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Turn Departing Employees into Loyal Alumni A holistic approach to offboarding

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Turn *Departing* Employees into *Loyal* Alumni

PHOTOGRAPHER TOM HEGEN

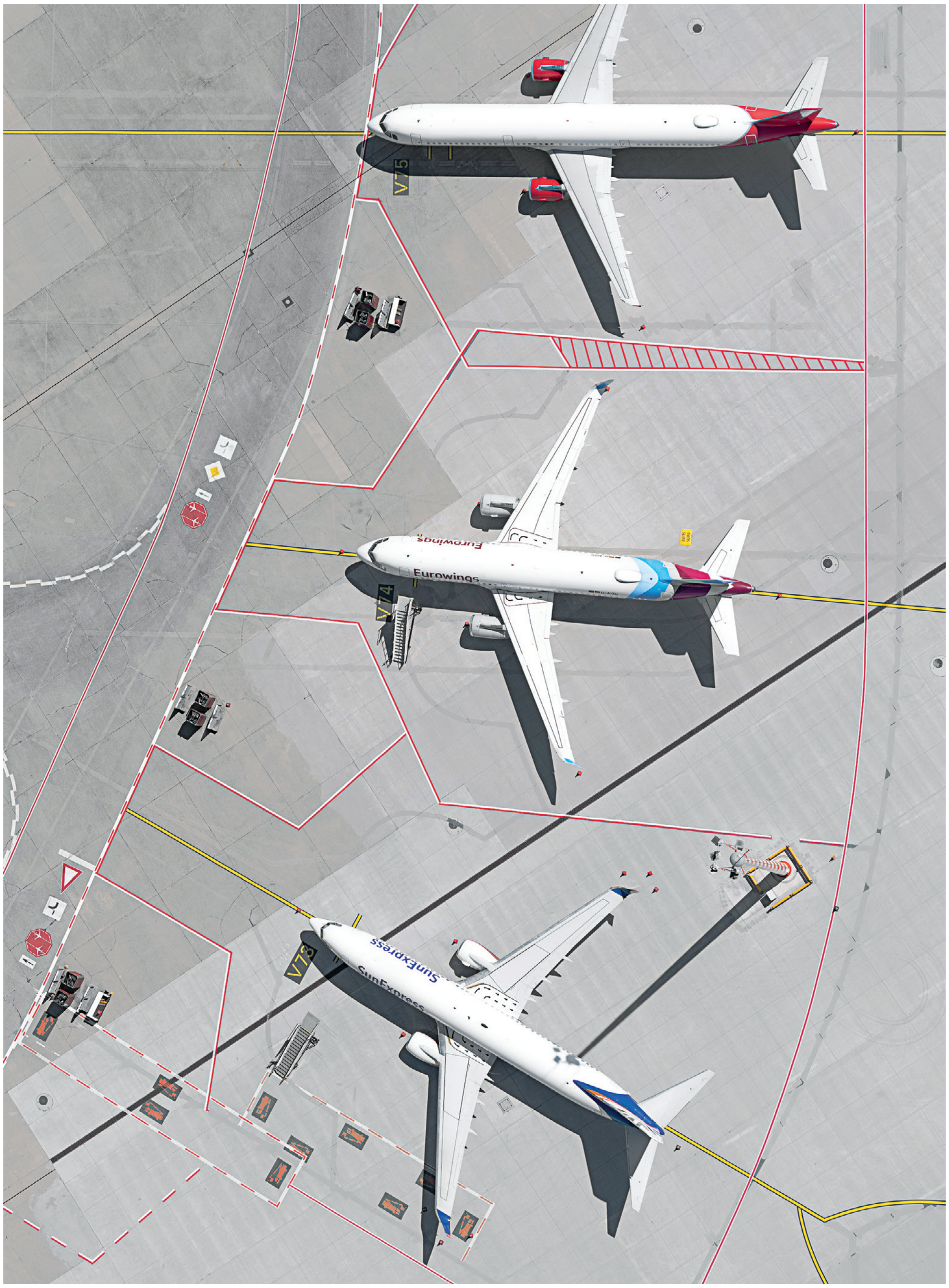
A holistic approach to offboarding

IDEA IN BRIEF

THE PROBLEM
Organizations devote a great deal of attention to onboarding—but very little to offboarding. That's shortsighted given the growing churn in the workforce today.

THE OPPORTUNITY
A well-managed offboarding process can turn employees into loyal alumni who become customers, suppliers, boomerang employees, mentors to current workers, and ambassadors for the firm.

THE RECOMMENDATIONS
Companies should prepare for employees' departures well in advance, recognize people's contributions when they leave, conduct thoughtful exit interviews, provide support for the transition (tailoring it to individuals' needs), and create formal programs to keep alumni connected to the organization.



Organizations spend a great deal of time and resources bringing new hires aboard and retaining employees, but very little effort and few resources go toward offboarding.

ABOUT THE ART

Tom Hegen is concerned about the impact of human intervention on the Earth. His airport photography provides a new perspective on the often chaotic experience of travel, revealing a sense of order that becomes apparent at a distance.

Employees who leave may receive a perfunctory exit interview, instructions for handing off assignments, and a pro forma description of postemployment benefits and resources—but that's about it. Sometimes they encounter impatient or rude managers; at the extreme, they may even be treated as traitors by their former bosses and colleagues.

The lack of attention to the exit process is a mistake. Even before the pandemic caused millions of job losses, the labor market was in a state of growing flux. Average job tenure in the United States has shrunk to about 4.1 years, according to the Bureau of Labor Statistics, and employee turnover is on the rise. It's time for organizations to think more carefully about offboarding. They should approach it not only as an increasingly necessary part of talent management but as an opportunity to create long-term value.

Management consulting firms have long led in this regard by treating exiting employees in much the same way that a university handles its graduating students—assisting in the transition, setting up departees for future success, and staying in touch through an alumni program. The incentives for consulting firms are too obvious to ignore: Former consultants become future clients. We believe that similar incentives exist for companies in other industries, too, where alumni may become customers, suppliers, boomerang employees, mentors to current workers, and ambassadors for the brand. A 2019 report by PeoplePath (formerly Conenza) and Cornell University indicates that about a third of corporate alumni maintain connections with previous employers as clients, partners, or vendors—and that 15% of new hires come from alumni rehires and referrals.

We have undertaken an extensive study of best practices for offboarding programs that facilitate successful transitions. Along with our own research on turnover and employee flow, we reviewed more than 125 academic and practitioner articles published from 1980 to 2020 that focused on transitions out of an organization. We compared this scholarly work with company websites, newspaper and magazine articles, and interviews with HR professionals. The offboarding recommendations that resulted, which we summarize here, apply to employees who leave a company in good standing—those who depart voluntarily or are let go because of redundancies. Our main findings indicate that savvy companies prepare for offboarding long before an employee's exit, and they approach it in a strategic, data-driven, and flexible way.

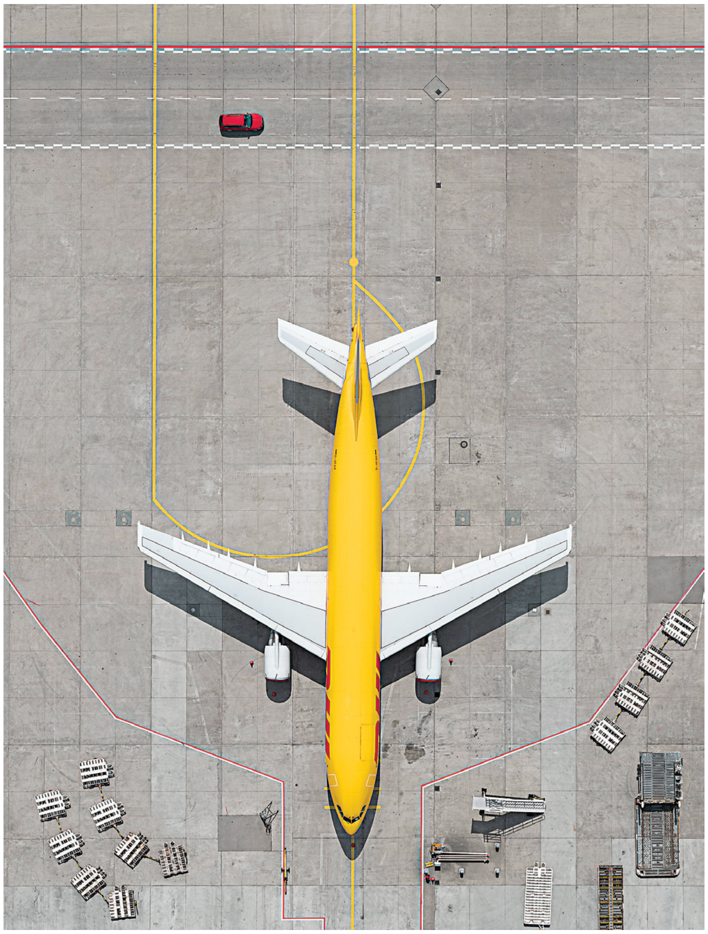
More Than Just Compliance

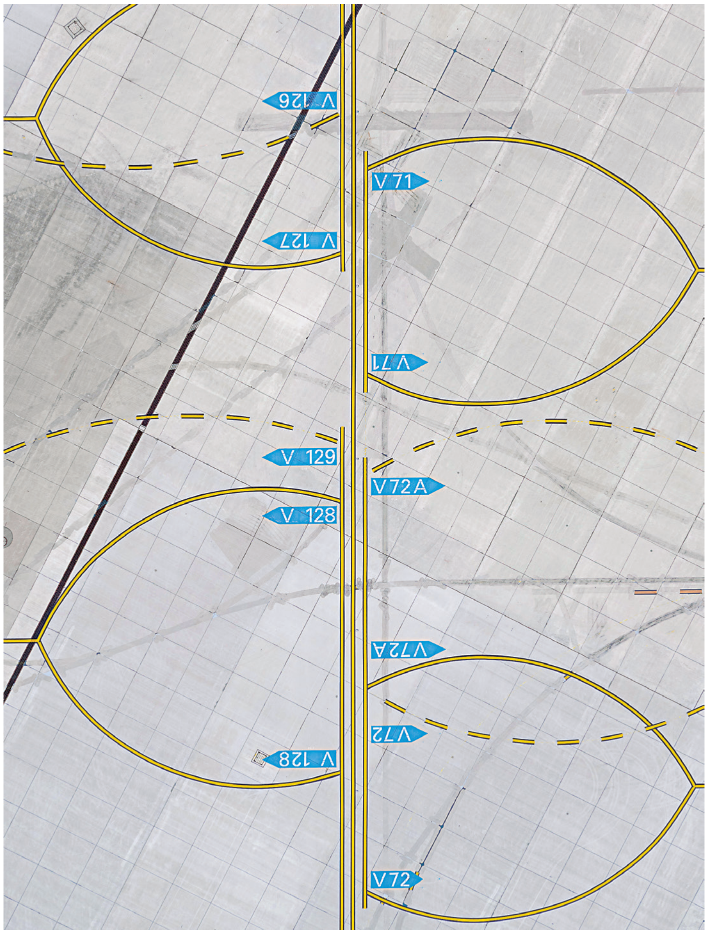
The extent to which a company invests in offboarding programs depends on its strategy, culture, budget, and turnover rate, as well as the industry it's in. But a foundational concern for every company is to ensure that all legal obligations are met when an employee departs. A carefully designed offboarding program can help protect the firm from potential litigation by establishing guidelines and systematic processes for managing employee exits.

Legal compliance is just the beginning, however. Holistic offboarding programs need to be integrated and aligned with the company's HR and talent-management policies. This involves establishing objectives for the offboarding program that support the company's talent needs. The size and scope of the organization matter, as do the skill requirements for its workers and the demand in the market for people with those skills. As George Sample, the human resources business partner manager at the Federal Reserve Bank of Cleveland, says, "The tighter the competition and the tougher the battle for talent in your industry, the more imperative it is to have dedicated and thoughtful offboarding efforts."

The best offboarding plans are also informed by a company's mission, vision, and culture. The way that management treats exiting employees sends a clear message about whether the organization lives up to its espoused commitments and values. "Companies strive to create an outstanding experience when someone enters the organization," says Mike Quinn, senior vice president for integration at the chemicals company Synthomer. "Similarly, when somebody is exiting the organization, even under trying circumstances, you want to be sure that the process and experience reflect the overall culture of the organization."

Building a humane and well-run offboarding program can have a considerable impact on people's impression of a firm's commitment to its workers. The behavioral scientist and Nobel laureate Daniel Kahneman has documented the "peak–end rule," which holds that people judge an





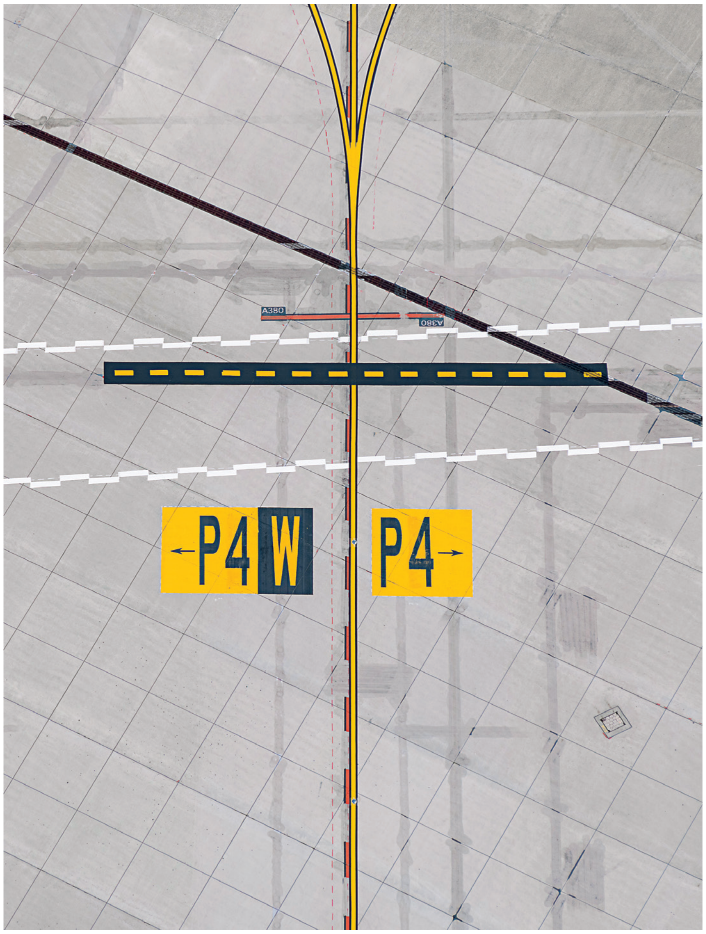
experience largely by how they felt at its peak—its most intense point—and at its end, rather than thinking about the sum total of the experience. This means that employees may pay more attention to how companies manage exits than to how they welcome new hires—and goodwill between a departing employee and an employer can instantly be undone by a poorly handled offboarding. "When people leave, they are going to talk about the company and the way they were treated on the way out," Quinn says. "You want them and your current employees to realize that people are treated well even when they leave."

Planning Ahead for Exits

So what does a holistic offboarding program look like? Somewhat paradoxically, exemplary companies pay continual attention to offboarding rather than approaching it as a singular event. Their programs go far beyond a well-executed exit interview and the clean handoff of work and responsibilities. "It is important to lay the groundwork for exits early on," a partner at a major corporate law firm explained to us.

Indeed, companies should begin their offboarding programs at the moment of hiring. Managers can tell newcomers that they hope all staff will stay until retirement but, because that isn't always realistic, resources exist to help employees build their careers both inside and outside the organization. Career discussions can then continue throughout employees' tenure, with managers acknowledging that individuals may sometimes need to go elsewhere to fulfill their goals.

Such frankness will be a big shift for many companies. Too often, career-development conversations are inhibited by a stigma about turnover. But employees are not blind to the fact that, with a few exceptions, the era of the "company man" (or woman) is over. They know they will probably have to switch jobs several times during the course of their career. Indeed, many talented mid-career executives are attracted to what LinkedIn cofounder Reid Hoffman calls a "tour of duty" appointment, in which the term limit and the expectations for personal and organizational growth are predefined.



Due to their "up or out" culture in which few associates go on to make partner, management consulting firms and law firms are particularly adept at making employees feel valued while also acknowledging the likelihood that most people will leave for another opportunity at some point. Many of these firms share details of their offboarding program with prospective hires and incoming associates—just as they share information about training, development, and rewards programs. In fact, McKinsey & Company employees are enrolled in the alumni network as soon as they join the firm, rather than when they leave.

Recognizing that "nothing lasts forever" allows employers to have more-honest conversations with employees about their careers. For example, in his various executive roles over the years, Quinn has tried to create a climate in which employees feel safe sharing sentiments such as "I am not sure this is the right place for me anymore." He encourages managers to respond with this message: "You are valued and we would hate to lose you, but if you want something we cannot give, we will support your exit and help you prepare for the next steps in your career." Quinn acknowledges that this approach is not always popular with others on his top management team. His goal, however, is not to retain every single employee but to treat people respectfully, do what's best for them, and, in the process, keep morale and productivity high.

When managers talk to subordinates about professional growth, they can back up their words with actions. They might give employees challenging assignments that will bolster their résumés, introduce them to external colleagues for networking purposes, or establish internal mentors and coaches who can serve as a point of contact if an employee decides to leave the organization. Some companies also offer "outskilling" programs to help people advance their careers by gaining skills that will make them more attractive to hiring managers both inside and outside the firm. For example, Amazon's Career Choice program pays fees and tuition and offers courses in certain fields of study for Amazon associates. Similarly, the Archways to Opportunity program helps McDonald's employees—and sometimes their families—to earn degrees, improve English skills, and plan their careers with an adviser.

A regularly updated succession plan for mid- and senior-level staff may also be a useful part of a holistic offboarding approach because it can help spark conversations about whether subordinates have a viable path for advancement in the company. (Of course, succession plans are also just generally a good idea for ensuring continuity during transitions.) Discussions about advancement can happen formally as part of the talent-management process or be informally initiated by managers within the established guidelines of offboarding programs. For instance, when Tom Williams, then the senior vice president of store operations and human resources at Jo-Ann Stores, told a deputy that he planned to retire in five years, it started a conversation that eventually led to her departure, because she wasn't willing to wait that long for an opportunity to move up. "I helped her get a job leading HR somewhere else because she was really good," he said. "You may wish people would stay, but if they can get a bigger and better job somewhere else, why wouldn't you help them on that path?"

An approach to talent retention that includes receptivity to departures may seem startlingly progressive, or even utopian, but the benefits are not one-sided in favor of workers. Preparing for offboarding during employment can help keep managers from being blindsided by staff turnover. Companies can collect data to track employees' satisfaction and intentions to leave, which helps with human resource forecasting. That in turn allows leaders to be transparent about their expectations for staffing needs and likely turnover, which helps set the stage for amicable separations.

Furthermore, too little openness can hurt an organization, as we found in our research. Take the case of a recruiter we interviewed who had previously worked at a consumer products firm where management viewed employees who left as disloyal. If you took a job elsewhere, he said, they would never want you back, which made talking about the possibility of leaving taboo. Had the company been more open and understanding about departures, this recruiter told us, it would have turned him into an advocate for the firm after he left. Instead, when people reach out to ask him about working there, he replies: "I have to be honest—I can't recommend it."

Managing the Exit

Even in today's fluid labor market, leaving a job can be a scary experience. Amicable separations depend on offboarding practices that acknowledge departing employees for their contributions to the firm, support them by providing training and other resources to assist in their transition, and help the employer capture and integrate feedback from them.

To recognize an employee's contribution, managers should be given resources to host a party or public thank-you. Depending on the corporate culture, some organizations do even more to frame departures in a positive light. Some affectionately describe retired employees as having emeritus status—a reference to the honor that universities bestow on distinguished faculty members who retire. When associates resign from Apple stores, employees gather to applaud and cheer them as they leave. At HubSpot's offices outside of Boston, exiting employees are treated to a "graduation party" (obviously, we recommend such language only for voluntary departures). If the company has a formal alumni program, the occasion of someone's departure may also be a good time to officially welcome him or her to the alumni group.

In the case of layoffs, severance pay can go a long way to financially support those who are let go, but companies should also attend to employees' primary concern, which is almost always finding a new job. Offboarding programs can help with that. For example, when people leave Airbnb—either voluntarily or through layoffs—their profiles can be added to the alumni talent directory, which helps them find new work opportunities. Many companies also offer outplacement services to terminated employees: These can include job-search coaching, career assessment, assistance with individual brand development (such as help with LinkedIn profiles and résumés), and financial planning. The most progressive offboarding programs also offer counseling and other types of psychological support to help manage the emotions associated with being displaced.

Of course, offboarding provides an opportunity for employers to learn too. Companies should gather data by using best practices for exit interviews, such as timing them appropriately, standardizing questions, and ensuring that the information collected will be confidential and used to change practices and policies when necessary. These conversations are also the right time to address expectations for staying connected, if those haven't already been discussed. Finally, by asking departing employees about their impressions of the company's offboarding program, exit interviews can help the firm better manage departures in the future, creating a virtuous cycle. Follow-up interviews can be scheduled three to six months later to assess whether employees felt

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supported not just through their exit but in the transition to their next chapter. (For a comprehensive guide to exit interviews, see the April 2016 HBR article “Making Exit Interviews Count,” by Everett Spain and Boris Groysberg.)

One more note: When employees leave, some companies ask them to sign nondisclosure agreements as a condition for accessing severance pay and other benefits. Bloomberg is one high-profile example; it follows this practice to prevent former employees from talking negatively about the organization. Some departing employees may also be bound by noncompete agreements that they signed when they were hired and that restrict their employment options after they leave. We recommend against using such contracts for anything other than protecting intellectual capital and proprietary information, to avoid signaling a lack of trust.

From Employees to Alumni

Many companies now treat employees as if they were university students: They outfit offices with Ping-Pong tables, beanbag chairs, and other trappings of collegiate life; they provide free food and give out athleisure wear emblazoned with the company’s logo. But of all such college-inspired benefits, a strong alumni program does the most to demonstrate an ongoing commitment to employees’ careers and well-being.

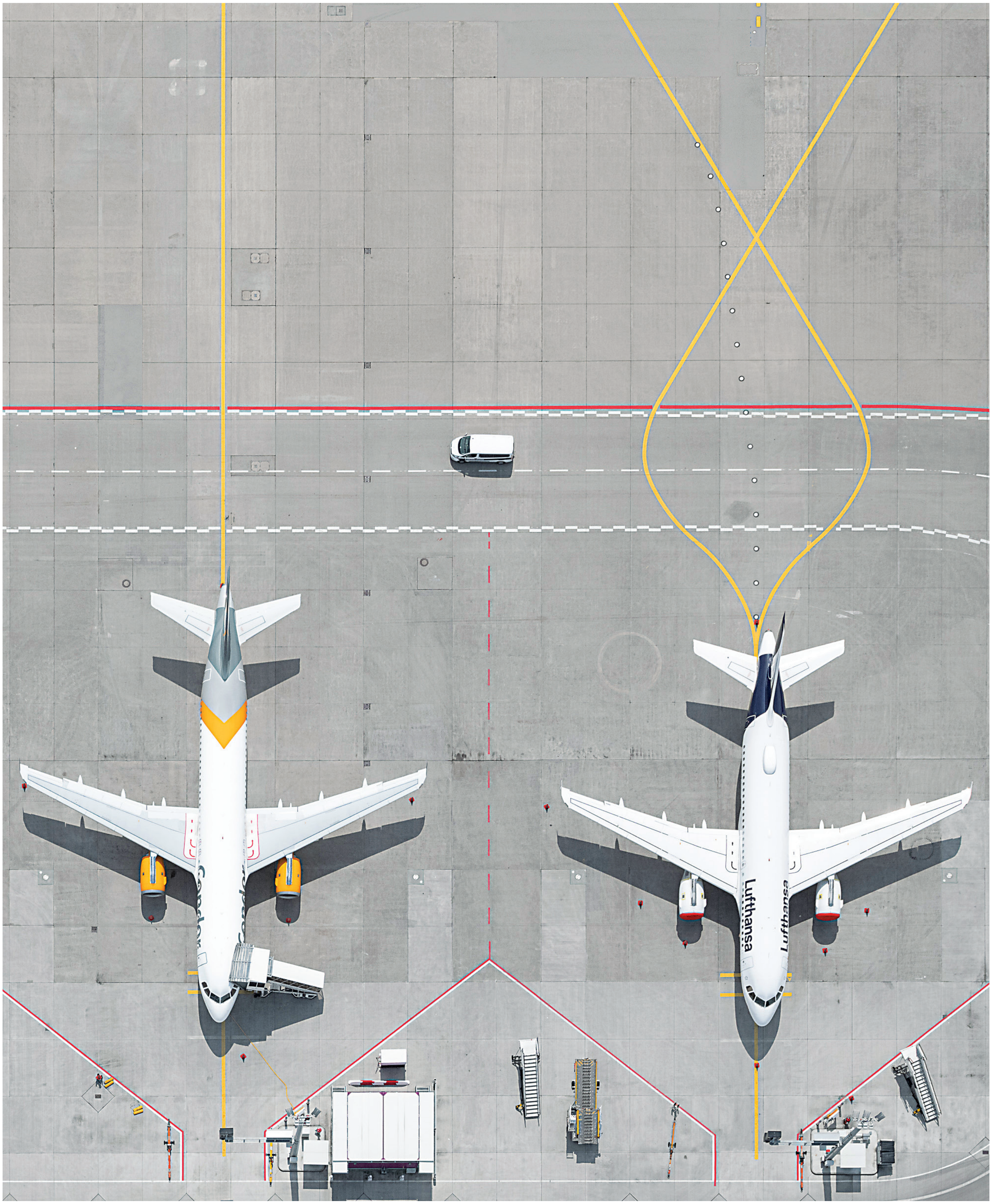
Corporate alumni programs come in various shapes and sizes. Some are overseen by company staff and have specific membership guidelines and fees; in other cases, firms simply create online groups and allow former employees to take the lead in maintaining the network and connections. The most ambitious companies offer an entire alumni infrastructure. Boston Consulting Group, Microsoft, and Deloitte use social media, dedicated alumni websites, and company newsletters to keep former employees in touch with the organization. Such platforms can be used to spotlight the achievements of both alumni and current employees, which many of our interview subjects singled out as being particularly inspiring. For example, the Federal Reserve Bank of Cleveland’s Sample told us that even more than a decade after leaving a previous employer, “I still feel connected to the people I worked with there by seeing news about their milestones within the company or their successes in the places they have moved on to.”

Another way to engage alumni is to include them in professional development workshops and speaker series. These can be presented through webinars and podcasts so that alumni all over the world can participate. The content is often tied to real-world events. In April 2020, for instance, in the midst of the Covid-19 pandemic, Boston Consulting Group invited alumni to a virtual town hall to learn about managing through a global crisis. Notable alumni may also be brought back to discuss career-related topics. For example, P&G recently hosted a podcast for its alumni network titled *Learning from Leaders,* featuring former employees as speakers. Some companies also offer material targeted specifically to retirees, as many seek volunteer positions or paid employment after leaving an organization.

Perhaps most importantly, alumni programs create opportunities for maintaining social connection through fun events such as happy hours and reunions. Consider eBay, which hosts dinners for “the Class of xxxx” (fill in the year) to bring together current and former employees who joined the company during the same period. Reunion events also offer an opportunity for top management to update alumni on the firm’s direction and strategy—and to invite feedback. At consulting firms, these alumni sessions can be quite candid—consultants, after all, are rarely shy about offering their opinions about how a firm should be run.

Another strategy for forward-thinking companies is to offer alumni extended access to employee perks like discount programs and employee-assistance programs. LinkedIn gives each alum a premium subscription to its platform. Nestlé has an Alumni Discount Program that provides reduced pricing for a host of goods and services, including electronics, travel, cars, and entertainment. The National Football League shares benefits and wellness programs with alumni and their families. EnterpriseAlumni, which powers alumni programs for companies of all sizes, recommends engaging former workers by providing opportunities for them to volunteer or otherwise take part in community activities.

These sorts of initiatives make good business sense. Our interviews, like earlier studies, revealed that employees who are involved in alumni programs are more likely to act as referral sources or to return to work for the company in some capacity. Some firms, such as Deloitte, even incentivize such behavior by offering cash rewards to alumni for successful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referrals. Companies also tap alums for project-based work, paid mentoring, and even full-time career opportunities. For instance, Booz Allen Hamilton uses its database of information about former employees to fill short-term, temporary, and project-based staffing needs. Chevron offers what it calls the Bridges program, where alumni can sign up for contract assignments and consulting opportunities. TravelCenters of America also happily rehires alums; according to Christian Perez, a recruiting supervisor at the firm, "We have a program to reach out to great performers who voluntarily left to pursue other opportunities. This 'boomerang initiative' reminds these former team members that we valued their contributions when they were with us and that TA's doors are always open for them. Existing knowledge of our business practices is very valuable when we look to recruit talent."

Research suggests that more employers could benefit from offering structured alumni programs. According to the report from PeoplePath and Cornell, companies with formal alumni programs are perceived more favorably by employees than other firms are; their Glassdoor ratings average 16% higher. Yet most firms seem to be missing out on this opportunity to bolster their brand. A 2009 study done for the University of Twente found that while only 15% of companies surveyed had formal alumni networks, 67% had employees who organized informal alumni groups on their own. LinkedIn hosts more than 118,000 corporate alumni groups, but most have no formal relationship with their "alma mater" firms. The result is that many former colleagues connect in groups that are outside the control of the organization they once worked for.

A Customer Service Mindset

Offboarding cannot be one-size-fits-all. Not all departing employees will have the same needs, nor the same appetite for engaging on their way out the door. Although an offboarding infrastructure is essential, so too is the discretion of HR personnel and unit managers handling staffers' departures.

The process may look different depending on the type of employee leaving, his or her next destination, and the circumstances surrounding the departure. For instance, full-time and part-time employees may get differing treatment: Many firms offer a limited offboarding program to the latter. A senior leader who retires might welcome not just guidance regarding health care benefits and company-sponsored retirement programs, but also reassurance that her responsibilities will be smoothly handed off and her legacy will be secure. A valued employee who leaves for a competitor cannot be privy to the same information sharing and collaborating as someone who is leaving the industry, but he might be told that his contributions were appreciated and that the door remains open for a return. A parent who exits to stay home and raise children might remain interested in future job opportunities and alumni content. And someone laid off unexpectedly might care most about how the company can help him maintain access to benefits and find a new job—whether through traditional outplacement services or through connections to leaders or recruiters in other industries.

Ideally, offboarding programs will also be versatile enough to deal with external factors that influence employee turnover. The law firm Sidley Austin provides a good example: Early in 2020, in response to the Covid-19 crisis, it began offering exiting employees and alumni more resources related to work-life balance and mental health.

DEPARTURES ARE OFTEN emotional events, but a holistic, well-designed offboarding program can ensure that heightened emotions don't prevent an orderly transition. Putting such a program in place will minimize the cost of turnover and create long-term value for both the company and those leaving. As a partner at a major corporate law firm told us: "The relationship with an employee is complex; it does not end just because the employment relationship is coming to an end." Employee offboarding should therefore not be an afterthought; it should be a well-integrated component of the talent-management plan, using data and information from employees to drive decisions. In today's work environment—where people frequently move from one company to the next—thoughtful offboarding has become a strategic necessity.