

WORKING

EMPLOYMENT CLASSIFIED INSIDE

WEDNESDAY

Pack your own



If you can get a severance package up front, it can ease the fall if and when it comes

By **Rebecca Theim**
Special to the Tribune

The steady drumbeat of corporate layoffs, the dot-com collapse and the sudden and unexpected downfall of companies such as Enron and Andersen are creating a new priority for workers savvy enough to think about it upfront: expanded severance.

"Fifteen years ago, we were talking about lifetime employment," said John Bremen, a compensation consultant in the Chicago office of human resources consulting giant Watson Wyatt Worldwide. "Five years ago, it was all about the signing bonus. And now, it's all about the post-termination severance agreement."

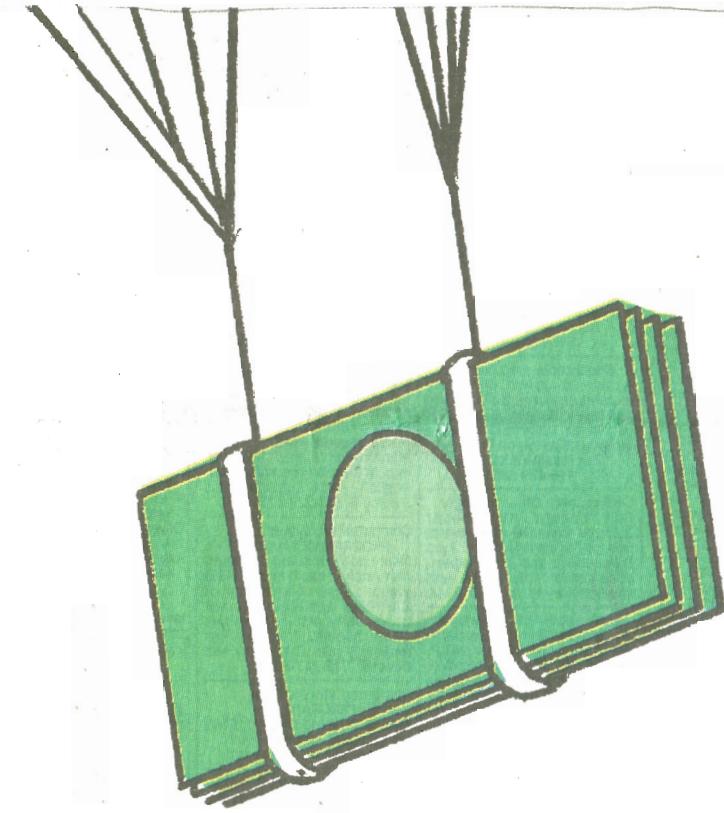
"More clients have called me about this issue since the beginning of this year than in the previous 10 years."



Survey Lee Hecht Harrison found that nearly half of 925 corporations it polled have revised their severance policies in the past three years, with more than two-thirds of those instituting a more generous payout. The survey also found:

- Seventy-nine percent of responding organizations had company-wide severance policies.

- Rank-and-file employees receive a median minimum of three weeks of severance



parachute

severance agreements continue to be available primarily to management and difficult-to-find specialized talent, experts say that employers and employees alike are beginning to view severance negotiation as an inevitable outgrowth of today's less-secure work world.

E-recruiting service TrueCareers, a subsidiary of Sallie Mae, found that 63 percent of 1,100 job seekers it surveyed last fall ranked severance as one of the most important pre-employment provisions to be negotiated. Almost 20 percent said a bad experience with a previous employer made them more aware of their vulnerability and more intent on securing severance.

And in a November 2001 update of its triennial survey of corporate severance policies, human resources con-

1995 and 1998 surveys) and a median maximum of 26 weeks. Comparable numbers for corporate officers were four and 36 weeks.

■ Thirty-six percent of organizations enhance their severance payments under certain conditions, including downsizings and mergers or acquisitions.

■ Almost one-quarter allow employees to still receive their bonuses if they are downsized before bonuses are distributed.

The new policies recognize the fact that if a job doesn't work out it's often not the employee's fault.

"In today's work world, the risk employees assume when they go to a new job is less contingent on their ability and more on their fit with a boss, a culture and a business

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Departures increasingly temporary

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strategy," said Andrew Birol, president of Solon, Ohio-based Birol Growth Strategies, Inc. "But bosses, cultures and strategies change constantly now, and individual employees have little control over that. Severance is the insurance policy against getting caught by those types of changes."

Companies are gravitating toward more generous severance allowances—along with other benefits that lessen the downsizing blow, such as outplacement and formalized alumni networks—because today's more mobile and specialized workforce means employer-employee paths frequently cross again, some experts said.

"What do laid-off employees become?" asked Kathy Battistoni, a partner in the HR Performance Practice of Chicago-based consultancy Accenture. "Future customers of the company they're leaving, influencers of the company's clients, ambassadors of the organization and, in today's world of mergers and acquisitions, very possibly an employee again.

"Treating former employees well goes to the basic business principle of not burning bridges, particularly in our mobile, networked society."

Evidence exists that companies that provide better severance help preserve their reputations as good places to work. For example, six companies on Fortune magazine's most recent "Best Places to Work For" annual survey had substantial layoffs last year.

The difference between them and other companies? They offered severance packages of up to one year of pay, outplacement or re-training allowances and continuation of most benefits. "During layoffs, not one person I spoke to had a bad word to say about Cisco," an employee wrote in his Fortune survey after the company provided six months of severance to 5,500 employees downsized last year.

Prospective employees need to ask about a company's severance policy at "the same time you find about salary, health insurance and vacation," Watson Wyatt's Bremen said.

"Eighteen or 36 months ago, if candidates asked about severance, they'd get all kinds of

questions like, 'Why would you ask about that? Aren't you planning to stay with the company very long? Don't you think you're going to work out?' But the sheer number and severity of layoffs in 2001 and 2002 means companies simply aren't in a position to ask those questions anymore."

Whether a job candidate will be successful in negotiating a customized, more generous up-front severance package depends entirely on his or her perceived value to the organization, experts said.

"Candidates must be in a position of power to get expanded severance," said Penny Queller,

Chicago-area vice president for Adecco S.A., one of the world's largest staffing and employment companies. "This could be because the demand for their skills is quite high or because of some other specific issue, like they're coming from a competitor."

The current ample labor supply also makes it more difficult for job candidates to secure expanded benefits, but that trend could easily shift again, Queller and other industry experts said.

Companies expect managers and executives to seek severance agreements because of the longer time it generally takes to land management-level jobs, said Peter Goodman, president and chief executive of career-coaching service My Job Coach in Washington. Outside the executive suite, however, employees with specialized skills or those leaving a good job—particularly if they're relocating—are in a strong bargaining position to secure expanded severance, he said.

"Let's say you're a mid-level professional and you have some unique skills," said Goodman, author of "Win-Win Career Negotiations: All You Need to Know About Negotiating Your Employment Agreement" (Gut Instinct Press, \$14.95).

"You're in a great position to say, 'Hey, look, because I'm relocating, I'd like some kind of security so if circumstances beyond my control happen, I have 60 days or 90 days to get back on my feet.'"

"But to win the severance game, you've got to play the game, you've got to ask for it, you've got to be aggressive."

"The key to severance is that if you don't ask for it, you probably won't get it."