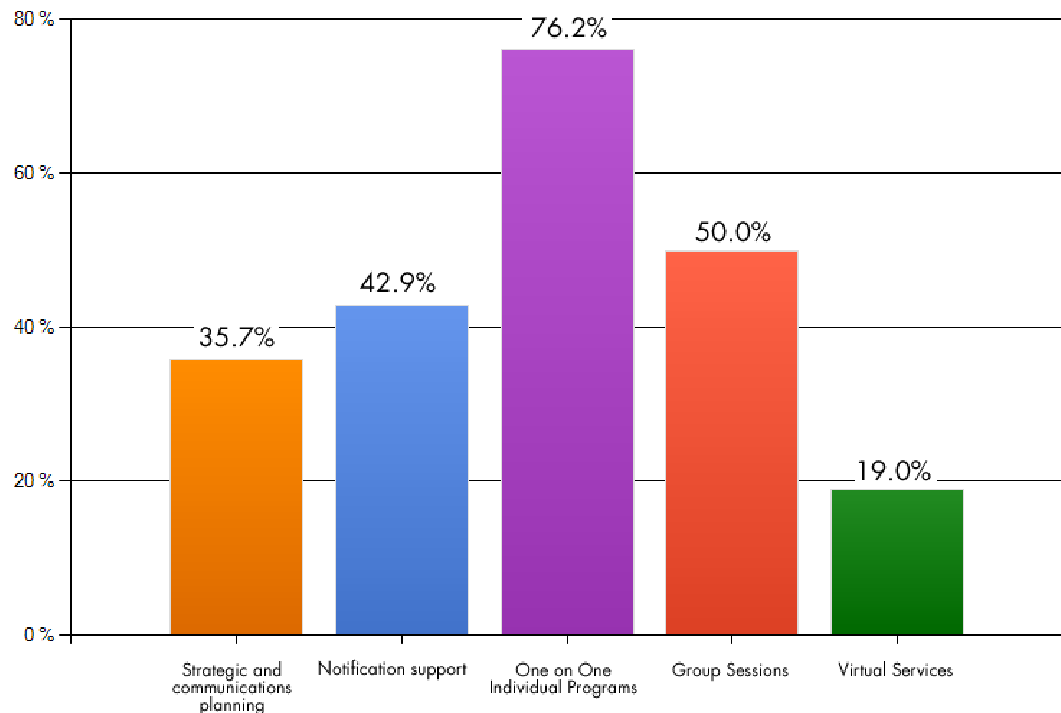
4- Types of outplacement services used by organizations

Over 76% of respondents that use outplacement selected one-on-one individual programs as their top service choice. A distant second was group sessions with 50%. On-site notification support

services were utilized by 42.9% of respondents and 35.7% retained strategic communications and planning services. Virtual services were utilized by 19% of respondents.

These results are aligned with program participant surveys within the CPI Partner group, where 98% responded that their Career Coach (the main element of individual programs) was an "important" or "very important" component of their programs, compared with 50% for seminars and events.

What outplacement services do you utilize (select all that apply):



One-on-One Individual Programs – 94.1% of respondents in the 101 to 500 employees category offered some kind of individual program, ranking highest in the survey. In second, the respondents with fewer than 100 employees came in with 70%. Organizations with over 500 employees came at a distant third with only 60% of respondents offering individual programs.

Group Sessions – The top performer here was the over 500 employees category with 66.7% of respondents offering group sessions of outplacement services. Organizations with 101 to 500 employees utilized group sessions in 47.1% of them. Likewise, smaller organizations (fewer than 100 employees) demonstrate a strong preference for individual programs, where 70% respondents affirmed their utilization of these services, as opposed to only 30% or respondent utilizing group sessions.

Notification Support – This service was utilized evenly by the fewer than 100 employees and the over 500 employees categories with 50% and 53.3% utilization. Less than a third (29.4%) of the respondents in the 101 to 500 employees utilized this service.

Strategic & Communications Planning – Nearly a third of respondents in the fewer than 100 employees and in the 101 to 500 employees groups use strategic and communications planning

services (30% and 29.41% respectively). However, organizations with over 500 employees show a remarkable increase with 46.7% of them utilizing these services. This can be explained by a more sophisticated and strategic approach to corporate communications in larger organizations.

Virtual Services – Not surprisingly, organizations in the fewer than 100 employees category have only a small percentage of respondents (10%) making use of virtual services. The 101 to 500 employees group seems to also have a slow adoption rate with 17.7% of respondents asserting they utilize virtual services. Organizations having more than 500 employees have a 26.67% utilization of virtual services, although we are certain this figure will increase steadily over the next few years.

Glossary of Outplacement Terms

One-on-One Individual Programs: These programs are often utilized in executive, manager, professional and some white collar non-exempt workers. Participants are assigned a Career Coach that guides them through the program, providing insight to career options, marketing strategies, networking skills, preparing resumes, job search strategies, interview coaching and job offer negotiation, among other things.

Additional Programs: Service providers like Newland Associates offer alternatives to those program participants that elect other avenues for their future. These include retirement coaching programs, self employment and entrepreneurial coaching.

Group Sessions: These highly interactive sessions are usually one to three days long and are often utilized for blue collar workers, white collar non-exempt workers, and sometimes at the manager and professional level. They follow the same pattern and content of the individual programs but are delivered in a group environment. Groups are usually small enough to be handled by a Career Coach in such a manner that some personal attention can be directed to individual needs of participants.

Virtual Outplacement Services: Delivered through a state of the art online career transition portal, encompassing the components of traditional outplacement programs with a more self-service approach. There is often direct contact with a Career Coach, which can happen in person or via telephone for a blended service approach (see below).

Blended Outplacement Programs: There are various combinations entering the market. Primarily, group programs followed by additional one-on-one time with a Career Coach and/or access to online career transition portals, or virtual outplacement services with a component of one-on-one services.

Notification Support and Training: A Career Coach will be on-site to aid in the process of notifying employees about their layoff. Firms will also train clients in proper notification practices. This support is critical to ensure that mistakes are less likely in the process of notification. It also helps the departing employees to focus on their future sooner, mitigating risks for the employer.

Survivor Workshops: Often called change management sessions, these workshops are conducted with employees that survive a layoff; in other words, those who will remain employed. They are used as a stress release valve where employees can express their thoughts and emotions through a non-management outlet. These programs are a great tool to help employees regain focus and rally behind the organization and their future together.

Strategic and Communications Planning: Organizations unfamiliar with significant reductions in force will utilize the expertise of outplacement firms to plan layoffs including timing, logistics, location, team coordination, etc. Outplacement firms are also utilized as a sounding board when crafting messages to departing employees, those who will continue in the organization, the media and the community in general.

For more information,
please contact Newland Associates, a CPI Partner
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or email info@enewland.com

Thank you!