A HISTORY OF THE OUTPLACEMENT INDUSTRY 1960-1997
FROM JOB SEARCH COUNSELING TO CAREER MANAGEMENT
A NEW CURRICULUM OF ADULT LEARNING

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(ABSTRACT)

This study traced the history of the outplacement industry from 1960 to 1997 through the stories of seven outplacement firms, the three organizations that emerged from the industry and the changes that occurred in the design and delivery of outplacement services. The history was studied in the context of the changes that occurred in the social and economic environment that formed the American workplace between 1960 and 1997 and the subsequent impact those changes had on corporations, their employees and the outplacement industry. Outplacement has its roots in the job search counseling service designed and delivered by Bernard Haldane following WW II to assist veterans with their reentry into the post war workplace. In the 1960s, entrepreneurs expanded Haldane’s service to include consulting with corporate managers on how to terminate employees, remove them from corporate payrolls and support their job search efforts until they found new positions. They called this service outplacement.

The primary data for this study came from personal interviews with industry founders, leaders and practitioners, the archives of the AOCFI, industry newsletters and published materials. The study traced the changes that occurred in the reasons corporations purchased outplacement services and the affect those changes had on the way corporations bought and distributed outplacement services for their terminated employees. The study traced modifications outplacement firms made to their services in response to corporate demands and the affect those changes had on the future of the industry. The study traced the evolution of outplacement services from a personal consulting service to a new curriculum of learning resources from which corporate buyers of outplacement services selected services to meet the diverse learning needs of terminated employees. The study traced the growth and decline of the industry, the subsequent
impact on the industry’s trade, professional member and certification organizations and the
difficulties those organizations experienced as they attempted to respond to their members
changing needs.

This study traces a history of the industry from the collected stories of industry founders,
leaders, practitioners and industry archives and relates those stories to the rise and decline of the
outplacement industry.
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CHAPTER 1
INTRODUCTION

Background of the Problem

Teaching professionals how to cope with job loss and make the transition from one job to another is the core service on which a billion-dollar industry has been built. In less than thirty years a new industry, a new occupation and a new adult learning process have emerged. The industry is outplacement. Outplacement may be generally defined "as a consulting and career counseling process that assists both employers and terminated employees in facing transition--organizational change for employers; a new job, career, or lifestyle for employees" (Meyer & Shadle, 1994, p. xi).

The roots of the outplacement industry can be traced back to the post World War II period, when returning GIs sought help from early job search assistance counselors to translate their pre-war and war time experiences into marketable skills. The jobs they left behind no longer existed. Technology and research had streamlined their manufacturing and mining jobs ("Rethinking Work," 1994). Assistance was needed to evaluate past work experiences, translate them into a current labor terminology, write resumes and conduct job searches (Gruner, Speech notes, 1990).

Bernard Haldane is recognized as the first individual to provide job search assistance to returning veterans (Germann, Interview, February 16, 1996; Louchheim, Interview, April 15,1996; Sherrill, February 25, 1996; Troisi, 1993). At the request of his professional association, Haldane conducted research on how people were hired, designed a process to teach the veterans how to find a job and then trained a group of volunteers to provide the assistance. His assistance was then requested by the Mayor of New York to support any veterans of New York requiring job search assistance. Through these volunteer efforts Haldane recognized there was a need for his job search assistance by all levels of professionals, and they would be willing to pay for the support. In 1947, when his work with the veterans was completed, he started his own retail job search counseling business. His business grew, and during the early 1960's he established Bernard Haldane Associates as a "retail" franchise business (Haldane, Interview, April 6, 1996). Through his franchise operations along the east coast, individuals could purchase job
Many of the Haldane "graduates" and associates were the first to recognize the corporate client as a potential market for their services. Saul G. Gruner, a Haldane franchise owner in New York, was one of those early entrepreneurs in corporate outplacement. The support he provided Humble Oil Company in Bayonne, New Jersey, in the early sixties was one of the first known corporate outplacement projects. In 1969, Tom Hubbard purchased Gruner's outplacement practice and established the Thinc Inc. outplacement firm specializing in corporate outplacement services for senior executives (Troisi, 1993; Louchheim, Interview, April 15, 1996).

Other entrepreneurs entered the industry in the 1960s and 1970s. James Challenger started his Chicago based firm, Challenger, Gray and Christmas in 1965 (Meyer & Shadle, 1994). John Drake and Jerry Beam established a private psychological consulting practice in New York City in 1967. In 1974 they acquired capital through the sale of their firm to Harcourt Brace and Jovanovich to create a new business division devoted strictly to corporate outplacement. Robert J. Lee established a private psychological consulting practice in New York City in 1974. By 1976 his corporate outplacement work had expanded to such a level that he recruited Robert M. Hecht from Drake and Beam and formed the Lee and Hecht outplacement firm (Troisi, 1993).

By 1980 there were over 50 known outplacement firms reporting revenues of 80 million dollars. In 1988, there were over 200 outplacement firms (An Analysis of the Outplacement Industry in North America, 1990). The Directory of Outplacement Firms, 1995-1996, lists over 300 firms. Industry revenues have grown from less that $100 million in 1980 to over $1 billion in 1994 (Vines, 1994).

As the industry grew and gained recognition, the leaders of various leading firms recognized they shared mutual concerns about their industry's image; (a) the threats of taxation on industry revenues, (b) the easy entry into the industry by unethical entrepreneurs, and (c) the need for information exchange. In 1982, they organized a trade association, The Association of Outplacement Consulting Firms (AOCF) (Troisi, Interview, March 4, 1996). Over 150 firms now hold membership in this international association representing offices and firms in over 30 countries (AOCFI Worldwide Membership Directory, 1996-1997). The association established a "Professional Code of Ethics," a "Standards of Professional Practice," and defined qualifications for association membership. Until 1995 those qualifications limited memberships to firms
engaged only in corporate outplacement. The association expended major lobbying effort to defeat federal taxation of outplacement fees and managed the coordination and resolution of growing industry issues. While the industry trade association focused attention on common industry issues and their own processes of change, the practitioners within the industry began informal discussions around their desire to gain recognition of their own roles as a unique occupation and their mutual need for professional development opportunities (Gallagher, 1997).

Outplacement, as an entrepreneurial start-up industry, attracted experienced business professionals, professional counselors, and job search consultants. No industry standards of competencies, performance, training or qualifications for entry to the field existed. The outplacement practitioners not only counseled terminated employees through the process of job change, but they also provided advice and counsel to managers on the process of planning and conducting terminations and downsizings and supporting the needs of "survivors" following major organizational restructuring. Outplacement was considered by some to be a new "human resource tool" and therefore, a part of human resource management. Others saw it clearly a part of organizational development (Brammer and Humburger, 1984). The counseling and consulting skills required of the outplacement practitioner were not learned through any formal training programs or university or college curriculums. Nor did they fit within any existing occupational or professional category. What training did exist was unique to a particular firm and sharing of that training and process was discouraged.

There was no formal or informal organization, educational or social, where outplacement practitioners could share information, network, or develop competencies. Many of the practitioners were owners of their own outplacement firms or held leadership positions in larger firms. In these roles, they met through their AOCF trade association meetings. During the 1989 AOCF Conference in Chicago, a group of these practitioners met informally and took significant action to form an association dedicated to the professional development of the outplacement practitioner. The first formal membership meeting of the "International Association of Outplacement Professionals (IAOP)" took place one year later, October 1990, in Washington, DC. By 1994 over 1200 individuals were members of the association. The association established The Outplacement Institute which offered a process of formal credentialing and professional development for outplacement practitioners (International Directory of Career

Reviewing the growth of the industry and the professionalization of the outplacement practitioner does not, however, explain why organizations purchase outplacement services, why employees participate in outplacement programs, what outplacement services are intended to accomplish and why the industry attracts individuals seeking new occupational opportunities. Certain questions need to be asked to explain the emergence of this new industry and the creation of the resource it provides:

1. What has happened to the employer-employee relationship in this country that would prompt employers to accept the responsibility to invest millions of dollars into resources supporting job search/transition activities of ex-employees?
2. Was it done just because the entrepreneurial outplacement consultants were good sales people?
3. Were there socio-economic conditions affecting changes in employee-employer relationships prior to that time?

Tracing some of the major historical changes, which have impacted the American work environment since WW II and the resulting impact on employer-employee relationships, may provide answers to these questions.

Prior to WW II, the American economy had made the transition from an agrarian based economy to an industrialized manufacturing economy and was on the early edge of a new emerging service economy. In 1941, the major male workforce of the United States left their manual labor-intensive manufacturing and mining jobs behind to go fight a war. Military production was left to women and older men. Women, who were already entering the merging service sector of the 1930s and 1940s taking jobs as clerks, typists, and telephone operators, moved into assembly line manufacturing jobs, streamlined by research and technology. Following the war, many of the returning GIs turned to the post-war booming manufacturing environments, while many others took advantage of the GI Bill (The Serviceman's Readjustment Act of 1944) and entered colleges and universities across the country. The progress in research and development that had contributed significantly to the changes in the manufacture of goods and mining processes during the war escalated the need for more and better educated workers. A college education represented a passport to success and new graduates were eagerly recruited.
direct from the campus. As white-collar workers they brought new ideas, new information and new techniques for applying that information to the work force. Management became a multi-layered career position within major corporations. The fifties and sixties were boom times for the United States economy and by the 1960's the white-collar positions surpassed blue-collar jobs in manufacturing ("Rethinking Work," 1994).

Saul G. Gruner, in his address to the participants attending the Tenth Annual Conference of the Association of Outplacement Firms, claimed that this first generation of "white collar" knowledge workers experienced job losses in the late sixties as a direct result of the successful application of the new information, knowledge and skills they brought to their organizations. Their organizations, claiming that creative technologies and management techniques reduced the need for so many individual positions, eliminated jobs and the individuals in them (Gruner, Speech notes, 1990).

This was the first group of college-educated workers to face the issues of job insecurity. They had returned from the war believing in the promise of post-war prosperity based on education, emerging technology and the dynamics of a growing service oriented economy. They had joined organizations believing that as loyal employees, did their jobs and met the company's performance expectations, they would be rewarded with advancement, job security and eventually a company funded retirement (Samuelson, 1995). An "implied social contract" bound employees and employers together (Bridges, 1994; Waterman, Waterman & Collard, 1994). This group of unemployed professionals that began appearing in the late 1960s and continued to grow through the 1970s, 1980s and into the 1990s included not only mid-level managers, and technical professionals, but also senior managers and chief executive officers. William J. Byron, author of Finding Work without Losing Heart, Bouncing Back from Mid-Career Job Loss (1994), refers to these individuals as "beneficiaries of the take-off economy that swept the class of 1950 into jobs that became positions of influence and power in the American economy" (p. xix). In researching information for his book, Byron interviewed 150 managers who had experienced involuntary termination from positions of influence and power. They had been sought after from the time they were college graduates and had moved easily from one organization to another or had progressed up the corporate ladder. They knew how to do their jobs; they did not know how to find a job.

The resources of state unemployment systems that had been created in the thirties to support the
base survival income and job location needs of a predominately blue collar workforce did not meet their needs (Byron, Speech, June 21, 1995).

Early outplacement entrepreneurs, recognizing these issues, marketed their job search counseling services to the corporations releasing these professionals. Initially, organizations were reluctant to buy their services. Those who did purchase the service limited the resource to their most senior executives. However, as the numbers of employees being released increased, the possibility of public negative impact also increased and organizations began to listen to arguments pointing out the benefits of providing outplacement services. According to a 1993 American Management Association’s Survey, *Downsizing and Assistance to Displaced Workers*, nearly 80% of the companies surveyed provided outplacement support to their displaced employees. Three years earlier only 50% of companies displacing employees provided outplacement.

Outplacement is now a standard part of some corporate benefits packages and is often negotiated in new-employee contracts. Outplacement support in its earliest form was considered a "short-term results-oriented process" focused on finding re-employment (Gruner, Speech notes, 1990; Haldane, Interview, April 13, 1996). An outplacement program may provide support on starting a business, beginning a consulting practice, planning retirement, or providing transition support to the spouse of a relocating employee. Outplacement has transitioned from training on job search skills to providing adults the learning resources needed to manage their careers as a lifelong process of learning and managing change.

**Statement of the Problem**

In 1994, John Meyer and Carolyn Shadle wrote the most thorough examination of the outplacement process, the profession and the role the industry plays in the changing world of work. While they provided a brief chronology of the outplacement industry they also acknowledged that it is incomplete and stated that, "We believe a thorough historical documentation should be accomplished, despite all contradictory claims and counterclaims, before a history is lost” (p.266).

There is no history that records the unique contributions of the early industry founders, leaders and firms and the influence they had on the formation of the industry. There is also no history of the structural changes that were made to outplacement services, as outplacement firms
responded to changes in their corporate market and the impact those changes had on the industry.

**Purpose of the Study**

This study provides a documentation of the history of the outplacement industry within the context of the social and economic issues that were affecting change in corporate America and the employer/employee relationship. The primary purpose of this study was to trace and record the history of the outplacement industry, the emergence of the outplacement consultant as a unique occupation, and the changing outplacement process as a curriculum of learning responsive to a unique adult learning need. A secondary purpose of this study was to illuminate those social and economic conditions, which affected the employer/employee relationship over this period of time. The conditions identified contributed to the formulation of an explanation of the issues that affected the employment relationship between employees and employers, which resulted in terminations, and the emergence of the outplacement industry. The third purpose of this study was to capture the stories of the early founders and individuals who were instrumental in the founding of the outplacement industry and frame the telling of their stories within the context of the changing times of the outplacement industry's evolution. Many of the founders and early practitioners were still active, some were retired, and others had assumed positions in other industries. Others had died and their personal perspectives as active participants were lost. Those still living had a story to tell. They were there. They made it happen. They experienced not only what occurred within the industry but also were witness to the business issues which resulted in the job losses of the individuals who were the recipients of their support.

**Research Questions**

To trace the history of the industry, the emergence of the outplacement practitioner as a unique occupation, the outplacement process and the significant socio-economic conditions that affected the employment relationship between individuals and organizations, the following research questions were asked:

1. What was the origin of the outplacement industry?
2. Who were the entrepreneurs who started the industry?
3. What were their reasons for starting the industry and how did they get it started and
what did they do to manage its growth and development?
4. When did they receive recognition as a unique and new industry and how did they organize themselves?
5. What changes have they experienced and what do changes do they anticipate in the future?
6. How did the outplacement practitioner emerge as a distinct occupation and how has that role changed?
7. What qualifications, training, education, and competencies are required to become an outplacement practitioner and has that changed?
8. How did the outplacement practitioners organize as a unique occupation and what steps have they taken to professionals their occupation?
9. What was the original outplacement process delivered by the outplacement practitioner and how has that changed?
10. What were the original learning needs of the individuals the outplacement practitioner supported and have those needs changed?
11. What were the theoretical underpinnings of the original outplacement curriculum and how has that theoretical base changed?
12. What changes are anticipated in the learning needs of their future clients, how do they plan to prepare professionally for those changes and what changes will be made to the outplacement curriculum?
13. What social and economic conditions occurred during the past thirty years, which contributed, to the growth of the outplacement industry?
14. Which of those conditions specifically affected the employer-employee employment relationship?
15. What trends in those conditions can be identified and can they be used to predict future conditions that will affect employer and employee relationships and the outplacement industry?

**Significance of the Study**

This study contributes to the written documentation of the history of the outplacement

industry. This study traced the history of the industry through the stories of individual outplacement firms, the three organizations that emerged from the industry, and the development of outplacement services in the context of the changing outplacement market. This study creates a record of the emergence and growth of the history of the industry by tracing and recording the emergence and growth of the industry through the personal stories and experiences of industry founders, leaders and practitioners. This study adds to the historical data provided Meyer and Shadle (1994) and Troisi (1993). Additional research conducted in the field of outplacement focused primarily on the outplacement process and the experiences of individuals participating in outplacement programs (Wiggins, 1990). Wiggins' case study examined the outplacement process and the industry. His case study focused on the experiences of three individuals who were terminated by a California, investment firm in the early 1980s. Wiggins admits that one case study is not sufficient to make a blanket negative judgment on outplacement programs or the outplacement industry. He indicated that the company management did not keep track of the terminated employees nor did they hold the outplacement firms accountable for the individuals' participation in program activities and landing. Wiggins suggested that better follow through by the purchasing organization would be advisable. His research was not an historical study of the outplacement industry.

This study provided a history of the emergence of the outplacement industry from the perspectives of outplacement’s pioneer leaders and outplacement professionals who experienced the significant changes that occurred within the industry since it first emerged in the 1960s. This study also included the history of the three organizations which emerged from the industry: the Association of Outplacement Consulting Firms International (AOCFI) an industry trade association, the International Association of Career Management Professionals (IACMP), a membership organization for career management professionals and the International Board of Career Management Certification (IBCMC) an independent organization empowered to provide a credentialing process for career management practitioners and managers and the significant issues that drove the growth and development of each organization. The study also traced the evolution of the outplacement service from the time it was first delivered as a personal consulting service for corporate managers and terminated employees to the curriculum of learning resources it became by the end of the 1990s. This study was significant because it connected each story, the
emergence of the industry, the organizations and the changing service to one another in the context of the socio-economic changes that influenced the restructuring of the employer/employee relationship in corporate America between 1945 and 1997.

Method

Research Design

The research method for this study was historical research. A primary purpose of historical research is to contribute to the knowledge base of the subject to be studied (Barzen & Graff, 1992; Leff, 1969; Clark, 1960). The outplacement industry has been in existence a little over thirty years, however there is little written documentation of how the industry got started, why it was started, who started it and how and why it has continued to grow and become an important management resource. Therefore, the historical research method provided the most appropriate approach and structure for contributing to the historical knowledge base on the history of the outplacement industry.

The historical research method also provided a method by which the facts and events of the industry growth were combined with the personal stories and observations of the individuals who were participants in creating the industry. Combining this information within the context of the social and economic issues affecting their motivation and actions during the period studied, the researcher applied this method to the organization and analysis of the data and interpreted that data into a history of the industry.

Data Sources

The data sources for this study were primary sources gathered through personal interviews with experienced outplacement professionals. The experienced outplacement professionals interviewed were those professionals who were instrumental in the founding of the industry, those professionals who have provided leadership to the industry, and professionals who have played diverse roles within their firms or the industry.

The assumption that these individuals were eager to tell their stories and were willing to participate in this study was validated through interviews with industry founders and leaders such as Bernard Haldane, Saul Gruner, Don Davis, William J. Morin, James Cabrera, Robert J. Lee, Frank Louchheim and other leaders and outplacement professionals. In addition, founders and
leaders of the three organizations that emerged from the outplacement industry willingly shared the history of their organizations.

The experiences of the researcher are reflected in the interpretation of the information and the conclusions found in chapter six. The researcher of this study was a professional in the outplacement industry for 10 years between 1986 and 1996. As manager of the Washington, DC regional offices for a major international outplacement firm, she was responsible for the management of the offices, and the sales and delivery of outplacement services. In addition, she provided individual outplacement consulting to terminated senior executives. In 1983, the researcher was also a user of outplacement services and in professional positions following that experience promoted the use of outplacement services for corporate employees. The researcher’s personal reflections on the results of the study are included in the final chapter.

Published materials such as periodicals, newspapers, dissertations and books related to the subject of outplacement, the professionalization of occupations and the social and economic conditions affecting the employer/employee relationship were reviewed. Several books were particularly helpful. Publications such as William J. Byron's 1994 book, Finding Work Without Losing Heart, tells the story of over a hundred individuals and the impact job loss had on their careers and personal lives. Some of the subjects of his study had the resources of an outplacement firm to assist with their transition. He relates vivid accounts of the impact of involuntary job loss on an individuals' personal, professional and spiritual lives. William Bridges’ Job Shift (1994) and Charles Handy’s The Age of Unreason (1990), defined a paradigm shift of employer/employee relationships from one of dependency to one of mutual independence, leaving no doubt they are convinced the world of work will continue to change.

Additional resources included association newsletters, AOCFI archives, interviews with association leadership and association management.

Data Collection and Analysis

The data for this study was collected through personal interviews with industry founders, leaders and experienced outplacement professional. It was not possible to interview each individual face to face because of their diverse geographic locations. Some of the individuals to be interviewed traveled to the Washington, DC area, which made personal interviews possible. Trips to Philadelphia, New York, Minneapolis and Seattle, WA were made to meet personally...
with interviewees. There were no conflicts of described events, dates or particular facts. The data for this historical study was organized into topics that illuminated the history of the industry.

**Organization of the Study**

This study is organized into six chapters. Chapter One, as the introductory chapter, includes a statement of the background of the study, the purpose and significance of the study, the research questions, research design, the method of the study and a description of data resources.

Chapter Two, The Seeds of Change, examines the social and economic changes that occurred between 1945 and 1997 which created the environment out of which the outplacement industry emerged.

Chapter Three, From Job Search Assistance to Corporate Outplacement, traces the history of the outplacement industry through the stories of seven firms: Bernard Haldane Associates, the Thinc Consulting Group, Inc., Drake Beam Morin, Inc., Lee Hecht Harrison, Inc., Right Management Consultants Inc., Miles/LeHane Consulting Group, and Manchester, Inc. These firms played a unique role in the growth and development of the outplacement industry. Their stories trace significant changes that occurred throughout the industry as the needs of corporate buyers and users of outplacement services changed.

Chapter Four, Organizations of the Outplacement Industry, traces the history of three organizations that emerged from the outplacement industry. The first is the Association of Outplacement Firms International (AOCFI), a trade association, organized in 1982, when outplacement leaders recognized a need to associate and address problems and issues that threatened the entire industry. The second organization is the International Association of Career Management Consultants, (IACMP), a member association chartered in 1990, to meet the associative and professional development needs of the outplacement practitioners. The third organization, the International Board of Career Management Certification (IBCMC), established in 1994 and jointly cosponsored by the AOCFI and the IACMP, is an independent body that provides certification for outplacement practitioners and managers. This chapter reports and analyzes the growth and decline in each organizations’ membership and the issues they faced at the end of 1997 as they prepared to adapt their organizational mission and structure to meet their members’ changing needs.
Chapter Five, From Job Search Counseling to a new Curriculum of Adult Learning, describes the three stages of a typical outplacement service and the significant changes that have occurred to that service since it was introduced to corporate America over thirty years ago. Outplacement was initially delivered as a highly personalized consulting service to help corporations manage executive terminations and terminated executives manage a job search. It has since evolved into a curriculum of educational resources designed to meet the diverse career management/career transition needs of employees managing worklife changes unique to the end of the twentieth century.

Chapter Six, Conclusions, presents conclusions, future projections and the reflections of the researcher.
CHAPTER 2
THE SEEDS OF CHANGE

The outplacement industry grew out of a post WW II response to the job search learning needs of returning veterans. Many veterans returned looking for employment that would allow them to maximize the professional experiences of pre-war employment as well as the professional experiences of their military duty. A process to teach veterans how to assess their past professional experiences and market themselves to potential employers was designed by Bernard Haldane, who, after two years of helping these veterans, launched the job search counseling industry. It was from this industry that the corporate outplacement industry emerged in the late 1960s as organizations, responding to changing economic conditions, began dissolving the employer/employee relationships they had created during the early post-war boom years of rapid organizational growth and aggressive hiring practices. These job losses were the first evidence that the post-war Americans’ choice, a dependent employer/employee relationship in large institutions over their previous self-reliant, thrifty, individual work-ethic orientation would not continue to provide them the success, prosperity and job security they had pursued.

This chapter describes the economic and social issues that drove the changes resulting in the rise and decline of the employer/employee relationship and the affect it had on Americans’ work and life styles. These changes include the story of the GI Bill and the impact it had on Americans and their work, changes that occurred in the workplace as a result of issues emerging from the entry of women and minorities in the workplace, new organizational structures and staffing practices, the impact of federal regulations on employee rights and the affect of technology and globalization on the American workforce. This is a story of the journey the American worker has made, from leaving behind the old work ethic and values of self-reliance, thrift and individualism to a place where an employee/employee relationship defined the value of work and definition of security. Once reaching that place of apparent success, prosperity and security, the story turns to one of downsizings and job losses. It was from this climate of corporate change, that the outplacement industry emerged. Outplacement assisted corporation managers with the process planning and executing employee terminations and it provided terminated employees the support they needed to conduct a job search, a career transition and the self-management of their own careers.
WW II: Planting the Seeds of Changing Expectations

WW II was a major turning point in the way Americans would define their expectations of work and life for the next fifty years. America entered WW II, struggling to make its way out of a major depression that occurred with the fall of Wall Street in 1929 (Manchester, 1973). It was a depression of such magnitude that historians and economists since refer to that period of economic disaster as “The Great Depression” (Barone, 1990; Kemp, 1994; Manchester 1973). When America entered the war, unemployment averaged 14.6% (Hamby, 1976, p.87), the number of Americans working was only 45 million and the Gross National Product was only 91 billion dollars (Manchester 1973, p. 291). The years of the depression left many Americans experiencing hopelessness, depression, aimlessness and afraid of a future of economic insecurity (Hamby, 1976). The experiences of WW II would change those expectations.

Three significant changes occurred in the lives and attitudes of Americans as a result of their experiences during WW II. First, higher education became valued as a way to achieve prosperity and success. Second, the American workforce became diversified and the issues of equal rights for women and minorities in the workplace would be the seeds of major social change which would occur in the 1960s and 1970s. Third, after WW II, many Americans shed past images of self reliant, thrifty individualism and became dependent institutional employees.

Armed Forces

As the US entered WW II, their first priority, was to recruit, train, and arm a military force. This effort claimed 12 million of America’s most able male citizens. According to Hamby (1976), “A man between the ages of eighteen and thirty-eight could anticipate induction unless he possessed a serious mental or physical disability, was a vital agricultural laborer, a defense-plant worker, or a father” (p. 86).

According to adult education historians Stubblefield and Keane (1994), the armed forces created massive training programs in occupational specialties positions with a focus on military indoctrination and combat training. Because of advances in technologies and the need for new management skills, the army and navy provided specialized training in science, engineering and management through accelerated college education programs. Universities and colleges were eager to undertake educational training programs for the military and the business community.
They had lost almost their entire male enrollment to the armed forces and were experiencing a substantial loss in revenues and facing the loss of even more. By responding to the educational needs of the military, industry and government, they were able to satisfy both their patriotic need to assist the nation as well as replace lost revenues (Hamby, 1976). According to historian Graebner, the Office of Scientific Research and Development (OSRD), established in 1941 by President Roosevelt to pursue advances in scientific knowledge related to weaponry and health care, “negotiated more than 2,000 contracts with 280 research institutions and universities; its expenditures had reached $100 million a year” (p. 34). Government agencies such as the War Manpower Commission, the Civil Service Commission, the Department of Education, the War Department and the armed forces created and staffed additional educational and training programs for both military and civilian personnel (Graebner, 1979; Hamby, 1979; Stubblefield and Keane, 1994).

The effort that required educating and training America’s armed forces had brought America’s educational system under scrutiny and criticism (Veterans Benefits Administration, 1995). Stubblefield and Keane (1994) report studies showing that the Selective Service found one in every five adults functionally illiterate. For those who lacked these basic literacy skills, the army designed and taught fourth grade level programs in reading and arithmetic particular to the army environment (Stubblefield and Keane, 1994).

Military leaders were aware of the changes that were occurring in the workforce at home and were concerned about the future ability of their veterans to re-enter the post-war workplace when the war ended. To prepare the veterans for re-entry they offered off-duty evening classes at bases in the United States, Europe, and the Pacific as well as correspondence courses for military personnel not able to participate in classroom coursework (Stubblefield and Keane, 1994). As the war drew to a close, the Army offered vocational courses, technical training, basic literacy classes, elementary through college level courses and general American studies. In the Mediterranean and European theaters of operation approximately half a million military personnel took part in these courses (Stubblefield and Keane, 1994, p. 244).

Civilian Sphere

Civilian jobs were left vacant as America’s working males left for the military. Those positions needed to be filled as well as the millions of new ones that were created as American
industry converted to military production and government agencies expanded. Massive recruitment efforts attracted millions of Americans to the workforce and America was mobilized in a way that would forever change labor force demographics (Gilbert, 1981; Graebner, 1979).

Over 7,500,000 individuals took jobs for the very first time. Over five million farm workers migrated to the cities to fill vacant positions (Graebner, 1979, p. 37). One million retirees returned to the workforce. Three million young people, because of lax child labor laws, found job opportunities. Minorities held positions never before available to them and many physically handicapped found employment. By 1944, over 4.4 million women held salaried positions which was 3 million more than would have been expected during peacetime employment (Hamby, 1976, p. 87)

Industry and government faced their own momentous task of training and educating this largely unskilled, inexperienced and newly diversified workforce. Stubblefield and Keane (1994) describe several initiatives taken to assure the competencies and knowledge required to serve the needs of industry and government (pp. 242-243). Employees received needed training in basic literacy skills, vocational training and college level education in science, and engineering and new methods of management. Driven by the need for higher levels of knowledge and skills, civilian organizations provided this training and education to employees regardless of age and social class. As a result, the bias and barriers to education that had limited participation in colleges and universities by social classes were removed and the value of education began to gain recognition. This combined training effort not only built a productive workforce and an effective military force, but it also removed the existing bias against adult learning (Stubblefield and Keane, 1994).

Women’s Roles

Women’s roles in American society and the American workplace would also be changed drastically by the experiences of WW II. Previously, women were expected by society to be wives, homemakers and mothers. Those who did work were single, and performed primarily support roles in administrative and clerical positions in emerging service organizations such as the telephone company, stock brokerages, insurance companies and banks (Chafe, 1983; “Rethinking Work,” 1994). Because of the shortage of manpower, women were aggressively recruited into industrial employment and millions responded, eager to earn the high wages these new job opportunities represented (Gilbert, 1981). During the war over 75% of the working women were
married, many were over 40, and they managed home, work, children and financial responsibilities (Chafe, 1983, p. 158).

Physical changes were made both in manufacturing facilities and in manufacturing processes to accommodate women. As Gilbert (1981) described it, “Factory buildings had been altered to accommodate women workers: extra restroom facilities, cafeterias, lightweight machine tools, and other special equipment, including plastic jobs, long-handled levers, and weight lifting devices had been adopted” (p. 15). By 1943 women represented over 36% of the civilian workforce and had demonstrated they could learn and perform almost any job a man could do (Gilbert, 1981, p. 15).

The popular image of “Rosie the Riveter” brought them positive public recognition for the contributions they were making; however, they did not always receive positive and equal treatment in the work environment. They were the subjects of major sexual discrimination in pay, seniority and job placement. Protest by women’s groups, the CIO, and legislative supporters forced the War Labor Board to announce guidelines for equal pay for equal work; however, throughout the war, women continued to be compensated on wage scales determined by sexual bias (Gilbert, 1981). These issues of disparity would emerge in the late sixties as major issues in the women’s liberation movement (Chafe, 1983, p. 165).

Despite the fact that women were such a significant part of the workforce, they were still considered temporary employees by the Secretary of Labor, many unions and business leaders who encouraged them, along with men over age 65 and workers under age 20, to leave the workforce voluntarily when the war ended (Gilbert, 1981, p. 17). Women, however, were in the work force to stay. Chafe notes that over 75% would stay in the workforce and though the number of women in the workforce dropped for a few years immediately after the war, by 1950 their numbers had returned to war time peaks (Chafe, 1983, p. 160-163).

**African Americans**

Even greater expectations for social and economic change would emerge from the African American communities during the war. According to historian Harvard Sitkoff (1983), African Americans are able to achieve growth in their pursuit of equal opportunities during periods of national economic growth. WW II represented such a period for America. Economic growth, combined with the critical manpower shortage removed any fears that African Americans were
taking the jobs of white males.

This did not mean that prejudice and discrimination disappeared. Military leaders believed that African Americans did not have the character to display courage in combat or the intelligence to perform in functions much above those of stewards and mess boys. African Americans were also segregated from whites in the military. In spite of these conditions, many African Americans enlisted. Like the majority of Americans, they shared opposition to Hitler’s racial philosophies. While they also wished to benefit from the immediate advantages of military compensation, they also believed that a victory was imperative if they were to continue the struggle for equity and improvement of their status in American society (Graebner, 1979). By the fall of 1944, there had been some improvements for African Americans in the military. The Navy had placed some in technical positions and others had gained assignment to integrated units. The Army had provided some with specialized training and black platoons were assigned to white combat companies (Hamby, 1976).

At home, African American interest groups grew in membership, organizational impact and economic power. Increasing numbers of African Americans migrated from the agricultural south to the urban centers of the north and west, taking jobs with defense industries and government agencies. Though they found jobs, they found hiring, pay, and housing practices discriminatory. To fight this discrimination, they gave their financial support to such groups as the National Association for the Advancement of Colored People (NAACP), the Urban League and the Congress of Racial Equality (CORE). This support strengthened the resources of these organizations to lobby Congress for equal and fair treatment for African-Americans in the workplace (Graebner, 1979). According to Hamby (1976), a turning point in their efforts occurred in 1941 when the Brotherhood of Sleeping Car Porters, a powerful African American union, and the NAACP threatened a march on Washington to draw national and international attention to the plight of African Americans in the workplace and the military. Fearing the potential escalation of racial tensions in the workforce and the embarrassment of international attention to their issues, President Roosevelt signed Executive Order #8802, June 15, 1941, prohibiting discrimination in hiring policies in defense industries and government agencies. He also created the Fair Employment Practices Committee (FEPC) to enforce the Executive Order and respond to complaints (Gilbert, 1981, p. 18-19; Graebner, 1979, p. 47). In spite of racial tensions that
continued during the war, African Americans did achieve employment opportunities, training and entry into industries and positions never before available to them (Sitkoff, 1983). As the war ended African American veterans returned home fully expecting to continue their pursuit of equal status in American society.

**Rising Expectations in Post War America**

The war, in economic terms, had been good to America. By the end of the war unemployment was down to 1.2%, 66 million Americans were working (Hamby, 1976, p. 87), the Gross National Product was at 215 billion dollars (Manchester, 1973, p.290), and Americans had 145 billion dollars in savings (Graebner, 1979, p. 79). According to Samuelson (1995), Americans were filled with optimism for the future. They had lived through the depression, they had won a war and they expected a future filled with security, prosperity and success.

As the nation prepared for the return of the veterans, there were grave concerns as to the impact their arrival would have on the economy. There were twelve million servicemen and women in the armed forces, and it was expected that the majority of them would be returning to civilian status. While the labor market had grown in their absence, it was not equipped to assimilate all these veterans (VBA, 1995, p. 30).

Early in the war, veterans groups, with the support of education leaders and members of congress had organized strong lobbying efforts to promote legislation that would fund transition programs for returning veterans. They were successful in their efforts and in June of 1944, President Roosevelt signed the Servicemen’s Readjustment Act, commonly known as the GI Bill (VBA, 1995, p. 30).

The GI Bill.

How America’s veterans would use this support would change America. Bennett (1996), reporter and author of a comprehensive history of the GI Bill, credits the GI Bill with creating “a revolution of changing expectations, which swiftly became rising ones” (p. 7). According to Bennett, “the GI bill changed the way we live, the way we house ourselves, the way we are educated, how we work and at what, even how we eat and transport ourselves” (p. 8).

The GI Bill provided three major areas of program support for qualified veterans: education and training, home loan guarantees and transition compensation. Education by the end
of the war had gained both economic and social value for Americans. Education was seen as a ticket to job security and prosperity (Bennett, 1996). Under the GI Bill, qualified veterans could attend any training or educational institution of their choice and receive reimbursement for full tuition, fees, books and supplies up to $500, plus a monthly subsistence allowance. A document prepared by the Veterans Benefits Administration (VBA) (1995), reported that more than 1 million former servicemen and servicewomen were enrolled in institutions of higher education by 1946, and, ultimately, approximately 7.8 million veterans participated in various training and educational programs (p. 36).

Bennett (1996) considered the GI Bill a great equalizer in American society and explains, “The GI Bill was in place to benefit all veterans—immigrant or native-born Americans, black and white” (p. 22). The social class and income barriers to higher education which existed prior to the war were removed as veterans, with the GI Bill in hand, entered the nation’s best colleges and universities. They came to the classrooms as serious students, determined to acquire the education needed to qualify them for the jobs and employment opportunities they saw as a path to success and prosperity (Bennett, 1996). The education and training provision of the GI Bill served multiple purposes. It not only provided a vehicle for veterans to get an education, it also delayed the entry of millions of GIs into the labor market and created a supply of new graduates to meet the growing recruitment needs of industry and government during America’s post war boom years. The GI Bill also contributed to the growth and expansion of higher education and because having a degree led to higher paying positions, it increased the return of federal income tax dollars (VBA, 1995, p. 32).

The second provision of the GI Bill provided government insured or guaranteed home loans. The major purpose of this provision was to ease the sociological and economic transition of veterans into postwar communities by reducing income requirements for home ownership and the eliminating extensive credit checks (VBA, 1995, p. 32). This provision, like the education and training provision, also served multiple purposes. To stimulate the post war economy, the federal government wanted to encourage the spending of the $145 billion dollars Americans had in savings accounts to ease a national housing shortage and encourage growth in the construction industry. By 1947 the savings were depleted, the construction industry was experiencing boom growth, and home ownership was moving millions of veterans and their families into the social
middle class of America (Bennett, 1996; VBA, 1995). The guaranteed home loan provision is the only provision of the original GI Bill remaining.

The third provision of the GI Bill was transition compensation for GIs planning to return to the work place. To ease the economic transition for themselves and their families as they conducted a job search, eligible veterans could collect $20 a week for 52 weeks. Those who participated were referred to as members of the “52/20 Club” (VBA, 1995, p. 2.) Eligible veterans who became self-employed and made less than $100 a month could also receive transition compensation. This provision eased veterans and their families through the job search period, it reduced the economic impact on public assistance programs, and it circulated money in local markets (Bennett, 1996). In some southern rural communities it elevated African Americans above the poverty level and increased their desire to raise the future standard of living for themselves and their children which in turn motivated them to become involved in the Civil Rights movement of the sixties (Bennett, 1996).

No one at the time had any idea of the scope of impact the $14.6 billion dollars spent on GI benefits would have on the economic and social structure of America. Citizens supported its passage because they believed the veterans deserved the support for the service they had given their country. Business leaders saw it as a way to create a new supply of educated recruits to staff their growing organizations. Government saw it as a way to avoid a post war depression by delaying the entry of veterans into the workforce, reducing the housing shortage, stimulating the economy and preventing the negative and social impact of a large unemployed population (Bennett, 1996; VBA, 1995).

From Self-reliance, Thrift and Individualism to Organizational Dependency

Following WW II the economy was transformed from a nation of “movers and makers” to a nation of “sellers and bureaucrats” (Gilbert, 1981, p.25). This transformation to an economy based on peacetime consumerism created a post war economic boom and changed the American workplace. According to historian Kemp (1994), “Big business had done well out of the war and it intended to do as well, if not better, out of peace” (p. 109). Graebner (1979) credits the federal promotion of industrial expansion as “Undoubtedly the war’s most pervading economic
innovation” (p. 41). During the war, however, federal wage and price controls had restrained industry’s ability to manage its workforce and maximize profits. Industry therefore, needed to rid themselves of these federal controls and restructure and regain control of their workforce. Industry lobbied congress aggressively to end federal price and wage controls and 1946 price controls were removed (Kemp, 1994). With the passage of the Taft-Hartley Act of 1947 management regained their rights to determine their own hiring practices and in 1953 all wage and price controls were completely eliminated (Graebner, 1979).

Big business was also concerned about their ability to recruit and staff for their post war manpower needs. Business had been successful in recruiting workers during the war as long as they recruited under the umbrella of patriotism (Graebner, 1979). However, after the war, however, they faced the reality of a tight labor market and an American workforce that had retained a negative pre-war image of big business and big organizations. Hamby (1976) said, “Throughout US history, Americans have feared the power of corporate bigness while craving the benefits usually identified with economic concentration—mass production, efficiency, and technological innovation. During the depression, when private enterprise seemed to have failed badly, both popular and intellectual opinion condemned the inadequacy and social irresponsibility of business leaders” (p. 229). After the war however, big business was suffering a tight labor market and they deliberately offered positive human resource policies, wage increases and generous benefit plans to encourage employees to think in terms of life time employment with the corporation (Ginzberg, 1981).

In his history of post war America, Samuelson (1995), used an example of an ad run in the New York Times by a General Cable Corporation to demonstrate what corporate America did at the time to their past image and promote corporate employment:

I am industry—1952
People were hurt when I first stirred in life:
Then I grew and learned;
I am the people!
With maturity, I have grown, too, in social responsibility
To the people,
To America!
And even those beyond our shores.
My efforts are not in selfish interest,
Rather, all my brains and brawn strain for the good of many.
I am the American way! (p. 75)
The American Way

Americans’ resistance to employment with large institutions would be overcome in the boom years following WW II. This would happen for several reasons. As Kemp (1994) claims, the seeds of changing attitudes towards employment with big organizations were planted during the prosperous years of the war. Inconveniences at home were relatively moderate, most American citizens experienced a higher living standard and the wartime wages gave Americans a feeling of prosperity. The promise of successful post war conversion to peacetime consumerism through industrial expansion provided Americans every motivation to continue the employment relationship. Kemp (1990) reinforces this when he states, “Undoubtedly the thought that these material things were not only desirable, but also within their grasp, provided an incentive for the masses more powerful than any ‘work ethic’ based on thrift and hard work. The stress was on the importance of money and thus the need to acquire more of it, by one means or another” (p. 128). Graebner (1979) describes the environment: “Industrial and governmental growth offered jobs, opportunities, profits, and comforts. To that extent it served the interest of most Americans admirably” (p. 203). As a result, many Americans chose institutional employment.

As early as 1947 the number of jobs in America had grown to 60 million, the GNP had more than doubled to reach 225 billion and corporations had netted four times as much as they had in the years 1936-1939 (Graebner, 1979, p.84). Within twenty-five years following the end of the war, over 25,000 new jobs had been created and over 78 million people were in the workforce (Graebner, 1979, p. 151). Job growth occurred in such fields as wholesale and retail work, state and local government (where employment in twenty-five years more than tripled), construction, finance and insurance, aerospace, computer industry, defense industry, the manufacturing of air planes and electronic devises, the petrochemical industry and research and development. Higher education experienced significant job growth as Americans identified the attainment of a college degree with the promise of “endless employment” (Graebner, 1979, p. 159). Historian Graebner (1979) claims, “For Americans generally the country’s phenomenal economic growth and prosperity created one of history’s golden ages” (p. 152).

In this “golden age” the old values of self-reliance, thrift and independence were replaced by dependency on large institutions. The impact of this change is described by Samuelson (1996):
Americans increasingly recognized that their well being depended on their relationships with large commercial, cultural, and political institutions. Prosperity depended on government economic policy and corporate performance. Job security depended on companies. Retirement depended more on Social Security and corporate pensions than on private savings. Health care depended on employer-paid or government insurance. Individual effort and responsibility were diminished and, to some extent devalued. (p. 48)

Federal Intervention

Graebner (1979), Kemp (1994), and Samuelson (1995) identify WW II as the catalyst that changed the federal government’s pre-war laissez-faire role to one of active intervention in American economic and social welfare policies and programs. During the war the federal government had poured revenues into the economy, thus with private business, creating a mixed economy to fund the mobilization of America. This economic intervention became permanent with the passage of the Employment Act of 1946. America’s fear of a return to the unemployment and recessionary conditions of the Great Depression drove all economic policy following WW II, according to Kemp (1990) and Samuelson (1995). According to Graebner (1979), “The Employment Act of 1946 imposed on Washington the obligation to sustain maximum employment through fiscal and monetary devices necessary to guarantee full employment” (p. 161). During the war, the Federal Government had also intervened in the resolution of workforce issues related to the equal treatment of women and minorities, thereby establishing a new precedent as guardian of employee rights. Washington’s influence in the everyday management of the employer/employee relationship expanded following WW II as American’s workers became increasingly dependent on big organizations for their job security and social welfare needs (Kemp, 1994; Samuelson, 1995).

Title VII of the Civil Rights Act of 1964 is a major example of the federal legislation that directly affected the employer/employee relationship. Title VII removed the barriers to equal opportunity in the workplace by prohibiting “discrimination because of race, color, national origin, religion, sex, pregnancy (including childbirth or related condition) in any term, condition or privilege of employment” (Understanding Personnel Law, 1995, p. A-2). The establishment of the Equal Employment Opportunity Commission gave the government power to enforce Title VII. Companies, of certain size and scope, doing business with the government, of certain size and scope, were further required by Executive Order 11246, to take Affirmative Action “to eliminate

This legislation as well as others to follow would regulate the way in which management could recruit, manage, and terminate their employees. Each piece of legislation appeared to reinforce their rights and their ability to achieve the dreams of job security, prosperity and success in post war America. Or so it seemed.

As downsizings began in the late 60s, companies, cognizant of the legal and financial impact that violation of Title VII of the Civil Rights Act of 1964 began to practice more caution in their recruitment, hiring, promotion, and termination practices. For example, recruitment materials and offers of employment were written to avoid any implication of guaranteed or long term employment. “Employment at will” policies were spelled out in company handbooks. Quantifiable performance systems were designed and in the 60s and 70s, outplacement services were often purchased for terminated employees with the hope that positive support through the job transition would prevent costly litigation (Troisi, Interview, February 27, 1996; Smith, Interview, March 11, 1997).

**Success and Prosperity Pave the Way to Downsizing and Job Loss**

Employment with large institutions became the chosen work condition for American workers following WW II. It was a relationship that would continue to be the preferred condition of employment for the American workforce, at least through the early 1990s. Ginzberg and Vojta (1985) claim that the experiences of the depression and war years propelled college graduates to seek “corporate employment, which offered them a good starting, salary, good fringe benefits, and lifelong security” (p. 114). Ginzberg and Votja (1985) state that “In extending an initial offer of employment, corporations made it clear that if the newly hired graduate did well, he could look forward to a lifetime career with valuable benefits including a liberal pension” (p.80). At that time, A long-term employee/employer relationship represented an answer to the need of both big business and the individual. In the 50s success meant moving up the corporate ladder as quickly as possibly. As Tomasko (1987), author and management consultant to Fortune 100 companies, describes it,

The assumptions behind upward career development made more sense in the 1950s, when seasoned managers were relatively scarce, markets were growing rapidly, and having
“management-in-depth’ was an enviable position. This era of the Organization Man also was when many companies installed fast-track training and promotion programs for their most promising new recruits (p.21).

According to Tomasko (1987) big business would hire and horde talent and personnel costs would be hidden in large overhead budgets. As a result, the growth in middle management and staff positions created what Tomasko (1987) referred to as “the bulge in the corporate pyramid” (p. 25). The reasons for this are addressed by Tomasko’s (1987) study of companies who terminated millions of these middle managers in the downsizings of the 1970s and 1980s. In conducting his study Tomasko reviewed the business literature on downsizing companies and writings of management experts such as “Chris Argyris, Elliot Jaques, Harry Levinson, Henry Mintzberg, and Thomas Peters” (p. vii). He also interviewed chief executives, line managers, strategy planners, human resource experts, and other consultants, and drew on his own experience as a consultant to Fortune 100 while working with the Arthur D. Little consulting firm. Tomasko found many reasons for these faulty hiring practices. As companies aged and grew prosperous there was unwritten social obligation to hire more people. Growth created more growth which translated into more jobs. Diversification into new industries, expansion as multinationals, and decentralization created the need for more layers of management. Special knowledge and skills in managing regulatory legislation affecting employee rights, environment, safety, and commerce meant new positions requiring specialized knowledge were created. Expertise in technology and the advancement of computer based information systems and production processes translated into even more positions.

The downsizings and restructurings that began in the 1960s and lasted throughout the 1990s would be the corporate management’s effort to define what Tomasko describes as “alternatives to the staff-driven, layered structure of organizing and managing business operations” (p. 26).

Beginning of the End

As early as the 1960s corporate managers began taking action to reduce the costs and inefficiencies of the overstuffed bureaucracies they had created. As they began to terminate employees, the outplacement industry emerged offering their consulting services as a resource to ease both organizations and individuals through the transition process. Bernard Haldane, founder of Haldane Associates and Saul Gruner owner of Haldane’s New York City franchise, identified
the downsizing of the Humble Oil Company, Bayonne, New Jersey, in 1969 as the first “outplacement project.” Their need to downsize was typical of what many organizations, which had hired with the implied promise of long term employment, were facing. As Gruner (Gruner, Interview, August 26, 1996) explained it, these were long term employees who had been hired with the implied promise of lifetime careers. In some instances, employees were second and even third generation company employees. Automation had replaced many of the functional positions these employees held and for over a year the organization had tried without success to find new positions for those affected. Their hope that attrition would solve the problem failed to happen. The business need to reduce payroll numbers forced them to seek outside help. The Haldane organization had received publicity about their job search assistance work, and Humble Oil contacted them requesting their help. Prior to this contract, the individuals receiving the service paid for the work Haldane and Gruner had done. This project was corporate paid. As companies continued to reach out for help with their downsizing and termination issues, early entrepreneurs recognized the potential of the service and began to establish consulting firms, dedicated strictly to corporate outplacement. Tom Hubbard started the first such firm, in 1969 (Gruner, Interview, August 26, 1996, Haldane, Interview, April 13, 1996).

Angelo Troisi (Troisi, Interview, February 27, 1996), one of the first leaders in the industry, told a similar story about a company that asked him to help with an employee they were terminating from the organization. The individual’s skills no longer fit the needs of the organization and yet they felt committed to help him find another position. When their resources were exhausted, they asked Troisi to help. According to Troisi (Troisi, Interview, February 27, 1996), companies in the late 1960s and the 1970s were beginning to have a real dilemma with their staffing structures and were not comfortable with just terminating employees. Title VII had not only created the fear of possible legal action, but it had also influenced hiring decisions that did not always meet the performance needs of the organization, women were coming into the workforce and room had to made for them, and mandatory retirement at 65 was no longer possible. As Troisi (Interview, February 27, 1996) pointed out, while Title VII was passed to protect employees against discrimination, it also had the affect of influencing the loss of jobs for older workers versus providing them a company retirement. It was also a time when companies were aggressively recruiting and hiring through one door as they terminated and “de-recruited”
out the other. Because the termination of a highly visible senior executive could cause negative publicity, companies found outplacement a resource to assist in the quiet exit of these managers. The number of organizations terminating employees grew throughout the 1970s and by the 1980’s and according to Tomasko (1987), newspaper headlines announcing massive downsizings affecting millions of employees were common reading. The implied contract of lifetime career positions was ending.

**Outplacement Growth**

As the employer/employee relationship unraveled through three decades of restructuring and downsizings, the outplacement industry grew in the number of firms and revenues. Industry revenues grew from less than $100 million in 1980 to over $1 billion worldwide in 1994 (Vines, 1994). By the mid 1990s over 300 outplacement firms were listed in the *Kennedy Outplacement Directory 1995-1996*. However, even as the outplacement industry expanded in numbers by the mid-1990s industry revenues had declined. Mergers and acquisitions began to occur in the late 1980s and by the mid-1990s they were common industry practice. As a result, the industry was going through its own restructuring and reorganization and outplacement firms were downsizing their own organizations (Cabrera, Interview, March 25, 1997).

Three organizations grew out of the industry. The Association of Outplacement Firms International (AOCFI), a trade association, was established in 1982. The International Association of Career Management Professionals (IACMP), a professional member association, was founded in 1990. In 1994, the International Board of Career Management Certification was established to credential outplacement practitioners and managers. By the mid-1990s, these organizations experienced declining memberships and revenues.

By 1997, outplacement firms had started to diversify with new programs and services, each one looking for a consulting service that would replace outplacement as the “new” corporate consulting resource for the next century (Cabrera, Interview, March 25, 1997).

**Conclusion**

Outplacement as an industry grew out of a counseling process created following WW II to teach returning veterans the skills to find jobs in post-war America. The industry grew as the employer/employee relationship created between big business and the workforce of post war
America began to decline in the late 1960s. In less than 30 years the industry had revenues of $1 billion while servicing the transition needs of millions of jobless employees who were involuntarily separated from company employment due to organizational restructuring and downsizings.

Underlying the growth of the industry were social and economic conditions that affected the way the employee/employer relationship was defined following WW II and why organizations later redefined the roles. In response to rapid economic growth following WW II, organizations recruited the American workforce with implied promises of job security through lifetime careers. Americans, eager to put the uncertainty of the past war and the previous years of depression behind them, gave up their previous work characteristics of self-reliance, thrift and independence and became employees, dependent on an organization for their job security. In less than twenty years, organizations began examining the organizations they had created through their earlier hiring practices, and determining those structures, and the employees who worked within them, inappropriate for their current and future goals and objectives, they severed the relationship and millions of employees became jobless.

Many of the organizations that involuntarily separated employees bought the services of an outplacement firm to assist their ex-employees with the process of coping with job loss and making a transition to a new position or a new career. As the following chapters will show, it was a new curriculum of adult learning that gave adults an opportunity to develop the characteristics of self-reliance, thrift and individualism and apply them in a changing world of work. In the new world of work, job security was no longer a condition that came with employment with an organization, instead it became a condition of “work security.” Work security meant managing one’s own process of continual learning and one’s ability to manage the movement of one’s employable skills from one work environment to another. Waterman, Waterman, and Collard (1994) call this “employability.” Cliff Hakim (1994, p. vii), career consultant and author, says that in this future, we are all “self employed” and the relationship between individuals and organizations no longer resides in that employer/employee relationship so carefully created and crafted in those post WW II years of economic boom. Instead it is a relationship based on a process of integrating independence and interdependence. Individuals join with an organization to do a job, a task, a project, but he or she does not work for the organization. The individual worker commitment is to continuous learning and constant preparation for the next work
experience and the expansion of an individual’s own definition of meaningful work.
The seeds of the outplacement industry were planted in the post WW II boom years. Americans emerged from the war expecting job security, prosperity, and professional success (Samuelson, 1995). To them, as secure corporate employees, they believed their dreams had come true. Jobs were plentiful and employees were quick to accept the opportunities offered and to begin climbing the corporate ladder. However, as early as the 1960s, corporations began to feel the restraints their bureaucracies had on their ability to compete in growing global markets, to implement the efficiencies of new technologies, and to manage techniques while continuing to build profits (Tomasko, 1987).

Even as businesses continued to hire, they began terminating employees who lacked the new skills, education, and training needed to position them nimbly for competitive advantage (Troisi, Interview, March 4, 1996). The termination of employees increased as the mega-corporations formed during the merger and acquisition frenzy of the 1950s began to dismantle their burdensome structures. During the 1960s and increasingly during the 1970s, the issues of how to effectively manage the termination of the growing numbers of employees became a critical management issue (Davis, Interview, September 10, 1996; Lee, Interview, August 10, 1997; Tomasko, 1987). It was during this time that newly formed organizations calling themselves outplacement firms began to promote and sell their job search consulting services to corporations as an answer to management’s problem of effectively and efficiently terminating growing numbers of redundant personnel.


These firms were selected for this study for the following reasons. First, the firms pioneered and introduced innovative business management, marketing and service delivery options to the industry. Secondly, their stories reflect the significant developments that occurred within the industry between 1945 and 1997.
In the larger context of the work world, this chapter relates a growing recognition amongst employers and employees that job security, success, and prosperity is not a function of a long term permanent relationship between an organization and an individual. Instead, it is an individual lifelong learning process that results in the ability of an individual to manage change and the continuous acquisition of knowledge and skills to guarantee lifelong employability.

The Bernard Haldane Story

Bernard Haldane is credited by Richard Germann, Vice President of Manchester, Inc. (Germann, Interview, February 25, 1997), and Frank Louchheim, Founding Chairman of Right Associates (Louchheim, Interview, April 15, 1996), as the grandfather of outplacement, and is recognized by professionals and leaders in the outplacement industry as the one person who started it all. In 1945, Haldane created a process to teach returning veterans how to identify their greatest skills, strengths, and interests and, then to use that knowledge in finding satisfying and productive jobs. The system created by Haldane would constitute the beginning of a new adult learning process that would in the 1990s, become a billion dollar industry.

Bernard Haldane, Professional and Volunteer

Haldane born in London in 1911, had formal training at the Royal College of Surgeons and immigrated to New York in 1927 with the intention of completing his medical training in the United States; however, US medical schools would not accept Haldane’s previous training and rather than start his educational process all over, Haldane sought employment. He held a variety of positions: from door to door salesman, to housekeeper and secretary, until finally, he became an editor of The New York Journal of Commerce. While in this position he assumed an active leadership role in the Society for the Advancement of Management (SAM).

In 1945 as a volunteer member of the SAM Board of Directors, he was asked to explore ways in which the organization could assist their returning veteran members with their reintegration into the post war labor market (Haldane, Interview, February 7, 1996). Haldane’s own professional background was not in career counseling or employment; however, he had three reasons for believing he could do the job. One was his managerial experience. Another was his research capability. The third was that the Selective Training and Service Act of 1940, the nation’s first peacetime conscription law, included a guarantee of reemployment rights for all
veterans who had left regular jobs to join the Armed Forces (The Veterans Benefits Administration (VBA), 1995). Also, in post war America, there were plenty of jobs available. Haldane began to explore how the veterans might gain access to the new positions being created within organizations. He spoke first with the recruiters in corporate personnel departments who were responsible for filling new positions. Haldane recalled his disappointment to learn that there was no method, no interest and no attempt made to hire individuals because they were best suited to a position. Rather, it was more a case of broadcasting available openings and hiring individuals who appeared to be interested and who could provide evidence of qualifications that matched the job description. Haldane’s second attempt to learn how organizations hired individuals was to interview the senior executives who had ultimate hiring authority. The executives admitted that what was important was who you knew and perhaps what school tie you wore (Haldane, Interview, April 6, 1996).

Haldane’s next research effort was to learn what veterans needed. Interviews with the returning veterans revealed that many of them did not want the jobs they had held before the war. Instead, they wanted work that was more satisfying, had greater financial reward, and provided them opportunities to maximize their wartime experiences as leaders and managers. The problem was they did not know how to land the new jobs that would meet their professional goals.

Haldane used this information to conduct a trial and error period of approximately three months, experimenting with his ideas to create a process helpful to the veterans. Haldane called the process the “System to Identify Motivated Skills (SIMS).” It was a method that enabled veterans, with the help of Haldane, or one of his trained volunteers, to identify their motivated strengths through the examination of past achievements and successes and to apply that self knowledge to conduct a successful job search. Haldane described an achievement as an experience that gave an individual a combination of feelings: “you feel you have done something well (what others may think of it doesn’t count); you have enjoyed doing it; you are proud of what you have done” (Haldane, 1961, p. 5). Success, he believed, was a high quality achievement. Using Haldane’s criteria for identifying a success, the veteran identified at least twenty achievements from his past experience, described the top ten of those achievements in great detail, and then analyzed them against a chart of 52 success factors. Haldane called this his Success Factor Analysis. With the analysis of each achievement a check was placed in the
appropriate column. At the end of the exercise, the check marks for each factor were totaled. Those factors identified by four or more checks indicated what Haldane called a “Success Pattern” (Haldane, 1961, p. 53). Reviewing the achievements and columns once again, the individual was directed to give a double check to those factors that were of vital importance to the achievement. These more refined factors were called “Career Directional or Dynamic Success Factors” and were used to analyze functional job skills. This combined information enabled the individual to identify his motivated skills and match them with functional occupational skills.

Haldane recalled the process as “so terribly simple, it was unbelievable. You ask people what they did best and enjoyed doing most” (Haldane, Interview, April 6, 1996). Haldane also designed training for writing resumes, getting interviews, the interview process, and salary negotiation (Haldane, 1961, p. 54). “Armed with this information and a good referral letter they would have no problems gaining interviews and finding satisfying employment” (Haldane, Interview, April 13, 1996).

Once Haldane had completed his research and preparation, The Society for Advancement Management (SAM) placed a notice in the New York Times inviting the veterans who were in need of job search assistance to participate in their free program called “The Veterans Executive Job Counseling Service.” The Society set aside space in their facility in which Haldane and the veterans met. The response was overwhelming. Sixty individuals came to the office seeking his help the first time he was available. The Society quickly provided more space and recruited volunteers whom Haldane trained. The Mayor of New York, Fiorella Laguardia, heard of Haldane’s work with the veterans and asked if he and his volunteers would expand their services to include all New York veterans. The city provided additional space and secretarial support and Haldane and his volunteers continued to expand their services. At one time, 19 volunteer executives and professionals worked with Haldane to support the veterans. When they concluded their work in 1947, they had helped over 2500 veterans (Haldane, Interview, April 6, 1996; Haldane and Haldane, 1982).

Haldane, New Career, New business, New industry

During his experience, Haldane (Haldane, Interview, October 3 & 4, 1996), realizing that this work best matched his own motivated skills, decided to make it his life’s work. When the project ended in 1947 he started his own business in New York City which he called Executive
Job Search Counselors. His first clients were from referrals. Veterans who had been through Haldane’s program referred others to him and articles published in national magazines attracted other clients. An article written by a veteran who had participated in the services was published in Liberty Magazine (Strouse, 1947). Excerpts from a report Haldane had prepared for the Society on the experiences of the first 500 veterans who had gone through the program was published in the New York Times. After reading the Times article, the Harvard Business Review editor asked Haldane to write an article. The appearance of this article in 1947 attracted even more clients. Advertising was more difficult. The New York Times advertising department screened new businesses to determine if their products and services were legitimate. It took several attempts to convince the New York Times that Haldane’s was a new career consulting service and worthy of advertising space. Further recognition and referrals came to him as a result of his speaking engagements at local professional meetings, his work as an adjunct professor of Career Planning at Wagner College (now City College of New York) and his work with student SAM chapters at Hofstra and Fordham University. In 1948, Haldane was asked to conduct a seven-week seminar for future Harvard graduates on using their motivated strengths to find jobs and to manage their careers. Haldane’s course became the structure for Harvard’s first placement manual for Harvard alumni (Haldane, Interview, April 6, 1996).

Harvard wasn’t the only organization who turned to Haldane for assistance. The Office of Price and Wage Administration in Washington, D. C. was closing its offices as wage and price controls were eliminated. Hearing what Haldane had done for the veterans; they invited him to Washington to help their senior staff members who were having difficulty finding jobs. Haldane accepted the assignment and became a temporary government employee commuting between Washington and New York while getting his business started (Haldane, Interview, April 6, 1996).

By 1953, Haldane had opened a second office in Boston, Massachusetts. As Haldane’s services became known he attracted experienced professionals from diverse fields to join his organization. Several came to him as clients and stayed to become Haldane employees, or Bernard Haldane Associate franchise owners. Some would play significant roles as pioneers and leaders in the outplacement industry.

Saul G. Gruner (Gruner, Interview, August 26, 1996) was among Bernard Haldane’s many clients who stayed to become a key player both in the Haldane organization and the
outplacement industry. Gruner first came to Haldane as a client. A veteran of WW II, he had returned from military service to start what became a very successful Long Island hardware business. The spreading suburban homeowners’ population contributed to the business’ growth and Gruner was able to open two locations. However, during the mid-1950s discount retail companies moved into his market and within a couple of years, Gruner was out of work. He accepted a position as a salesman for a hardware manufacturer but found the work was neither satisfying nor sufficiently rewarding, and exacerbated his existing back problem. Following the suggestion of a neighbor, who had been to Haldane, Gruner, in 1957, began the Haldane program. Before completing the program, Gruner, convinced the job search counseling business was an occupation to which he was well suited, approached Haldane for a position with his organization. While still working full time as a sales representative, Gruner began working evenings and weekends as a Haldane consultant. Gruner became Haldane’s full time Director of Counseling and applied his management, writing, and organizational skills, to assisting Haldane in expanding and developing his business. The business rapidly expanded after Haldane and Gruner put together a franchise agreement allowing individuals, for a fee, to use Haldane’s methods and organization’s name. By the end of the 1960s, Haldane’s organization had a nationwide office network. (Haldane, Interview, April 13, 1996; Gruner, Interview, August 26, 1996; Germann, Interview, February 25, 1997). Until 1960, the services they sold were purchased directly by the individual consumer (Gruner, Interview, August 26, 1996).

In a presentation to the 1990 tenth Annual Conference of the Association for Outplacement Firms, Gruner told how the first corporate purchase of job search services occurred (AOCFI Founders Reunion, Video, 1990). Three executives from the Humble Oil Company of Bayonne, New Jersey, contacted Gruner and Haldane to inquire if their services could benefit employees being terminated at Humble Oil. Humble Oil had automated their local refinery, eliminating several supervisors’ and laboratory technicians’ jobs. Most were long term employees, some even second or third generation family workers. Humble had tried unsuccessfully for over a year to find them reassignments or new positions. Those not placed were to be terminated. Gruner and Haldane submitted a proposal of support to the Humble executives and were hired to provide what the industry generally acknowledges as the first corporate paid outplacement project. The support included both group and individual programs,
and within 90 days all of the employees had found new positions (Haldane, Interview, October 3 & 4, 1996). Following the project, Standard Oil, owners of the Humble Oil refinery, began sending their terminated employees to Haldane and Gruner for job search assistance. 

Demand for their services continued to grow. In 1964-1965, Haldane and Gruner delivered what can be considered the earliest international corporate outplacement assignment (Gruner, Interview, August 26, 1996; Haldane, Interview, February 7, 1997). In the 1960s, the Dutch government was nationalizing all of its industries. Gruner’s New York office was hired by the Lagos Oil and Transport Company to provide job search assistance counseling for their American employees working on the Island of Aruba, facing reentry into the stateside labor market. Gruner and his staff traveled to Aruba and delivered job search counseling support to the employees, as well as to their wives. Gruner claims this may also have been the first delivery of spouse counseling programs (AOCFI Founders Reunion, Video, 1990).

The Haldane organization was founded to serve the needs of the individual consumer and has remained focused on that business throughout its history. Gruner, however, continued to be interested in corporate job search counseling services and in 1969 was part of a team that founded the first full time outplacement firm in the industry.

**The Thinc Consulting Group, Inc.**

Gruner had shared his interest in corporate services with Don Davis (Davis, Interview, September 10, 1996), account manager for Wesley Advertising, the advertising firm used by Haldane. Davis introduced Gruner to Tom Hubbard, a former business associate. Davis knew Hubbard was looking for a new business opportunity and believed Gruner had a concept Hubbard would find interesting. After conducting a marketing analysis, Hubbard was convinced that Gruner’s vision of corporate sponsored job search assistance had enough potential to risk his investments. In 1969, Hubbard purchased Gruner’s Haldane franchise, as well as Haldane’s own New York based retail home office network. With these purchases he formed the Thinc Consulting Group, Inc. Davis and Gruner were partners in this venture.

In 1969, there was not enough corporate business to generate sufficient revenues to support the Thinc organization and they continued to sell job search counseling support to consumers. In 1970, however, they decided to devote their business exclusively to selling and
delivering corporate job search counseling services, closed down the consumer side of their business and sold Haldane’s home office network back to Haldane (Davis, Interview, September 10, 1996; Gruner, Interview, August 26, 1997).

Gruner designed and developed the outplacement programs as well as the training materials and programs for new Thinc employees. Experienced accomplished professionals were hired and trained to be Thinc consultants. Thinc became known throughout the outplacement industry and with client organizations worldwide for their Key Executive Program (KEP). The KEP program was designed to respond to the transition needs of senior executives who lost key positions in the organization (Davis, Interview, September 10, 1996; Sherrill, Interview, February 25, 1996).

The term “outplacement” was not immediately applied to their business. While it is not clear how the term actually came into use, Davis (Davis, Interview, September 10, 1996) recalled that Tom Hubbard might have used it during a publicity interview in 1969 or 1970. Gruner (Gruner, Interview, August 26, 1997) recalled he coined the term during a meeting when he and Hubbard were discussing with their management team, what to call the service. Whatever its origin, the name was quickly accepted and has been associated with the industry ever since.

When Thinc first began marketing their services, corporations were still very reluctant to fire their executives. Regardless of the cost to the organization, they would move ineffective or redundant executives into positions out of the main stream of management or “put them out to farm” someplace in the organization. Convincing companies it was better to fire an individual and give outplacement support to find a position in a company where they could become productive and happy was a difficult “sale.” A particularly successful technique Davis had taught to the other Thinc sales staff was to ask a decision maker to “Put in your mind, somebody who, if they walked in tomorrow and resigned, you would not be unhappy” (Davis, Interview, September 10, 1996). Executives would generally give the response, “How many names do you want?” Gradually, companies began to listen to their strategy and their outplacement business began to grow.

Philosophically, Thinc considered outplacement as a management tool to be used for readjusting a company’s personnel mix. In orienting new employees to the Thinc organization, Davis described the role of outplacement, “We contribute to corporate profitability by assisting in
the separation of marginal and redundant personnel with minimum cost and disruption to the organization, and the maximum benefit to the individual” (Davis, Interview, September 10, 1996). Differentiation between individual job search counseling and corporate paid outplacement

When the corporation paid for the service, the entire philosophy of job search counseling as a service changed overnight. The corporation became the primary client who purchased the service as a management tool to manage their personnel mix. The corporation not only became the client but they also played a significant role in assisting with the individual’s transition. The corporation provided financial support, good references, and the services of an outplacement program. The corporation also provided valuable background information about the terminated employee to the outplacement firm. This information helped the outplacement consultant understand the terminated employee’s background and performance issues which could hinder his/her ability to make a successful transition (Davis, Interview, September 10, 1996).

This shift in roles occurred when Thinc developed their three-part outplacement consulting process. The first phase of their process, which included the pretermination corporate consulting meeting distinguished the service from the job search counseling service provided by the Haldane organization. Thinc referred to the meeting with the corporate client conducting a “corporate pre-lim” because it occurred preliminary to the termination. The process began when the Thinc consultant met with a representative of the corporation and began gathering background information about the conditions surrounding the termination decision and the background of the employee to be terminated. The Thinc consultant also helped the manager deal with his or her own emotions and reactions to terminating the employee. Most managers were not practiced in the skill of terminating employees, and for them it was often a traumatic experience. In addition, the Thinc consultant coached the manager on how to deliver the termination message and respond to the employee’s reaction to the termination announcement (Davis, Interview, September 10, 1996).

The second phase of the process began when attention shifted to the terminated employee. On the day of the termination, the outplacement consultant was at the work site to meet with the employee immediately following the separation meeting. Following the meeting, the employee met with an outplacement consultant (usually the same person who had conducted the “corporate pre-lim”). The outplacement consultant asked questions to learn the employee’s initial reaction to
the termination, their perspective on why the termination had occurred, and any personal or professional issues which required immediate attention. The consultant also offered advice to the employee on how to tell their family and what to say to others about the reason for termination. The consultant explained the outplacement program, gave the employee a packet explaining the program and assignments to prepare for the first meeting. An appointment was scheduled for the first meeting with the outplacement consultant in the outplacement office. An important objective of this meeting was to assure the employee that the corporation was not abandoning him or her to conduct the job search process alone. Instead, the corporation was providing the employee professional consulting support to help them manage the job search process. Prior to the first meeting, the outplacement delivery consultant assigned to work with the employee studied the information from the “corporate pre-lim” and the meeting with the terminated employee. He or she was then prepared to begin working with the terminated employee.

During this phase of the outplacement process, the employee was counseled through a process that prepared them to conduct a job search (Davis, Interview, September 10, 1996). The preparation included assisting the individual in determining abilities, achievements, background, experience, interests, and motivations. The outplacement consultant and the employee used this information to clarify the employee’s future job objective and put together a strategic plan to focus the job search. The consultant provided training on targeting companies, researching company information, writing a resume, writing letters, answering job ads, networking, interviewing, and negotiating compensation packages. Most of the Thinc outplacement programs provided access to temporary office space and administrative support needed to conduct the job search.

The third phase of the process began when the employee began to conduct the job search. When the consultant and the employee had completed the preparation phase of the process, the employee was considered “launched” and the job search activity began. During the job search, the employee received unlimited counseling support, access to temporary office space, and administrative support (Davis, Interview, September 10, 1996).

Thinc’s outplacement program for senior executives, the Key Executive Program (KEP), lasted until the employee accepted a new position. It also included a five year follow up phase. If the employee lost a position during that five year period, they could return to Thinc for advice on
counsel on finding a new position (Davis, Interview, September 10, 1996).

Thinc initially targeted the sale of outplacement services to support senior executives; however, it was soon obvious that more middle level managers were being terminated than at the senior level. As companies increased their termination activities and reached further down the corporation to make personnel cuts, Thinc designed and delivered outplacement support to all levels of employees. Initially, Thinc relied on one or two individual assignments a year from a large number of corporations. That changed in 1978 when one of Thinc’s clients, a large insurance company, planned a downsizing and asked Thinc to submit a proposal. Thinc won the proposal, which turned out to be a million-dollar project by the time it was completed (Davis, Interview, September 10, 1996; Gruner, Interview, August 26, 1996).

Thinc, founded in 1969, is generally acknowledged by the outplacement industry as the first-full time outplacement firm in the industry. Thinc transformed the retail job search counseling service into a corporate consulting service. They sold outplacement as a management tool to assist corporations in managing their personnel mix. Their service was an individualized personal consulting service that was delivered through one on one relationships between Thinc consultants and corporate managers and Thinc outplacement delivery consultants and terminated employees. The term “outplacement” was coined by the Thinc firm and has remained with the industry ever since. By 1983, Thinc had eight offices in the United States and one in London, England (Kennedy Directory of Outplacement Firms, 1982). In 1987, Thinc was the first significant outplacement firm to be acquired by another firm. Although the Thinc name has faded from the industry, founders and previous leaders of the industry remember Thinc as a premier outplacement firm.

**Drake Beam Morin – The National Firm**

Drake Beam Morin entered the outplacement industry in 1974 and quickly became the industry’s leading outplacement firm. Drake Beam Morin began as the private psychological consulting practice of John Drake and Jerry Beam in New York City in 1967. Drake and Beam specialized in executive assessments and interview training. In 1968, they hired James C. Cabrera to expand their business to include executive search.

As a young human resource professional, Cabrera had aspired to become a management
consultant. However, his lack of experience and his limited network, prevented an early transition into the consulting arena. In order to build contacts and to gain experience in understanding organizations’ training and development needs, Cabrera joined the American Management Association’s seminar division. Cabrera joined Drake and Beam to provide the start up direction and implementation of their executive search division. He believed the opportunity to become President (and the only employee) of the Drake and Beam Executive Search Division would be the last step needed to position him for a career in consulting (Cabrera, Interview, March 25, 1997).

As Cabrera worked with corporate managers to develop the search business he became aware of the growing difficulties organizations were having with terminating employees. Informally, clients asked him if he would help the executives they were terminating to find new positions. In 1969, a client requested training on how to interview for a job for a group of individuals they had terminated. Drake had been training client executives on effectively conducting hiring interviews. The client asked that Cabrera, Drake, and Beam reverse the process to teach ex-employees how to interview to “get hired.” Cabrera claimed this training was Drake Beam’s first group outplacement workshop. It wasn’t until 1974, however, that the Drake Beam organization decided to make outplacement a major business division. Prior to that time outplacement was treated as a “stepchild” (Cabrera, Interview, March 25, 1997). In 1974, Drake and Beam took two significant steps to launch their outplacement business full time. They sold their firm to Harcourt, Brace, and Jovanovich Publishing to get capital for funding their business expansion and they hired William J. Morin to manage their new outplacement business division.

Morin came to Drake and Beam with a background in business, human resource and marketing management. His successful application of proven product management practices and marketing expertise to the sales and distribution of outplacement services quickly positioned Drake and Beam as the industry leader. Morin’s strategy was to make Drake Beam a “national firm.” In 1976, they began expanding “west of the Hudson” and opened offices in Chicago, Los Angeles and two in New Jersey. Offices were opened in markets where they had assessed opportunities for potential growth. Other offices were opened in locations where they had established a presence to support a specific client project and they believed the market offered potential growth (Longden, Interview, September 10, 1996).
Morin’s strategy to make Drake Beam a “national firm” and provide corporate clients the efficiencies of national account management of outplacement services revolutionized the outplacement industry. According to Robert J. Lee, founder of the Lee Hecht Harrison outplacement firm, Morin’s move to make Drake Beam a “national firm” was “a brilliant notion.” Lee described the impact of the change, “Drake Beam could go to any major corporation and say to them, ‘I will give you one person in charge of all the work that needs to get done and give you standard service, standard billing, a standard rate, a standard this, and a standard that, and you’ll have one person to talk to and you don’t have to run around the country and have a whole bunch of different little mom and pop shops doing your work.’” Drake Beam “became the elephant in the hen house and everybody else became the little guy” (Lee, Interview August 10, 1997). Morin had shifted the entire industry from being a professional service to becoming a business service.

Steve Harrison, President, of Lee Hecht Harrison, agreed and added, “The organization that put corporate outplacement on the map, hands down, no discussion, was Drake Beam Morin. Morin taught America that traditional consumer product marketing techniques could be applied to a sensitive psychologically based service and be successful in such applications. It was Bill Morin that did that for us. I’ll always be and we, the industry, will always be grateful” (Harrison, Interview, February 18, 1997). In 1979 Bill Morin was named Chairman and Chief Executive Officer and the name of the firm was changed to Drake Beam Morin.

In 1978, DBM became an international firm. DBM had limited their growth in the US to company owned offices; however, to quickly penetrate the international market they created alliances with existing outplacement firms in international markets. DBM not only made outplacement a “national” industry; they made it “international” (Longden, Interview, September 10, 1997).

By the mid-1980s DBM began to experience a significant change in the outplacement market. Until then, DBM had worked mostly with individuals and a project of $100,000 was considered a “big deal.” In the mid-1980s, however, DBM began to get multi-million dollar projects with major corporations to support massive national, and international, downsizing projects. As this began to occur, DBM began to face more competition. Other outplacement firms had followed DBMS lead and created competitive national and international networks.
DBM responded by becoming more competitive. Longden (Personal Interview, September 10, 1996), former CFO at DBM, pointed out that when a client company was planning a large downsizing, often with multiple phases over a period of a couple of years, they would demand pricing discounts. DBM would comply in order to keep them as a customer and keep the corporate client name on their masthead list of references. It was not unusual that within an industry, or among large corporations, that new users of outplacement services would select the same outplacement vendor an industry leader had used. By acquiescing to client requests for flexible pricing and discounts, DBM kept their name in front of a growing market and continued to get new business. The growth in revenues was so great that even with lower pricing they continued to experience good profit margins (Longden, Interview, September 10, 1996).

By the early 1990s, however, DBM began to feel the affects of a declining outplacement market. Downsizings had slowed down and corporate buyers of outplacement services had reduced the process of purchasing outplacement to a function of corporate procurement departments. Prices were compressed and profit margins were reduced (Cabrera, Interview, March 25, 1997).

At the same time, DBM began to show signs of internal organizational tension. Morin and a group of investors had bid on purchasing the company in 1995, but the offer was not accepted. Morin left suddenly in November of 1995 and rumors that DBM was being offered for sale by their parent company, Harcourt General, were heard throughout the industry. It was rumored that possible candidates for purchasing the company were Lee Hecht Harrison, another leading international placement firm, and Manpower, a temporary placement company. Craig Sawin, a vice president of planning and a turnaround expert with Harcourt General who had been running DBM since December of 1996, responded to the rumors in an interview with the National Employment Weekly (August 3-9, 1997, p.31). Sawin stated that DBM had experienced some financial difficulties, however, DBM was once again profitable and Harcourt General was not going to sell DBM to either LHH or to Manpower. Instead, he said that Manpower and DBM had created a strategic alliance where DBM candidates would have access to temporary and interim positions through the Manpower international network of offices. He acknowledged that the slow down in corporate layoffs and the unwillingness of corporations to purchase unlimited outplacement support for their terminated employees had a negative impact on the DBM
organization. As a result, they were closing offices in geographic areas where DBM had multiple sites and were letting 60 professionals go; however, he pointed out that though DBM had lost 200 professionals over the last couple of years, they had also hired 200 new employees. He went on to say, that the recent purchase of National Education Corporation, a group of testing services company, would hopefully combine with the resources of DBM and Manpower to create future opportunities for all the organizations. Sawin predicted that DBM’s outplacement future probably lay in overseas markets (Capell, 1991).

Historically DBM held a position of leadership in the outplacement industry. Their programs, staffing, and innovative delivery practices had significant influence on the outplacement industry. According to Morin, they modeled their initial services after the Thinc program but enhanced it with the unique professional expertise of Drake, Beam, Cabrera and Morin. Drake contributed his expertise as a designer and trainer in interviewing techniques. Beam was skilled and an expert in executive assessment (Morin, Interview, November 20, 1996). Cabrera contributed his expertise in human resources and executive search and, Morin applied his expertise in marketing and business management to bring the program design together (Morin, Interview, November 20, 1996).

DBM, initially, preferred to hire psychologists to deliver their services. By the 1980s, however, it became more difficult to recruit enough psychologists to staff all of their positions and they began recruiting and hiring senior business executives. DBM continued to use psychologists to support the delivery consultant in the preparation phase of the outplacement program (Longden, Interview, September 10, 1996). DBM consultants were trained to function in multiple roles. A DBM consultant would sell and deliver services, both individual and group. They would participate in the management of the DBM office and take responsibility to see that both the corporate client and the terminated employee’s needs were met. Independent consultants, referred to as “stringers,” were hired to deliver group programs or individual programs when major projects required the use of a temporary increase in staff (Morin, Interview, November 20, 1996). By the mid-1990s, DBM restructured their organization and separated the sales function from the delivery of consulting services.

DBM introduced several program and service innovations that were adapted throughout the industry. One of the most significant resources DBM introduced was the computerized job
bank. DBM solicited job openings from companies and created a computerized data bank of these openings. Matching its program participant’s backgrounds to these openings, it offered client organizations a potential resource of qualified job candidates. DBM marketed a strategy that appealed to both corporations as well as to the terminated employees. It was a service that was adopted by other outplacement firms and became a standard resource of outplacement programs throughout the industry.

Robert Lee believed the introduction of DBM’s computerized job bank created a significant turning point for the industry (Lee, Interview August 10, 1997). Lee believed terminated employees increasingly looked at job banks as a quick resource to find the next position and lost interest in the consulting process offered by the outplacement service. This was a significant shift in the outplacement process. Rather than it being the counseling/consulting process it was first designed to be, it shifted to a “job replacement activity.” In the broader context, Lee said, “the social need shifted from being an exit counseling or career counseling activity to a job replacement process” (Lee, Interview, August 10, 1997).

Another DBM innovation was the use of video/televised training as part of the outplacement program. Morin believed that the value added in viewing oneself on video in a simulated interview scenario was invaluable in preparing clients for job interviews. Video training became common practice in most individual outplacement programs offered by major outplacement firms (Slusser, Interview, July 15, 1997; MacDonald, Interview July 15, 1997; Germann, Interview, February 16, 1996).

Another DBM innovation was the creation of “public workshops” (Cabrera, Interview, March 25, 1997). In most circumstances, participants in group workshops came from the same corporation. Groups ranged in size from eight to fifteen participants. When only one or two employees were terminated, corporations would not purchase the service. In the late 1980s, DBM began offering group workshops that could be attended by terminated employees from different corporations. By doing this, DBM was able to provide outplacement services to terminated employees who otherwise would not have the service, and they were able to capture additional business.

In summary, DBM is acknowledged throughout the industry as having transformed outplacement from a professional service to a business service. DBM is considered the first
“national” firm in the industry. Cabrera and Morin are also credited with making outplacement an “international” industry. Morin’s application of proven product management and marketing techniques introduced the meaning of competitiveness to an industry that was comfortable and profitably providing outplacement services to local and regional clients. His marketing and business strategies caused them all to rethink the way they would market and deliver their services if they were to remain outplacement providers. DBM’s introduction of the use of computerized job banks significantly shifted the purpose of outplacement services from career consulting to a job replacement activity. Others in the industry, rather than crediting DBM as an innovator and creator of outplacement services, instead complained these innovations contributed significantly to making outplacement a commodity. Others, however, credited DBM with leading the way in expanding outplacement into new markets and introducing new services (Cabrera, Interview, March 25, 1997).

In looking back at their experiences, Cabrera and Morin acknowledged the criticisms and the recognition without excuses. They both agreed they had managed an organization that had to respond to corporate changes greater than any they had anticipated when they first entered the outplacement industry in 1974. As their market changed, DBM also had to change. Those changes occurred as corporate reasons for purchasing outplacement went through change. Corporations first bought outplacement services out of sincere guilt over the ending of the employment relationship between themselves as employers and the individual as their employee. Another reason they continued to buy outplacement was their fear of litigation due to charges of discriminatory firing practices. In the early days of outplacement, in the 1960s and early 1970s, he recalled, companies were gradually letting employees go, usually poor performers or some real problem employees. In Morin’s words, “During the 1980s, the whole meaning of corporate life changed before our very eyes. It all happened in that one decade. It changed from a family oriented kind of business culture to a free wheeling world of competition driven by a ‘get it done or get out kind of attitude’ ” (Morin, Interview, November 20, 1996). As corporations became more focused on becoming efficient, flexible and more cost effective, they started targeting their middle managers. Companies decided they didn’t need these people, they couldn’t find a place for them, and they considered them “redundant.” In the 1960s and 1970s, the corporate objective in purchasing outplacement services was to benefit the terminated employee.
“However, during the 1980s, their objective in buying outplacement services was centered solely on the benefits it brought to the corporation. Outplacement offered them protection from costly litigation and, even more importantly, it satisfied their desire to get employees out of the corporation “cheaper and faster.” Beginning in 1986 and 1987, companies became very expedient about the whole business of terminating employees. Downsizing became a panacea for corporations. Corporate management used downsizings to create immediate cost reductions, drive the stock price up, and increase profit margins (Morin, Interview, November 20, 1996).

It was Morin’s view that world competition drove the changes that occurred in corporate America during the 1980s. Since the 1960s, he said, that companies realized they could not afford to offer or support the lifetime employment relationship they had created between themselves and their employees. Financially, it became too burdensome, particularly with the Japanese coming out with better products that were 30% to 40% cheaper. Europe, he observed, was recovering as well and coming into its own. The productivity and trade with those two nations seriously affected American corporations’ ability to compete. “Outplacement,” stated Morin, “was a service that made it a lot easier for corporations to re-engineer and restructure” (Morin, Interview, November 20, 1997). As they restructured, DBM and the outplacement industry gave them the tools they needed to manage the process in a cost effective and efficient manner (Morin, Interview, November 20, 1996; Cabrera, Interview, March 25, 1997).

Lee Hecht Harrison – The Industry Challenger

Lee Hecht Harrison holds a unique place in the history of the outplacement industry because of the leading role it has have repeatedly taken in challenging the parameters and mission of the established outplacement industry. In 1974, Robert (Bob) Lee, a Ph.D. Psychologist, began his own private practice in New York City working with organizations doing performance appraisal systems, executive training, executive assessments for selections, and other organizational and management consulting. He recalled that he got into outplacement only because his clients, hearing about outplacement, asked him if he could do outplacement work for them (Lee, Interview, August 10, 197). Using his expertise as an applied psychologist, he began to work with executives in transition. By 1976, his outplacement work had grown to the point where he needed assistance, and he asked Robert (Bob) M. Hecht, Vice President of Consulting
and Publishing for Drake Beam, to join him. When the outplacement work grew to be 80% of their entire business, they made it a major business’ focus.

Their regional New York firm grew steadily until the 1980s, when the industry’s competitiveness prompted them to look at expanding beyond New York. Prior to the 1980s, they never actually felt the impact of competition. The market changed, however, with Morin’s invention of a “national firm.” Realizing they needed marketing assistance to compete against DBM, they hired Stephen G. Harrison in 1982, to run their business (Harrison, Interview, February 18, 1997). Harrison, a senior human resource professional with Tenneco in the 1970s, had become acquainted with Bob Hecht and had sent him outplacement assignments both when he was at DBM and later after he joined Lee. Harrison joined Lee and Hecht with the informal understanding he would eventually become an equal partner in the organization. The three had agreed that Harrison’s objective was to increase the firm’s pace of growth. In 1984, Harrison became a partner and the name of the firm was changed to Lee Hecht Harrison (LHH). Harrison achieved his growth objectives and by 1986, Lee Hecht Harrison had four offices, two in Connecticut, one in New Jersey, and one in Manhattan. In 1986, Harrison became President and Chief Operating Officer (Harrison, Interview, February 18, 1997).

By 1986, LHH was at a point in their growth when they had to decide to either remain a regional specialty firm or to become a national full service outplacement firm (Harrison, Interview, February 18, 1997). Becoming a full service firm meant offering all career related outplacement services from senior executive service to group projects, and eventually career development services. To help them sort out the issues; LHH hired Delta Consulting Group. For nine months, Delta assisted them in formulating their decision and strategy. LHH decided to become a full service national firm, to grow gradually but deliberately and to establish major group outplacement projects as a special business function separate from their individual outplacement work. Small group projects would continue to be delivered through the direction of the individual practice office, but regional, national, and international projects would be handled separately under the direction of the new group project division.

Realizing they would need funding for future expansion, LHH hired a consulting firm to find a parent company that could buy them. According to Harrison, they had three parent company criteria:
1. They wanted an entity that could finance or bankroll their growth.
2. They wanted a company that could lend financial acumen, knowledge, and experience to running the operation.
3. They wanted a company that would conduct themselves more like a collegial partner, rather than just another parent whose business objective did not have synergism with theirs (Harrison, Interview, February 18, 1997). They found Adia, a Swiss headquartered, temporary placement firm, which acquired them in April of 1988.

LHH grew by acquisitions and through the opening of new offices. Harrison explained the criteria used to make their decisions. LHH looked for cities that had undeveloped outplacement markets. It was usually a second tier city, like Phoenix, Arizona, which had a minimal outplacement representation, as compared with New York City’s maximum outplacement firm representation. In some cities LHH opened an office as an outgrowth of a major project that required a career center and stayed in that city if it had outplacement potential. In a city where they had a hub office, they opened a satellite office to serve a significant residential suburban community and that site became a full service office with marketing activities. They also acquired local or regional outplacement firms with established credibility and good will. In some instances they examined the nature of a city’s business profile, and if it appeared that the city had potential for growth, they located there and began to build relationships. LHH has grown in a slow and deliberate manner, and they were not disappointed with their results (Harrison, Interview, February 18, 1997). Though LHH’s growth was slower than DBM and Right Associates, they were still able to participate in the corporate downsizings of the 1980s.

As LHH participated in the decade of downsizings, they creatively responded to the changes that occurred in the outplacement market. When Harrison came into the business in 1982, companies were buying full service programs and the outplacement company would consult with the individual until they landed a position but by the mid-1980s that began to change (Harrison, Interview, February 18, 1997). At that time, it was unheard of to “unbundle” a program; that is, to deliver parts of a full service program or to have time limits placed on the service. The client corporations, however, asked for programs that were limited in time. They requested two, three, or six-month programs, or programs delivered in a group classroom for two or three days. Client companies requested these changes because of the costs attached to full
service outplacement programs, and they wanted to extend outplacement services to more employees at more levels of the organization. In addition, during the 1980s, client corporations “looked behind the curtain” and discovered that the delivery of outplacement services was not a “mystery” (Lee, Interview August 10, 1997). They developed an understanding of its delivery and its purpose and with this knowledge made their own decisions as to what was needed and appropriate for their employees. The client companies drove these changes, not the outplacement firms. Harrison also saw the unbundling of services as an opportunity to sell affordable outplacement services to smaller companies, which in turn created a whole new target market for LHH as well as the rest of the industry. Though other outplacement firms criticized LHH for unbundling outplacement services, they also adopted the same practice to remain competitive with LHH (Harrison, Interview, and February 18, 1997).

LHH led other critical changes within the outplacement industry. LHH’s sale to Adia in 1988 had created a significant dilemma for the industry’s trade association, the Association of Outplacement Consulting Firm’s (AOCF). The AOCF had a bylaw prohibiting ownership of any AOCF member firm by any company engaged in any form of “placement for fee” business activities. LHH’s sale to Adia was in clear violation of this bylaw, and the association had to decide if was going to expel LHH from membership. This, however, created a conflict for the association. They knew that if they expelled LHH they would lose significant revenues as well as the leadership skills of Bob Lee, Bob Hecht and Steve Harrison. They resolved the conflict by changing their bylaws and LHH retained their membership in the AOCF. This was LHH’s first time to challenge the governing rules of the AOCF (Axmith, Interview, November 21, 1997).

In 1994 LHH violated another association bylaw when they opened a retail career center in Sacramento, California and sold career consulting service directly to consumers. A bylaw of the association prohibited any member firm from accepting payment for services directly from an individual consumer. LHH was suspended from membership while the association considered the situation. Within a year, LHH closed their career center because it was not successful, and their suspension was lifted. Other outplacement firms, however, were also interested in doing retail work, and they pressured the association for a change in the bylaws. In 1995 the bylaws were changed to allow member firms to sell and deliver consumer services under a separate name, in a separate location and with a separate staff. Once again, LHH had been the leader in a critical
industry association change (Lublin, 1994).

In 1994 LHH also began to grow internationally by opening two operations in the UK. By 1997 they had five locations in the UK, as well as a career center at the Sydney, Australia, Olympic site. The Sydney site will be the exclusive provider of outplacement needs for the Olympic staff when the 2000 Olympic games are over. In 1997 LHH had over 70 offices worldwide. Harrison predicted that future growth in outplacement services will occur overseas and LHH expects to be a part of that growth (Harrison, Interview, February 18, 1997).

In 1997 LHH’s parent company, Adia, was acquired by Adecco, an eight billion-dollar worldwide temporary staffing and interim employment company with a network of 150 offices in 42 countries. It was unclear what the impact of the new ownership would have on LHHs ability to compete for and deliver outplacement services. In the past, however, LHH had been able to use the relationship with Adia as a discriminating feature to compete for outplacement projects (Lublin, 1994). In the use of Adia resources, Harrison (Harrison, Interview, October 30, 1997) said LHH was always careful not to promise that the connection guaranteed employment for their outplacement candidates. Instead, the resources were included as just one more option to be explored when conducting a job search (Harrison, Interview, October 30, 1997).

In the fall of 1997, LHH once again took a significant action that had impact on the entire industry. They withdrew as members of the industry’s trade association, the AOCFI. They charged that the current elected leadership of the association did not reflect the needs of the greater membership and was slow to changes. Before the year ended two other major outplacement firms, DBM and Manchester, Inc. would follow LHH’s lead and also cancel their memberships with the AOCFI (Rijksen, Interview, January 24, 1997; Baumann, Interview, February 9, 1998).

Lee, (Lee, Interview, August 10, 1997), the founder of the LHH outplacement firm saw their early work in the 1960s and 1970s as part of a greater change that was occurring in the world of work. As he described it, when outplacement emerged, business and society were experiencing a “social need.” Organizations were terminating employees and they had no experience or resources to assist them with the effort to find other positions. As a result, outplacement entrepreneurs created and sold to corporations “a mechanism to help people to move between one organization and another.” The industry however, changed between the time
it emerged in the late 1960s and 1997. Rather than remaining the career consulting, career management service it started as, it became a job replacement activity supported by job banks, training activities and the standardized delivery of outplacement programs. The industry changed because the market changed and outplacement firms became more business like and less of a professional service.

**Right Associates, Instant Impact in a New Industry**

Right Associates’ entry into the outplacement industry in 1980 differed from other firms in that they entered the market, not as a local or regional business, but as an outplacement firm with a national image, capable of supporting national outplacement contracts. Right Associates, like Thinc, the industry’s acknowledged founding firm, was established by persons with roots in the Bernard Haldane organization. Frank Louchheim, the founding chairman of Right Associates, had been a Haldane organization client since the mid-1960s, utilizing their services through his own job changes. In 1974, he joined Haldane as a salesperson, selling job search assistance programs to individuals and in 1976 began selling the services to corporations. By 1978, Louchheim’s corporate business was so successful he recruited three individuals to assist him: Larry Evans, a senior professional from international banking; Boardman Thompson, a senior sales executive; and Robert Fish, a former Deputy Director of the Department of Commerce and a management consultant. Within two years these four individuals generated almost two million dollars worth of outplacement business (Louchheim, Interview, April 15, 1996).

In 1980, Louchheim, Evans, Fish and Thompson left the Haldane organization to found Right Associates. They made four strategic business decisions in starting their firm. First, they separated business development and program delivery functions. They knew that other firms like Drake Beam Morin combined both functions in a single person. Right, however, entered the outplacement industry as a sales driven business and they did not want their sales staff distracted from sales goals by counseling responsibilities. At Haldane, they had learned that individuals looking for a job often needed immediate feedback on job search issues. When consultants were out of the office making sales calls, they would not be available to meet those needs.

Second, they hired experienced business professionals to be their program delivery and sales consultants. Other leading firms at that time, like DBM and LHH, had primarily staffed their
organizations with psychologists (Morin, Interview, November 20, 1996; Lee, Interview, August 10, 1997). Right believed that individuals with corporate experience had a better understanding of the realities and politics of working in a business environment, thereby enabling them to coach individuals more effectively through the job search process. Right also believed that experienced business professionals could relate best to the organizations and corporate clients to whom they sold Right Associates’ services. Many of their first recruits came from the Haldane organization, who brought not only business experience, but experience as delivery consultants which gave Right immediate credibility in the outplacement market (Israel, Interview, September 24, 1997; Louchheim, Interview, April 15, 1996; Pilachowski, Interview, June 18, 1997).

Third, Right used franchise agreements to build a network of offices. No other outplacement firm had used franchise agreements to open offices and to build a national network operation. Right had won a national contract within months of their founding and franchising allowed them to create an established presence in locations where they needed a delivery presence. By 1983, using the combination of franchising agreements and company owned offices, Right had created a network of 18 locations.

Right used a fourth proven business technique when they decided to fund further expansion by becoming a publicly traded corporation. They began preparations for this in 1983 when they hired Stanley Tilton, an experienced financial executive, to establish appropriate accounting practices, policies and procedures to prepare them for going public. In November, 1986, Right stock was publicly offered on the NASDAQ stock exchange, making them the only outplacement firm to be publicly traded and open to public financial scrutiny. (Louchheim, Interview, April 15, 1996; Tilton, Interview, September 24, 1997).

Right used stock sales’ funds and the reinvestment of company profits, to expand their network of company owned offices. Right first acquired other leading outplacement firms. Acquisitions created several immediate market advantages: (a) An acquisition eliminated competition in markets where Right had a presence, (b) Right gained an immediate presence and reputation in new markets (c) An acquisition gave Right immediate access to an existing client base (d) An acquisition increased revenues (e) Acquisitions brought new consulting resources and programs to their scope of services and (f) Acquisitions brought the reputation and experience of the acquired firm’s leadership into the Right organization (Tilton, Interview,
Two acquisition strategies resulted in an expanded organization. In 1987, Right acquired the Thinc outplacement firm headquartered in New York City, thereby acquiring Thinc’s historical status as the first acknowledged outplacement firm in the industry and its reputation as a premier outplacement firm. The acquisition also gave Right Associates access to Thinc’s Key Executive Program, an outplacement service designed to serve the unique job transition needs of an organization’s most senior executive. This acquisition also gave Right a credible presence in the London market where Thinc had an established office and client base.

Right’s second acquisition strategy was acquiring the privately held franchise/affiliates in the Right network. With these acquisitions, Right Associates increased company generated revenues and gained increased control over operations. In 1986, when the company went public Right owned and operated only 17 of their 52 offices. By 1990, when the network locations stood at 77, Right had gained ownership of 39 offices. By 1995, only nine franchisees were operating as Right Associates’ offices (Right Management Consultants, Inc. 1995, 1996).

Anticipating a decline in the outplacement market, Right developed a five year Strategic Plan in 1990 which put in motion several new growth initiatives. In 1991 they established a subsidiary called the Right Associate’s Government Services to serve the government outplacement market. This subsidiary, in 1991, subcontracted with Resource Consultants, Inc. (RCI), a government contracting firm headquartered in McLean, Virginia, to secure a major Army contract to establish and operate Job Assistance Centers (JAC) at 54 US Army installations in the US and abroad. The Centers were established to provide career transition consulting to US Army soldiers, civilians, and their families who were leaving military positions due to planned force reductions (Right Management Consultants, Inc. Annual Report 1991, 1992). By 1997, over 650,000 Army soldiers, civilians, and dependents, had been supported at JAC Centers around the world (Israel, Interview, September 24, 1997; Smith, Interview, March 11, 1997).

Another initiative of Right’s 1990 Strategic Plan was to diversify their services and to enter the human resource consulting market. They did this for two reasons: First, as the outplacement industry matured, Right anticipated the financial impact of a declining market in corporate downsizings. Secondly, Right Associates wanted to reposition themselves for participation in an emerging organizational and human resource consulting market. To implement
this part of the Strategic Plan and to complement their existing human resource consulting resources, in 1996, Right acquired PeopleTech, a Canadian based consulting firm. PeopleTech specialized in change management, communications, strategy implementation, and executive development. With this acquisition Right began using their trade name, Right Management Consultants Inc., and restructured the organization into two business units. Under the PeopleTech name, they sold and delivered human resource and organizational consulting services. As Right Associates, they sold and delivered career transition (outplacement services) (Right Management Consultants, Inc. Annual Report 1996, 1997).

Right also changed aspects of their program delivery. First, they designed a curriculum of learning experiences that combined individual consulting with group training. Basic job search skills, common to all transition programs, were taught in interactive group training seminars. They called these programs High Intensity Training seminars (HITs) which included such subjects as resume and letter writing, networking, interviewing, structuring and managing a market campaign, conducting market research, working with the Internet, and negotiating job offers. In individual consulting sessions, consultants focused attention on each individual’s unique needs. This approach provided corporate clients with program selection, provided flexibility to meet the terminated employee’s needs, and allowed Right to deliver quality programming, while protecting profit margins (Israel, Interview, September 24, 1997).

In addition to program design changes, Right also enhanced technology use. Among the enhancements was a computerized national/international job bank comprised of job listings provided by their corporate clients and the corporate business community. The use of computers was made available to clients who preferred preparing their own resumes and correspondence. Computers also were available for conducting on-line access to research databases and the Internet. Training seminars on the use of technology and the role it could play in the job search process also were added to the outplacement learning curriculum. (MacDonald, Interview, July 15, 1997).

Right’s success gained them recognition outside the outplacement industry. In 1992, 1993, 1994, and 1995, Forbes Magazine named Right Management Consultants as one of the “200 Best Small Companies in America,” and in 1996, they were included on Business Week’s list of the “100 Best Small Corporations” (Right Management Consultants, Inc. Annual Report, 1996,
Right’s use of proven business practices and management techniques built an international network of over 120 offices with revenues in excess of $120 million dollars. They were unique in the industry in their use of franchise agreements to build their network and to make their company a publicly traded corporation. Then, as the outplacement market began to decline, they began to diversify their services to include the selling and delivery of organizational and human resource consulting services. In spite of their aggressive growth and strategic planning, by the mid-1990s, Right began to suffer a decline in their stock market value. As profit margins declined in 1995 and 1996 they restructured their compensation and organizational management in an attempt to maintain revenues and energize their growth. Their revenues reached a plateau in 1997 and the last quarter of the year their revenues declined by half a million dollars (News release, February 13, 1998).

Right faces an uncertain future. New growth in outplacement according to founding chairman, Frank Louchheim (Louchheim, Interview, April 15, 1996) lies in overseas outplacement market expansion. Revenue growth in the US is dependent on their ability to develop and sell new consulting services. Right is unique in the industry, as the only outplacement corporation to be publicly traded as a stand-alone corporation. DBM, LHH and Manchester, Inc. are owned by publicly traded, billion dollar corporations with the resources to support growth and expansion and it is unclear how long Right will be able to maintain their position as the second largest international firm with their stand-alone strategy. Insiders report that Right aggressively plans to restore their profitability in 1998 by managing costs and implementing even more group learning experiences to deliver outplacement services. By doing this, they can operate with minimal staff and control payroll expenditures. In addition, they have placed a hold on all new technology investment. The combined strategy of payroll, program and technology restrictions has caused concern among some insiders that Right would not be able to deliver quality outplacement services. They also feared that Right would fall so far behind in technology that they would not be able to catch up with others in the industry that may be investing in technology and staff.

**The Miles/LeHane Group – A Premier Niche Provider**

Not all firms that targeted national work created a network of offices. Instead, one firm
targeted a national “niche” market. In 1980, Louis J. LeHane, a former senior executive with the
Thinc organization, established a residential outplacement firm, LeHane Consultants Inc., in
Leesburg, Virginia (J. LeHane, Interview, February 13, 1997). LeHane believed the outplacement
needs of a senior executive could be served better in a secluded environment where counselors
could focus solely on the needs of the terminated executive and the executives spouse.
Corporations sent their terminated senior executives and their wives to participate in LeHane’s
service which he called “The Glenfiddich Experience.” Programs included three to five-day stays
at Glenfiddich House, a restored 1840 antebellum home located in the heart of historic Leesburg,
Virginia. Both the terminated executive and his/her spouse received individualized one-on-one
consulting delivered specifically to their individual needs. After completing their stay at
Glenfiddich House, the executive received continued telephone support and was welcome to
return to Glennfiddich House as they conducted their job search campaigns. LeHane’s firm was
sold to David Miles in 1992 and now operates as the Miles/LeHane Group, Inc. The
Miles/LeHane Group has expanded their business into the international market and now include
executive coaching as part of their senior executive consulting service (Miles, November 14,
1997).

Manchester Inc. - Growth through Partnerships

Established in 1983 with headquarters in King of Prussia, Pennsylvania, Manchester, Inc.
used a different strategy to become a national outplacement provider. Until 1994 they grew by
opening company owned offices in the eastern United States. They also had one overseas office
(Directory of Outplacement Firms 1995-1996). In 1994, Stan Tilton, former president of Right
Associates, joined them to structure an international network of offices through partnership
arrangements. As a Manchester Partner, an independently owned outplacement firm could retain
and continue to maximize their local name and market presence as well as offer services
internationally through the Manchester Partners International network (Tilton, Interview,
September 24, 1997). By 1995 Manchester had over 50 US locations. In addition, two leading
international outplacement firms joined as partners and gave Manchester an immediate and
credible international presence. These were Murray Axmith & Associates LTD, headquartered in
Toronto, with 16 locations in Canada, Australia, and Singapore, and Coutts Consulting Group
PLC, Europe’s oldest and largest outplacement firm headquartered in London, with over 60 international locations. This gave Manchester Partners immediate access to global outplacement opportunities and made them one of the top four outplacement firms in the world. In January of 1997, however, Manchester owners, Gilles Richard and Molly Shepherd, announced the sale of Manchester Inc. to Accustaff, a publicly traded, international temporary placement firm headquartered in Jacksonville, Florida. Following the announcement of their sale, Axsmith and Coutts withdrew from Manchester Partners and the firm had to begin rebuilding their international network. They also began negotiating buyouts with their network partners, and like Right and Lee Hecht Harrison, they began acquiring other independently owned outplacement firms in strategic markets.

In 1997, Manchester acquired Schwab-Carrese Associates, Inc., a North Carolina headquartered outplacement firm, which had a separate search business. They plan to use the combined resources of Manchester Inc., Manchester Partners, Accustaff and Schwab-Carrese to offer a comprehensive set of consulting services to their corporate clients (Baumann, Interview, January 24, 1998).

**Conclusions**

Outplacement emerged in the 1960s as a solution to the business and social problems that were created as corporations realigned organizational corporate structures to become more competitive in growing global markets. Corporations, struggling to compete in international economic environments, were hampered by large staffs and bureaucratic structures created during the post WW II economic boom. To become more competitive and responsive to their changing markets, organizations began to restructure and realign their personnel mix by eliminating positions and the employees who held them. As these employees left corporations and faced the unfamiliar task of looking for a new job, a need for “a mechanism to help people to move between one organization and another” was created (Lee, Interview, August 10, 1997). Outplacement emerged as the mechanism to meet that need.

The reasons why and how corporations have used outplacement to move terminated employees out of their corporations have changed significantly during the past thirty years. In addition to corporate buyers’ changing needs, the needs of outplacement users have changed as
well. In response to these changes, outplacement changed the way they structured their organizations and designed and delivered their services. The histories of the outplacement firms included in this study reflected some of the most significant of those changes and developments. Drawing on the case studies reported in this chapter and other materials, this section offers some generalizations about the changing outplacement market and the responding changes that occurred within the outplacement industry.

**Outplacement, From an Unknown Service to a Corporate Commodity**

Corporations first purchased outplacement services because of the guilt and shame they experienced when they began terminating employees in the 1960s and 1970s. Corporations took pride in the long-term employee relationships they had with the individuals recruited to their organizations following WWII. The ending of that relationship hurt their corporate conscience. The terminated employees felt shamed and disgraced by the loss of their corporate positions and the stigma of termination negatively reflected on both the corporation and the terminated employees. As the implied promise of long term employment, job security and a comfortable retirement ended, corporations purchased outplacement services to soothe their conscience and to ease their terminated employees out of the organization and into other positions (Lee, Interview, August 10, 1997).

**Corporate Fears Increase Outplacement Use During the 1970s-1980s**

Beginning in the mid-1970s, corporate fear of costly litigation, based on discriminatory firing practices, gradually replaced corporate conscience as the reason for using outplacement services. During the 1960s and 1970s, federal legislation was enacted to protect employee rights. Title VII of The Civil Rights Act of 1964 prohibited discrimination based on race, color, religion, sex, or national origin. The Age Discrimination in Employment Act (ADAE) of 1967 prohibited discharge of employees between the ages of 40 -70. Corporations, wanting to eliminate redundant positions and employees with outdated skills, found that many of the employees in these positions fell within the protected age range of the ADEA (Cass, Interview, May 15, 1997; Troisi, Interview, February 6, 1996). In an effort to reduce the risk of age discrimination, corporations offered financial incentives and early retirement buy out packages to encourage voluntary retirement by their older workers. As part of the voluntary separation process, corporations hired outplacement firms to help employees assess their career options and to make decisions about
remaining with their corporations. If employees voluntarily chose to leave the corporation, they were given outplacement support to assist them with their job search activities. Through the use of voluntary separation incentives, corporations were able to reduce their older worker population enough to diminish their fears of potential discrimination charges.

During these downsizings, which included corporate voluntary separation incentives, employees were put in the position of assuming the responsibility for their own terminations. Voluntary separations enabled corporations to move themselves further away from the blame and responsibility for individual job loss. With the fear of costly litigation removed, corporations turned to outplacement firms to help them move employees out of the corporation faster, cheaper, and more efficiently.

**Corporate Efficiency, Cost Containment and Changing Values**

Since the mid-1980s, the need for an efficient and cost effective way to ease employees out of corporate employment has been the major reasons behind corporate outplacement purchase decisions. With approximately twenty years experience in selecting and purchasing outplacement serves, corporate buyers became very knowledgeable about using outplacement and extremely sophisticated in their purchasing practices. With guilt and fear behind them, corporate management focused on eliminating positions and the employees who held those positions as fast and as cost effectively as possible. At the same time, those same clients wanted to provide outplacement services to more employees at deeper corporate levels, and they wanted services to match the needs of those professional level employees being terminated. This decision created corporate budgetary concerns about costs of expanded outplacement services. Instead of providing unlimited outplacement programs, corporations wanted more group services, time sensitive programs, as well as matching program fees. Because their needs were corporate wide, they also expected their outplacement providers to deliver services on a national and, sometimes, on an international basis.

**Corporate Users - Changing Needs**

Corporate outplacement users had also become more knowledgeable about outplacement services. While the terminated employees of the 1990s still experienced job loss trauma, the stigma of shame and embarrassment that once attached itself to being involuntarily terminated from a position had subsided as a result of the 1980s multiple massive downsizings. By the 1990s,
it was not uncommon for terminated employees to have experienced an outplacement service from previous downsizing. These employees arrived at an outplacement firm with their own expectations of the services outplacement should provide them. These employees had a good understanding of their motivated skills and strengths, and were more interested in updating their resume, acquiring new market information, refresher training on networking and interviewing, a job search plan, current computer databases, learning to maximize the Internet with their campaign, job banks, and personal coaching through a quick transition (Pilachowski, Interview, June 18, 1997).

As a result, office support and space needs took on a different dimension depending on the employees’ computer skills. If they were highly skilled computer users and had their own laptop, it was not uncommon for them to request network resource access. They also expected training on maximizing technology in their campaigns. This meant that outplacement firms not only had to respond to their client’s requests for changes in programming and services, but also had to respond to more knowledgeable users.

Terminated employees who were permitted by their corporation to select their own outplacement firm sometimes exacerbated this situation. These employees did comparison shopping for consulting services, the best outplacement delivery consultant, state of the art computer support, office location and administrative support. These individuals were referred to as “shoppers” by outplacement firms. Meeting with a “shopper,” meant the outplacement firm had to sell their services twice, once to the client corporation and secondly to the user (Rose, Interview, June 20, 1997).

Transforming From Local to National Markets

In order to support organizations’ and users’ growing needs and changing demands, significant developments occurred in the way those outplacement firms formed their organizations, and designed and delivered their services. Until 1980, most outplacement firms were independently owned, local firms serving corporate outplacement needs in small geographical markets. In 1980, however, as corporations began downsizing their entire national organizations, their outplacement needs became national. This gave DBM a distinct advantage when competing for large national projects though local and regional firms were still able to comfortably maintain enough client business to support their own growth. That changed when
Right Associates entered the industry. What DBM had done to introduce outplacement as a national service, Right did to make it a competitive national industry (Morin, Interview, November 20, 1996). Both Right Associates and DBM were rapidly establishing their presence in local markets, making it more convenient and cost effective for corporations to channel their outplacement needs through national accounts. Terminated employees also had the advantage of utilizing the national network of offices and resources to conduct nation wide job search campaigns. In addition, with downsizing decisions being made at corporate levels, local corporate outplacement service buyers lost their purchasing authority, and subsequently, local outplacement firms began to lose business opportunities (Lee, Interview, August 10, 1997).

Outplacement firms used several business strategies to become national outplacement providers. In 1974, DBM was the first firm to raise expansion capital by selling their organization to a parent company, Harcourt Brace and Jovanovich, a publicly traded publishing company (Longden, Interview, March 10, 1998, Morin, Interview November 20, 1996). When Right Associates entered the market in 1980, they established a national network of offices through franchise agreements with independently owned local outplacement firms as well as by opening company owned offices. Then, in 1987, Right raised expansion funds through selling public stock. They continued building their network by acquiring existing firms and by expanding their franchise offices (Louchheim, Interview, April 15, 1996; Tilton, Interview, September, 24, 1997).

Lee Hecht decided to become a national firm and searched for a buyer. In 1988, they were acquired by Adia, a Swiss based temporary placement firm. With Adia’s funding, they gradually built a national network of company owned offices and acquired existing outplacement firms in markets where they needed a presence. In 1997, Adia was purchased by Adecco, a publicly traded, international temporary placement firm which gave them even more funding for expansion.

Independently owned outplacement firms joined together in organizational structures that gave them international networks. These firms created umbrella business structures that enabled them to market themselves as a national/international providers of outplacement services. Outplacement International, The Lincolnshire Company Inc., and Career Partners International provided corporations with the convenience of working with a national account management system, which could transfer assignments amongst member organizations, shared distribution of revenues, and managed quality and consistency of service. These outplacement firms provided the
same conveniences of national account management as DBM, Right Associates, or LHH. In their local markets they retained their own names. The 1995-1996 Kennedy Directory of Outplacement Firms listed three of these organizations. Outplacement International, founded in 1985, listed 30 firms and described international outplacement capabilities; The Lincolnshire Company Inc. founded in 1989, listed 16 independent member firms and described delivery capabilities throughout the US and Canada; and Career Partners International, organized in 1994, listed twelve outplacement firms offering worldwide outplacement support.

The industry’s expansion from local and regional, to national/international networks, gave both the corporate buyers and users of outplacement resources an increased number of options from which to choose their outplacement support.

Changing Outplacement Services

In addition to organizational structure changes, outplacement firms also had to make significant changes in the way they designed and delivered their outplacement services. The first changes occurred when corporations began downsizings and released large numbers of employees all at the same time and at multiple locations. Realistically, outplacement firms were not prepared in the early 1980s to deliver individual services to the large numbers of employees that were suddenly being released. Instead, they had to creatively adjust their services to manage the process with more group resources, combined with individual consulting (Davis, Interview, September 10, 1996). By the mid-1980s, corporate outplacement service buyers had observed this change and found groups both efficient and cost effective. Corporate buyers also were extending outplacement service delivery to deeper levels of corporate employees and wanted outplacement services responsive to those diverse needs.

Outplacement firms responded by making several changes in the way they delivered services. They designed and delivered more group workshops; they made individual consulting programs time sensitive, with services sometimes limited to three, six, and twelve months; they “unbundled” the outplacement process and sold the process in discrete segments; and they utilized more group learning seminars to cover common job search issues. The introduction of computerized job banks, first at DBM, and then at firms throughout the industry, significantly shifted outplacement focus from a career consulting and career transition process, to a technology based job replacement function (Lee, Interview, August 10, 1997; Levings, Interview, October 4,
Growth of the Industry

The increased use of outplacement services and the resourcefulness of the industry in responding to changing corporate and user needs fueled the growth of outplacement firms and revenues. Between 1980 and 1986, the number of outplacement firms increased from 50, to over 150, and revenues grew from $50 million, to over $200 million. By 1994, there were nearly 300 outplacement firms, generating $800 million in revenues (Analysis of Outplacement consulting in America, 1995, pp. 12-13). By the early 1990s most outplacement firms had the capability to deliver outplacement services internationally. DBM, Right Associates, LHH and Manchester Inc. developed international networks through the expansion of company owned, affiliate or partnership arrangements. Other firms developed consortiums of independently owned firms that offered international delivery capabilities. By the mid 1990s these consortiums began losing members and leadership as the larger firms acquired their member firms (Sniffen, Interview, August 20, 1997).

How Outplacement Firms are Responding to Recent Changes

Outplacement firms, in an effort to diversify their businesses, have been expanding their consulting services. The details and success of their efforts, however, have not been clearly identified and validated. Harcourt General, parent company of DBM, announced in December of 1996 that they were exploring the synergies between DBM’s outplacement/career transition services and their newly acquired Education Testing Services (ETS) corporation, with the intention of expanding into currently undefined consulting areas. They also have a strategic alliance with Manpower, an international recruiting firm, to give the terminated employees with whom they work, access to temporary and interim positions.

Right Associates, in a strategic move to expand their consulting resources, acquired PeopleTech, a Canadian based human resource consulting firm in 1996, and divided their core services into two separate business divisions. To change their image from “Right Associates’ outplacement consultants,” they operated under their stock trade name, Right Management Consultants, Inc. (RMCI). They sell and deliver career transition (outplacement) services under the name Right Associates, and under the name PeopleTech, they sell and deliver career management and organizational consulting services. In spite of the slow down in their 1997
revenues, they continue to acquire other consulting firms and aggressively promote and market their newly acquired expertise in human resource consulting (Right Management Consultants, Inc. News release, February 13, 1998).

Lee Hecht Harrison, since their acquisition by Adia in 1988, has grown in a slow but strategic manner. For ten years they have explored the synergies between their parent temporary placement company and their outplacement resources. In 1994 they expanded into the international market. With the acquisition of Adia by Adecco, a billion dollar international temporary placement with 150 offices in 41 countries, LHH has escalated their own own acquisition and expansion activities. They are the most experienced of the outplacement firms in exploring the synergies between the temporary placement field and the outplacement field. Based on this experience, they anticipate new opportunities to benefit both their clients and believe their growth will come through the development of trusted relationships with corporate clients who are experiencing human resource change. Harrison, CEO of LHH, was adamant in stating that LHH does not intend to engage in organizational consulting projects that would result in the loss of employee positions. Harrison described this as a “conflict orientation” that would violate the professional integrity of their outplacement organization (Harrison, Interview, October 30, 1997).

Miles/LeHane, a residential retreat outplacement consulting service which serves a unique senior executive outplacement market, builds on its expertise in working with senior executives to expand their consulting capabilities into the international executive coaching market (Miles, Interview, November 14, 1997).

Manchester Inc., in the mid-1980s, branched into organizational change and career management consulting services and have been developing and building those resources for over 10 years. Their strategy, since being acquired in January, 1997, by Accustaff, a two billion dollar, publicly traded international temporary placement firm, was to develop a comprehensive set of human resource consulting services to serve their global corporate clients (Baumann, Interview, August 21, 1997).

While each of these firms are aggressively pursuing new growth opportunities for their organizations, there is really no clear picture of what lies ahead for the outplacement industry. In that respect, they are essentially where they started. When Drake and Beam first opened their private psychological practice they were unaware of the position their firm would one day take in
the outplacement industry. Cabrera and Morin expressed they had no idea of the magnitude of change that would occur in corporate America and the future opportunities that would follow for their outplacement division at Drake and Beam. Lee, also, had no idea when he opened his sole practitioner, psychological consulting firm in 1974, that his firm would one day be an international leader in the outplacement industry. Louchheim entered the industry with a national outplacement vision and quickly adjusted that vision to a global market. Miles/LeHane initially served a US based senior executive outplacement market but by the middle-1990s was serving senior executives from around the world. Manchester, started as a local outplacement firm, took steps in 1994 to become a global organization.

As individual firms they are groping for a clear path to the future, and as an industry they are struggling to identify just what their industry is. Lee, founder of the LHH consulting firm, suggests that the outplacement industry may only be a subset of a larger employment industry. As he pointed out, two of the largest outplacement firms in the world, LHH and Manchester, Inc. are owned by temporary placement firms, and DBM has created a formal alliance with a temporary placement firm. Each firm is exploring new consulting services that are designed to assist organizations in maximizing the most productive use of human resources in achieving their organizational objectives. While outplacement is a part of this process, Lee suggests it may not be a large enough part to be considered a separate industry.

What Leaders Predict

Leaders of the outplacement firms interviewed for this study predict that the greatest potential for growth in outplacement consulting will be in overseas markets, particularly in Europe and the Asia-Pacific. They also believe there will always be a need for outplacement services in the US as corporations continue to go through change. They further predict that some industries such as high tech, utilities, and finance, will begin to experience downsizings as mergers, acquisitions, and restructurings affect their industries.

These outplacement leaders also predict that in the future a small number of global outplacement firms will dominate the market and that small and mid-size regional firms will have difficulty surviving. The costs of overhead and technology and the need to serve beyond local geographic boundaries will either force them out of business, or cause them to merge or be acquired by other firms. They believe the future of the consortia is uncertain. Right
Associates, Lee Hecht Harrison, and Manchester are acquiring many of the consortium firms. These acquisitions create a gap in a consortium's ability to deliver national and international assignments. Whether they will be able to recruit new members to replace these firms will determine if they will be viable competitors for future national and international outplacement projects.

In the US, outplacement leaders believe the greatest potential for growth will be in new consulting services. Identifying which consulting services offer the greatest opportunity for development and expansion has created a challenge for outplacement firms. As Jim Cabrera, Chairman of DBM, expressed it, “we need to find the new ‘outplacement’” service (Cabrera, Interview, March 25, 1997).

As the industry struggles to define its future mission and path to the future, the three organizations that emerged from the industry are experiencing many of the same uncertainties. Chapter four traces the history of these three organizations, the Association for Outplacement Consulting Firms International (AOCFI), the industry trade association; the International Association of Career Management Professionals (IACMP); the industry professional member association and the International Board of Career Management Certification (IBCMC), an independent organization created to certify career management consultants and managers.
Chapter four traces the history of three organizations that have emerged from the outplacement industry. The Association of Outplacement Consulting Firms International Career (AOCFI), now called the Association of Career Management Consulting Firms International, represented career consulting (outplacement) firms, and the International Association of Career Management Professionals (IACMP), represented the career management consultants (program delivery consultants). The International Board for Career Management Certification (IBCMC) was an independent organization, created to certify career management consultants and managers.

**The Association of Outplacement Consulting Firms International (AOCFI)**

The movement to create a professional organization representing the outplacement industry was started in the late 1970s. Angelo Troisi, a leader in the Boston outplacement market, called on Bob Lee, Bob Hecht, Jim Gallagher and Tom Hubbard, four New York outplacement leaders, and suggested they form an outplacement industry organization (Troisi, Interview, February 22, 1996). Troisi argued that as leaders and entrepreneurs in a new and unique industry it was of mutual benefit for them to have an environment where they could meet, discuss and resolve issues that were common to all of them.

As Troisi, Hecht, Lee and Gallagher contacted other leaders in the industry three issues emerged that were of common concern. The first concern was image. Corporate outplacement was frequently confused with two other industries, search and job search counseling. The job search counseling industry was attracting negative publicity due to legal suits claiming fraud and misrepresentation of services, and many corporate clients were confusing outplacement consulting with retail job search counseling (AOCFI Founders Reunion, Video, 1990). Members of the search/recruitment industry, suffering from the recession of 1981-1982, were trying to supplement their declining revenues by claiming to be outplacement firms (Gallagher, 1986). The corporate outplacement firms wanted to distance themselves as far as possible from both industries and establish their own unique image. Second, leaders in the outplacement industry believed clients and users of outplacement services were looking for some measure of stability in the industry and
the professional credibility of the outplacement practitioners (Gallagher, 1986). Third, and most important, was their shared fear of potential government regulation and encroachment on the industry if they did not create their own industry standards of performance (AOCFI Founders Reunion, Video, 1990). Based on these mutual concerns, outplacement leaders from throughout the United States began meeting informally to initiate the formation of an outplacement trade/membership association.

Structuring the Organization

A great deal of debate surrounded the question as to what type of organization they should be. The debate was: “Is this a professional association or a trade association?” The group that supported the organization becoming a professional member association wanted an organization that would support the professionalism of the individual outplacement practitioner. The group supporting the trade association argument was concerned about issues that affected their company’s business interests. Founding members of the association such as Lee, Troisi, and Gallagher credit one person, Paul Lyons, with bringing the conflicting views of the association founders to agreement on the issue. Lyons, a member of the Eaton & Swain Outplacement firm, and a former management consultant with the management consulting firm of Cresap, McCormick & Paget, urged them to form an association modeled after the Association of Consulting Management Engineers (ACME). ACME was a trade association model that gave them the legal safeguards of a trade association and set professional standards (Lyons, Interview, February 13, 1997).

On March 16, 1982, over 15 representatives of the outplacement industry met at the Yale Club in New York City and voted to charter a trade association to be called the Association for Outplacement Consulting Firms (AOCF). The association had a six-fold purpose: (a) to represent and support the interests of issues that affected the outplacement industry as a whole, (b) to unite firms committed to high professional standards of conduct and professional ethics, (c) to advance the occupation of outplacement consulting, (d) to advance an understanding of the industry, (e) to work with other professional and government bodies that shared mutual concerns and (f) to provide a forum for discussion of problems affecting the outplacement industry (AOCFI Membership Package, 1997).

The original bylaws of the association prohibited outplacement firms from engaging in any
job placement for fee activities and prohibited ownership of outplacement firms by any company engaged in placement activities of any kind. They did this for three reasons. First, they did not want to be confused with the retail career counseling industry or the placement for fee industry. Secondly, they believed it unethical to collect fees for outplacement services from individuals who were unemployed. Third, they believed combining placement and placement activities within the same business created a conflict of interest. As Frank Louchheim (Louchheim, Interview, April 15, 1996) described it, “It was like eating off both sides of the plate” when a firm would collect fees from one company to outplace an individual and fees from another company to place that same individual in their vacant position. According to Troisi (AOCFI Founders Reunion, Video, 1990) another exclusionary bylaw was passed that reflected the founding members’ own sense of exclusiveness and their concern about the management of quality service within the industry. Those who had entered the industry during the 1970s considered themselves members of an “exclusive club” and were suspicious of newcomers and organizational methods other than what they had practiced. (AOCFI Founders Reunion, Video, 1990; Troisi, Interview, March 4, 1996). An example of this attitude was their response to Right Associate’s use of franchise agreements to create a national network. They questioned the ability of Right, or any outplacement firm, to manage the quality of program delivery and hold franchise operators accountable to any standards of performance or professional code of ethics the association would develop. As a result, when they wrote the bylaws in 1982, they excluded all firms that had any type of franchise/licensee arrangements within the United States. They did, however, allow franchise/licensing/affiliate relationships outside the United States. Writing the bylaws this way permitted DBM, one of the charter members of the AOCF who had affiliate agreements with outplacement firms overseas, to qualify for membership.

The organizational structure included a volunteer board of directors comprised of the president, president-elect, immediate past-president and seven to nine additional board members. Board members were required to hold a principal or professional staff position with an AOCF member organization and were elected at the Association’s annual meeting. Four standing committees were established to develop programs for the Association. Those committees were membership, communications, government affairs and finance (Rijksen, Interview, January 26, 1998).
Recruiting members and accumulating sufficient revenues to support the association was a problem during the first two years. In 1984 (Troisi, Interview, February 27, 1996) when Bill deRecat was elected President, aggressive steps were taken to test the market for interest in the association and to stabilize finances. The professional manager, Ernie Bolduc, who had been hired to manage the Association’s administrative functions, was terminated, and responsibilities for managing the organization were distributed amongst the members. Next, the board decided to test the industry and client interest in the Association by organizing a one-day conference in New York City. Under Joe Jannotta’s leadership, the conference was advertised nationally and over 150 individuals attended. Buoyed by the success of the conference, deRecat and board members traveled throughout the United States conducting regional recruiting meetings and soliciting new members. By 1986 membership and revenues had grown enough to support the hiring of the association’s second executive director, Jeanne O’Donnell.

Internal Conflicts

As the member firms dealt with changing market issues and competitive industry forces, they in turn acted in ways that challenged the original mission and organizational structure of the Association. The first major challenges occurred in 1988 when three issues were raised challenging the mission of the organization and the restriction of the association’s exclusionary bylaws.

The first issue arose when Lee Hecht Harrison sold their firm to Adia, a temporary placement firm, in 1988 as part of LHH’s strategic plan for expansion. This was in clear violation of the bylaw prohibiting ownership of any AOCF member firm by any company engaged in any form of placement for fee business activities. However, expelling LHH from membership would have caused the association considerable loss. LHH not only represented significant revenues to the Association, but their leaders, Bob Lee, Bob Hecht and Steve Harrison provided leadership to the AOCF (Axmith, Interview, November 21, 1997).

At the same time, the bylaw excluding outplacement firms with franchise/license relationships from membership was challenged (Troisi, Interview, February 27, 1996). Two leading firms in the industry, Murray Axmith and Associates in Canada and Right Associates had franchise/license agreements structuring their network of offices. Murray Axmith and Associates had the largest network of outplacement offices in Canada and Right Associates was the second
largest outplacement firm in the world. They represented significant potential membership dues. Technically, the Murray Axmith firm could join the association because their operations were outside the United States; however, the owner, Murray Axmith was unwilling, on principle, to join because of the exclusionary bylaw (Axmith, Interview, November 21, 1997). The association also wanted Axmith’s membership for another reason. In 1988, Axmith had led a successful outplacement industry campaign in Canada, defeating Revenue Canada’s (the equivalent of the Internal Revenue Service) attempt to value outplacement benefits as taxable income for terminated Canadian employees. Because AOCF feared the IRS was going to follow Revenue Canada’s example and attempt to value US corporate outplacement fees as taxable income, they wanted the benefit of his experience and expertise. Troisi, as a representative of the Board, had visited Axmith’s operations and had determined that quality and performance could be managed in a franchisee/licensed outplacement network. To resolve these issues, the Board held a meeting in Leesburg, Virginia at Lou LeHane’s Glenfiddich House. The debate over both issues was heated. The small firm members believed that changing the bylaws was being considered to benefit the large firms. Others believed changing the bylaws were a natural response to accommodate the changing issues of the outplacement market.

The Board voted to change both bylaws and the membership ratified the vote at their 1988 annual conference. Right Associates and Murray Axmith joined the Association in 1988, and LHH was allowed to retain their membership in the Association (Axmith, Interview, November 21, 1997; Troisi, Interview, March 4, 1997).

Another issue, which had continued since the first discussions surrounding the formation of an outplacement association, reached a crisis point in 1988 when the association reconsidered the question, “trade association or a professional membership association?” Though a compromise had earlier been reached and the organization was chartered as a trade association with professional standards of practice those members who were committed to creating a professionalism process for outplacement practitioners continued to raise the subject and fuel continued debate around the Association’s purpose. The question was intensely debated under the leadership of three presidents who lead the organization from 1985 through 1988. J. J. Gallagher, Robert J. Lee, and Bob Chapman were all PhDs and strong promoters of a strict credentialing process. When Louis J. LeHane was elected President and took office in late 1988,
he took a firm stand on the issue and declared that the AOCF would be a trade association devoted to promoting the business interests of the outplacement firms. He suggested a separate association be organized to serve the interests of outplacement practitioners. At the 1989 annual meeting of the AOCF, LeHane led a group of interested outplacement practitioners in discussions about the formation of a professional member association which resulted in the establishment of the International Association of Outplacement Professionals (IAOP) in 1990 (Troisi, Interview, March 4, 1996).

In 1994 a major conflict occurred which would result in another change to the bylaws. Lee Hecht Harrison, in partnership with their parent company, opened a retail career center in downtown Sacramento, California. Their action was in direct violation of the bylaw that prohibited any member firm from accepting payment for job search/outplacement directly from an individual consumer. The outplacement industry and critics proclaimed this “an alarming flight from professionalism” (“Tables Turned”, 1994). LHH was suspended from Association membership while a special committee reviewed the issues. The career center was not successful, and within a year LHH closed the operation and the Association lifted LHH’s suspension. Other members of the Association had also shared LHH’s interest in the consumer market and pressed for a change in the bylaws restricting consumer services. The downsizings of the 1980s had ended, industry revenues were beginning to decline, and outplacement firms were looking for ways to diversify their services. Potentially, the individual consumer represented a new market. In 1995 the Association modified the bylaw to allow member firms to sell and deliver consumer services under a separate name, in a separate location and with a different staff (“AOCFI modifies,” February, 1996).

Government, as an External Threat to the Industry

The outplacement industry faced a major crisis in the 1990s when the US government took actions that threatened to destroy the entire industry. The first of these occurred in 1991 when the United States Internal Revenue Service threatened to value employer-provided outplacement services as taxable income. The outplacement industry believed terminated employees would decline outplacement, which would destroy the industry. Murray Axmith, President of the AOCF at the time, brought the experience he had gained in defeating Revenue Canada’s attempt to value employer-provided outplacement services as taxable income to the
efforts of the AOCF. Under his leadership, the AOCF formed the Outplacement Industry Tax Coalition (OITC). Stephen Harrison, CEO of LHH, served as Chairman of the OITC. The OITC formed a “Tax Task Force” of both member and non-member firms. They raised voluntary funds to support their efforts, retained legal help, hired a communications firm, organized a public relations campaign, solicited corporate support and lobbied Congress (AOCF Tax Bulletin, March, 1997). Their efforts were successful, and in 1992 the IRS exempted employer-provided outplacement services as taxable income (Harrison, Interview, February 18, 1997).

In 1993, the association had reached a major turning point which caused them to take several important steps. As a result of their experience with the IRS in 1992, the Association decided they should have a presence in Washington, DC, to monitor other activities of the federal government that might limit or attempt to control their ability to do business. In 1993 they moved their headquarters to Washington, DC, and hired Smith, Bucklin & Associates, Inc., an association management firm, to manage the affairs of the association. Steven Worth, of Smith, Bucklin & Associates, Inc., an association manager with international experience, was appointed Executive Director (“AOCFI moves,” January, 1994).

At the same time, because of expanding international membership growth, the association changed its name to the Association of Outplacement Consulting Firms International (AOCFI) and opened an office in Brussels, Belgium to provide closer association support for their European members (“AOCFI moves,” 1994).

Since 1993, the AOCFI has identified and fought efforts of the public sector to provide career services overlapping those already provided by the outplacement industry. Federal funds funneled to state and local public sector agencies providing job search assistance services through tax supported “one stop career centers” in cities and regions throughout the US threatened the industry. In some cities the outplacement firms had already lost corporate clients who, instead of buying outplacement services, were utilizing public services to provide job search assistance to their terminated employees. Taking assertive action, the association, applied for and won two Department of Labor grants to fund workshops designed to bring public/private sector providers of job search assistance and reemployment services together. During the workshops, they discussed the resources each provided to America’s dislocated workers and explored ways they could partner. The outplacement industry was most interested in learning where public services
overlapped their industry. The association also conducted an aggressive effort to educate members of Congress and DOL staff members on the resources of the outplacement industry and the role the industry played in serving America’s dislocated workers (Worth, Interview, November 13, 1997; “AOCFI lands,” July 1994).

The AOCFI established the Outplacement Industry State Advocacy Coalition in 1996 to support the organization of a grass-roots effort to develop opportunities for increased dialogue between local and regional public/private sector providers of job search assistance services. The association believed that dialogue at the local level would position outplacement firms to stay better informed of public sector activities in their region and position them to develop local business opportunities. The Coalition, funded by voluntary pledges from Association members, would provide information and advocacy to the local coalition groups as well as promote the same dialogue opportunities at the federal level (“State advocacy,” Summer, 1996).

In 1997 AOCFI was successful in having language favorable to the outplacement industry included in the Fiscal Year 1998 Department of Labor appropriations. The language, reflected in both the House and Senate bills, directed the department “to seek permanent cooperative partnerships with private outplacement firms and use private-sector outplacement firms when providing services to job-seekers” (“AOCFN achieves,” Summer, 1997, p. 6). According to Frank Moore, the AOCFI Government Affairs Director, “The goal is to make outsourcing standard practice on the part of the public sector, particularly when it comes to outplacement needs” (“AOCFN achieves,” Summer, 1997, p. 6).

As the government encroachment on industry services increased, there was a movement within AOCFI to establish better mechanisms for industry self-regulation. Axmith, when he was President of AOCFI in 1991, had warned the industry the industry of the possibility of increased government regulatory and encroachment on the business of the outplacement industry. Axmith’s recommended solutions were certification of outplacement practitioners and the accreditation of outplacement firms. Axmith believed the corporate client and the terminated employee receiving outplacement services needed protection from outplacement providers who were inadequately and marginally trained, had a lack of consciousness of ethical issues, had no established processes to control quality and failed to deliver services (Axmith, Interview, November 13, 1997).

In 1994, the IACMP and the AOCFI jointly supported the establishment of the IBCMC,
an independent organization to certify the outplacement practitioner and outplacement manager. In 1996, the AOCFI appointed a task force to investigate what it would take to provide accreditation to outplacement firms. In 1997 the Task Force reported to the Board that it was premature to take accreditation steps until more research was completed. Instead, they recommended further investigation into the makeup of an accreditation committee, investigation into existing accreditation bodies that could provide models or a process for accreditation, and further investigation into what regulatory procedures would be required to implement and support such a system. They also pointed out to the board that because the outplacement industry was undergoing such significant change the process would be very difficult. In addition, they emphasized to the board, that any accreditation system they created would have to be open to non-member AOCFI firms to avoid restraint-in-trade (“U.S. accreditation,” Summer, 1996). The Board voted to delay the establishment of any accreditation process until further exploration of the subject was completed.

Internal Change and Conflict, 1996-1997

AOCFI experienced structural, leadership and membership changes in 1996 and 1997 that threatened to destroy the organization. Structural changes were made in the Association in response to their increasing international membership. In 1996 the European Association of Outplacement firms had merged with the AOCFI, creating the regional Association of Outplacement Consulting Firms European (AOCFE) supported by the AOCFI Brussels, Belgium office. In 1997, three more regional associations were created: the Association of Outplacement Consulting Firms North America (AOCFNA); the Association of Outplacement Consulting Firms Asia/Pacific Rim (AOCFA/PR); and Association of Outplacement Consulting Firms Latin American (AOCFLA). The regions were given the option to add a “tag line” to the name to describe their regional services. The regions were created to make the organization more representative of its growing international membership. AOCFI remained as the parent organization, and the bylaws were changed to restructure the Board to include representation from the geographical regions (“Name change,” Summer, 1997).

At the annual meeting of the AOCFI in Rome, Italy in November of 1997, the membership voted to change the name of the association, effective January 1998, to the Association of Career Management Consulting Firms International, keeping the familiar AOCFI
acronym. These new names better represented the expanding consulting work the member firms were providing client organizations. The Board began work on changing the bylaws to cover the new consulting services offered by the member firms (“Rome conference,” Fall, 1997).

A membership crisis occurred in 1997 when Lee Hecht Harrison, one of the original founding firms of AOCFI, resigned its membership. Harrison (Harrison, Interview, October 30, 1997), CEO of Lee Hecht Harrison, said LHH withdrew because they believed the AOCFI was mired in “old thinking,” no longer served the needs of the whole industry and were too slow to change bylaws in response to industry needs. Harrison referred to the incident in 1994 when LHH was suspended from membership when they opened a consumer operation in Sacramento, California. The suspension remained in affect until LHH closed the operation. Then the bylaws were modified to permit member firms to provide consumer services only if delivered under separate name, facility and staff. He said AOCFI had made a major error in the early days of the association when they let the practitioners set up a separate association. Instead, the firms and the practitioners should have remained “bonded at the hip.” Harrison said LHH was putting its support behind the IACMP, the association for outplacement practitioners (Harrison, Interview, October 30, 1997).

DBM’s resignation followed a few months later. Both firms were charter members of the AOCFI. The loss of their revenues and influence dealt a severe blow to the organization. When they resigned, the outplacement industry was suffering a decline in revenues and facing overseas government regulatory threats. Germany had just started the process to take regulatory action to value corporate outplacement fees as taxable income. If Germany succeeded the AOCFI leadership feared there would be a domino affect throughout other governments, which would threaten the entire industry. That possibility was particular threatening to US outplacement firms who saw their greatest opportunity for continued outplacement growth in overseas markets.

Stephen Johnson, President of AOCFI and representatives of the Board, called on leaders of DBM and LHH and encouraged them to rejoin AOCFI. DBM and LHH did not commit to renew their membership other than to say they might reconsider membership in the future (Axmith, Interview, November 19, 1997; Rijksen, Interview, November 24, 1997). December, 1997, Manchester Inc. also withdrew their membership. They, too, cited outdated leadership views and slow response to needed bylaw changes (Worth, Interview, November 13, 1997).
AOCFI and Research Strategies

The mission statement of AOCFI included a commitment to conduct research that would be beneficial to the members. Research efforts, however, have not received the support of the Association membership. As an example, in 1990, Robert J. Lee, founder of the Lee Hecht Harrison outplacement firm, created the Basic Outplacement Research Information Service (BORIS). Lee developed a survey to gather demographic information about the individual employees who received outplacement support. The survey also gathered information on landing times, how the next position was found and the impact of outplacement support on the employee’s ability to find the next position. Lee worked with a researcher at Columbia University to design, gather and report the data. The researcher was independent of the AOCFI and any individual outplacement firm participating in the survey. This arrangement was made to protect the confidentiality of the information of the individual firms participating in the survey and to prevent the advantageous use of the information by only one firm.

The participation of outplacement firms in the survey was disappointing. The low participation rate pointed to a problem in getting accurate and timely data about the industry. Two of the largest firms, DBM and Right Associates, did not want to divulge their information and did not participate in the survey (Troisi, Interview, February 27, 1996). Lee acknowledged that there was a lot of mistrust in the industry, and those who did not participate were afraid of any competitive advantage one firm might gain over the other if the individual statistics were shared (Lee, Interview, August 10, 1997). Lee also suspected the added work required by the outplacement delivery consultants to complete both a BORIS survey and a company designed survey limited the participation. The survey was never repeated.

In 1994 and 1996, AOCFI engaged Lord Associates, a management consulting firm headquartered in North Easton, Massachusetts, to survey major US and European firms to evaluate the use of outplacement firms and their services. In 1994 the US Fortune 1000 companies were surveyed. The 1996 survey included the US Fortune 1000 companies and 500 comparable European corporations. Over 92 corporations completed the survey in 1996, which was a 50% increase over those responding in 1994. The surveys showed that corporate human resource managers participating in the survey were not only familiar with outplacement services but 96% also purchased outplacement services. The surveys also revealed a change in buying
practices. Between 1994 and 1996 there was an 8% increase in preference for fixed fees for outplacement services. Buyers had also changed from preferring multiple providers to a preference for single providers for their corporate outplacement needs. The survey also indicated that corporate human resource managers were willing to consider outplacement providers for other consulting services. With a declining outplacement market, this was good news to the outplacement industry (“1996 survey,” Winter, 1997, p. 2). However, the AOCFI did not find the results of enough significance to repeat the survey in 1997.

Jim Cabrera, as the 1997 president of AOCFI, reported that the AOCFI would survey its members four times a year so the association could maintain their own data on industry performance and emerging trends and “improve perception of the industry with the public and the media” (“Message from,” Winter 1997). The first survey of 1997, however, had only 21 member firms out of a membership of over 130 firms respond. (“AOCFI members,” Summer, 1997, p. 5).

It is unclear why surveys supported by the AOCFI have not had high participation rates. The membership has expressed an interest in having surveys conducted, both internal and external to the industry, but no one can validate specific reasons for the lack of interest as reflected in participation rates (Worth, Interview, October, 14, 1997). Lee (Lee, Interview, August 10, 1997), now retired from the industry, suggested it was due to the fact that few individuals in the industry are “intellectually curious.” Instead, the leadership of individual firms are more driven by a short term focus on margins and profits and do not value the benefits of credible research. The lack of substantive research has left a void of information that would have contributed to recording the growth and decline of the industry and the unique role it has played in the changing world of work.

Services to the Membership

Members of the AOCFI receive an Association newsletter, WorldWire, which keeps them informed of association activities and trends in the marketplace. This newsletter is published on a quarterly basis and is sent to managers of member outplacement firms. It is also sent, as a marketing tool for the industry, to clients, prospective clients and key public policy decision makers and opinion leaders in 32 countries (AOCFI Membership Packet, 1997).

The association also manages the organization and coordination of an annual worldwide conference. Following the 1997 conference in Rome, Italy, the Board began discussions as to the
value of a worldwide conference. Compared to previous annual conferences, attendance in Rome was very low. Less than 150 members attended whereas previous conferences had attracted over 300 individuals. The Board is considering two options for future conferences. One option would be to limit attendance to Board members and senior management representatives from outplacement firms. In the past, all members were eligible to attend regardless of the individual’s position within their organization. Another option would be to combine the time of the annual conference with that of the international IACMP meeting (Worth, Interview, October 14, 1997).

The association also acts as a referral center for outplacement services. When inquiries are received they are distributed to the membership. The association, because of its interface with the federal government, is able to access current information about government contracting opportunities. This information is also shared with the membership. The Association also receives job openings from search firms. These openings are posted on a “Jobs Bulletin Board” and distributed to the member firms.

In 1997 the Association established its own web site which allows members to access current association information and potential clients to access a list of AOCFI members.

Growth and Decline of AOCFI Membership

The AOCFI, since its move to Washington in 1993, has witnessed both growth and decline. Worldwide membership doubled and increased from 64 to 127 firms. European membership accounted for the greatest increase as European membership increased from 17 to 77 firms. US membership declined from 41 to 39 firms (not counting the resignations of LHH, DBM and Manchester, Inc in the fall of 1997). Part of the US decline may be attributed to a consolidation of firms. The consolidation of firms not only represents a decline in actual number of firms holding membership, but it also represents a decline in revenues. Each member firm pays dues according to their revenues. When a large firm, already paying the maximum dues, acquired a small member firm, it caused a loss of revenue to the association. However, the expenses related to continued mailings and access to AOCFI management services remain the same. The trend towards consolidation is expected to continue, and unless changes are made to the dues and membership structure, it may continue to have a negative impact on the association’s resources.

Summary

The AOCFI, in spite of its past accomplishments, is not secure in its future mission or
organizational structure. There is no majority agreement on the issues the AOCFI should be concentrating on which would benefit the entire membership and the outplacement industry. This is reflected in the following events and conflicts: First, the resignations of three of the four largest outplacement firms in the industry have weakened the financial and leadership structure of the organization. Second, competitive tensions amongst outplacement firms have prevented cooperative research that could generate substantive information about the industry and record and provide valuable information both for outplacement firms and the outplacement market. Third, there is no agreement on the value of firm accreditation as a tool to prevent government regulation. Fourth, the complexity of researching what is required to conduct such a process, the cost of supporting the effort and the requirement of having to open the process to non-association members have prevented full support. Because of these divisive issues, the Board has called a “time-out” for a year to readdress the mission and purpose of the association. In addition, they are in dialogue with their sister organization, the IACMP, to explore how they may support each other’s needs and perhaps share administrative and association management responsibilities.

The International Association of Career Management Consultants (IACMP)

The International Association of Career Management Consultants (IACMP) emerged as a separate organization from the AOCF in 1988. Founders and members of the AOCF had argued the question of “Are we a trade association or a professional member association?” since the Association was founded in 1982. The debate ended in 1988 when Lou LeHane, AOCF’s newly elected president, declared AOCF a trade association and directed that a separate association dedicated to supporting the professional development needs and the professionalism of the individual outplacement practitioner be established. Industry leaders and outplacement practitioners had their first meeting to discuss the formation of a professional member association during the 1988 Annual Conference of Outplacement Consulting Firms (AOCF). Informal discussions among interested practitioners continued for a year. In 1989 they met at the AOCF annual conference in Lincolnshire, Illinois and formed a steering committee, with Winnie Downes of Lee Hecht Harrison as chairperson. At a meeting in Stamford, Connecticut, on December 3, 1989, the committee drafted a mission/purpose statement, discussed short and long-term goals and named the association the International Association of Outplacement Practitioner (IAOP).
1995, the name of the association became the International Association of Career Management Professionals (IACMP) to better reflect the diverse consulting activities of the practitioners. At their second meeting in March of 1990, the steering committee officially agreed on an organizational structure, established membership criteria, reviewed the drafted ethical standards, and accepted the mission statement (“History,” 1996/1997, p.1).

The International Association of Outplacement Professionals (IAOP) held its first annual membership meeting at the annual conference of the AOCF in Washington, DC, in October 1990 (“History,” 1996/1997, p.1). Winnie Downes was elected President, and the membership voted to accept the steering committee's recommended name, governance, ethical standards for practice, organizational structure, membership criteria, and mission.

A Board of Directors governs the association. The Board of Directors includes the President, Past President, 2 Vice Presidents, Secretary and Treasurer, eight Members-at-large, 18 Regional Board Representatives and an Outplacement Institute Representative. The Executive Committee comprised of the President, Vice Presidents and designated Board Delegates run the day to day operations (“History”, 1996/1997, p. 7).

The association was organized into eighteen international regions, which included eleven US regions, two Canadian, one European, one Asian, one Australian/New Zealand region; one Caribbean/Mexico/Puerto Rico region, and one Latin/ South American region. Regions were established to keep the organization at a “grass roots” level to meet the unique needs of the local members (“History,” 1996/1997, p.3). Regional chapter meetings were held once a month and an annual international professional development conference was held once a year. In 1997 an e-mail chapter was formed for members who found it more convenient to interact via the Internet than to participate in regional chapter meetings (O’Connor, Interview, November 19, 1997).

Membership was opened to any individual whose work-related responsibilities or interest was primarily in the area of career management regardless of the practitioners setting. Six levels of membership were established: Professional and Affiliate, with voting status; and Associate, Student, Retired and Special members without voting status. Not all outplacement firms supported employee membership in the IACMP. Some outplacement firms not only encouraged membership but their most senior leaders became charter members and continued active involvement with the Association. Stephen G. Harrison, CEO of LHH; Murray Axmith, founder
and Chairman of Axmith & Associates; John Poynton, President, Clarke, Poynton & Associates and David Miles, owner and President, Miles/LeHane were Charter Members and have maintained active membership. Other large outplacement firms promoted their own training programs as sufficient for the professional development of their employees and did not actively encourage association membership. Employees of these firms often felt discouraged from participating because their management had concerns that proprietary information and expertise would be shared. As a result, the majority of the practitioners paid for their own membership.

The mission of the association was to meet the associative needs of the career management professional, build the professionalism of career management practitioners and achieve recognition for that profession. To support this mission, a committee was formed shortly after the association was chartered to explore the requirements needed to structure a credentialing process for the outplacement practitioner. The regional chapter meetings and annual conferences were designated as educational and training events to support the professional development of the outplacement practitioners (“History,” 1996/1997).

The association published a newsletter, The Highlighter, to keep members informed of current Association activities, issues related to the career management industry and new publications related to the career management profession. In 1997, to further communication opportunities amongst the membership, the association established an Internet web site. Through the web site members could access an IACMP Member Directory which included a personal mini-bio directory of each member, current information on trends and opportunities in the industry, business information and current career management publications.

The IACMP has sponsored an Annual International Professional Development Conference each year since it was established. Until 1993 the conference was held jointly with the AOCFI. Each year participation in the conference has increased. In 1997 over 450 individuals attended the conference in Washington, DC, and 500 are anticipated at the 1998 conference in San Francisco (Maitlen, Interview, January 23, 1997). The conference is designed to provide attendees with professional development opportunities. Since a certification body, the International Board of Career Management Certification (IBCMC), was established in 1994, seminars and presentations have been based on the five competencies common to career management consultants. Those are (a) consulting with corporate/organizational clients; (b)
consulting with candidates on an individual or group basis; (c) assessment; (d) job-search training and (e) career consulting. Attendees can earn credits certification through attendance at the conference seminars (Gallagher, 1997). In 1997 the conference expanded professional development opportunities to include executive coaching and internal career management to support the expanding scope of the career management consultant’s professional activities.

In 1996, the “Future Focus Committee” was established to identify and study future issues and changes in the world of work that would particularly affect the members of the IACMP. In 1997, the Committee announced a three-year plan of action. The year 1998 would be devoted to researching the topic on a worldwide basis. The year 1999 would feature “country” meetings to identify and discuss world of work issues that will affect their members. In 2000/2001 the IACMP would have a world conference on the world of work presenting what they have learned (Maitlen, Interview, January 23, 1998).

The IACMP continued to grow until 1996 when membership reached a plateau of 1500 members. Al O’Connor (O’Connor, Interview, November 19, 1997), President of IACMP, attributed this plateau to a slow down in the outplacement industry and members dropping out of the profession. At the same time, some international and local US chapters began to question the value of IACMP membership. Because their activities were local, some believed the IACMP membership only brought them access to the international annual conference and the organization newsletter. The international chapters also wanted more control and independence over their own country, regional and local chapters.

In 1997, the IACMP responded to these issues. The position of part-time executive director was eliminated, and volunteers assumed more of the management responsibilities. They created an Internet web site that improved two-way communication between the IACMP and the members. Most important, the Board began work on a plan to restructure the organization. Their plan will be announced in 1998. They also began discussions with the AOCFI and the IBCMC to address ways they might jointly share administrative resources, expenses and annual conference planning and coordination.

Historically, the IACMP and the AOCFI had much in common. The IACMP had emerged from the AOCFI and many of the founding members of the AOCFI were also charter members of the IACMP. In 1995, AOCFI became a cosponsor with the IACMP of the International Board of
Career Management Certification (IBCMC), an independent organization created to provide a certification process for outplacement practitioners and managers (Gallagher, 1994).

**International Board of Career Management Certification (IBCMC)**

The International Board of Career Management Certification (IBCMC), formerly known as The Outplacement Institute, was established by the IACMP in 1994 as an independent body to credential the outplacement/career management practitioner. The IACMP believed the best way to build professionalism and achieve recognition of that profession was to create an independent system to certify the quality of the performance and backgrounds of outplacement/career management practitioners.

Two issues drove the IACMP to begin the process as quickly as possible: fear of government controls and their desire to increase their ability to compete in their emerging profession. These issues had been a concern of industry leaders and practitioners since the formation of the AOCFI in 1982. Many of the same leaders, who founded the AOCFI, also established the IACMP, and they carried these concerns with them. The biggest issue was the threat of government regulatory activities and the possible encroachment of the federal government on the field of outplacement. They believed government action to regulate the industry would establish federal standards and certification for outplacement/career management practitioners. As experienced outplacement practitioners, the founders of the IACMP believed they were best qualified to define what professionalism meant as outplacement practitioners. They also believed they were best qualified to create a system for certification, and they wanted a system in place before the federal government made it an issue. They realized that the increased government funding for programs and career centers supporting dislocated workers represented opportunities for employment, and they wanted distinguishing credentials that would give them a competitive edge for those positions. Also, many of the IACMP members were independent practitioners who did project work with outplacement firms, and they believed certification of their credentials would make them more competitive for potential part time and permanent positions with outplacement firms (Gallagher, 1997).

Soon after the association was chartered, twenty members volunteered to serve on a committee to explore the requirements needed to structure a credentialing process for the
outplacement practitioner (Gallagher, 1997). The effort was lead by J.J. Gallagher, founder of his own outplacement firm in the mid-1970s and a charter member of the AOCF. Gallagher had served as President of the AOCF in 1985 and throughout his years with the AOCF had vigorously supported efforts to create a process of professional certification of the outplacement practitioner within that association. Well known for his commitment to the cause, he was the natural choice for the leadership role of the certification effort (Troisi, Interview, November 18, 1997). As part of their initial research into the certification process, the committee explored existing certification programs to determine if outplacement practitioners even needed a process of their own. The process most closely affiliated with their profession was the career counselor, which led them to examine the certification process for career counselors offered by the National Board of Certified Counselors. This certification process was rejected by the committee for two reasons (Gallagher, 1997). First, outplacement practitioners needed to be knowledgeable about business and industry, as well as being counselors, and the NBCC certification did not extend to cover the need to have a basic knowledge of business and industry. Second, they decided the NBCC requirement to have degrees in counseling psychology and limiting continuing education to the counseling field was too limiting for outplacement practitioners. According to Gallagher (Gallagher, Interview, August 11, 1997), a survey he conducted in the mid-1980s indicated that outplacement practitioners had degrees from diverse fields, and though counseling degrees were held by some outplacement practitioners, they did not represent the majority. Outplacement practitioners did assessment, job-search training, career consulting and individual and group counseling. As Gallagher (1997), described it, “Their approaches emphasize business and professional issues, not psychological ones, and typically follow the problem-solving and issues-management models learned by candidates on the jobs they occupied before termination” (138). Not finding an existing certification process suited to the needs of the outplacement practitioner, the committee decided to create a process of their own.

The committee examined models of certification used by the legal, accounting, engineering, architectural and medical professions in determining which characteristics of professionalism they would measure their performance against and what professionalism actually meant as it related to the outplacement practitioner. They focused on two attributes of professionals, which Gallagher (1997), described as, “Competency, comprising specialized
knowledge, skills and a period of experience at practicing them, and attitude, embracing a mode
of relating to clients usually described in the profession’s code of ethics” to guide them through
the process (p. 135). The IACMP had established standards for ethical practice in February 1993.
Their standards stated that members should comply with appropriate business practices, represent
and deliver services appropriate to their skill level, maintain appropriate consulting relationships
and continuously improve their professional skills, competencies and knowledge (Standards,

The committee decided their role would be to research, and make recommendations and
gain the consensus of the membership before putting any process in place. Before a process could
be established, the committee had to define goals, identify competencies and skills common to the
outplacement practitioner, determine levels of certification, structure a process of evaluation and
recommend a way to self-fund the entire process. It took them three years, but in 1994 the
IACMP announced the establishment of The Outplacement Institute.

In 1995, the AOCFI, the trade association, agreed to cosponsor the Institute with the
IACMP, which formally established the Institute as an independent non-profit corporation. The
name of The Outplacement Institute was changed to the “International Board for Career
Management Certification” (IBCMC) in 1997. The Board and the membership believed the term
“career management” better described the scope of services delivered by the constituency the
IBCMC served (O’Connor, Interview, November 19, 1997).

The goals of certification, as defined by the committee and approved by the membership,
were to (a) improve the level of professionalism in the field, (b) gain recognition for that
professionalism and encourage career management professionals to maintain and increase their
knowledge and competence through continuing education and professional development
activities, and (c) educate the public, clients, and sponsoring organizations of the qualifications of
career management professionals and to encourage career management professionals’
participation in the IBCMC sponsoring organizations, the IACMP and the AOCFI (Gallagher,

The IBCMC is governed by a Board of Governors made up of representatives and fellows
appointed by the boards of the IACMP and the AOCFI. Fellows serve as sponsors, evaluators
and arbiters of excellence in the field. The original Board of Governors appointed by IACMP as
Representatives were Charles Cates, EnterChange, Inc., Atlanta, GA; Joan Strewler, Career Dynamics, Inc., Bloomington, MN; Bonnie Maitlen, Ph.D., Lee Hecht Harrison, Portland, IN. Fellows appointed by the IACMP were Liz Branstead, Jarosz Associates, Inc., Berkeley Lakes, GA; and Robert Potvin, Murray Axmith & Associates, Ltd., Montreal, CA. The Original Board of Governors Representatives appointed by AOCFI were Sandra Lanto, Drake Beam Morin, New York, NY; E. Fairfax Randolph, de Recat & Associates, San Francisco, CA; and Amy Rogat, Russell-Rogat Transition Specialists, Inc., Cleveland, OH. Original Fellows appointed by the AOCFI were David C. Miles, Miles/Lehane Group, Inc., Leesburg, VA and Pat Morton, DBM, Richmond, VA. J.J. Gallagher served as the first Chairperson (The Outplacement Institute, Revised Guidelines, 1996, p.4; Davoren, Interview, November 19, 1997).

The IBCMC offered three levels of certification: Certificant (Practitioner), Fellow (Practitioner) and Fellow (Manager). Outplacement/career management practitioners and managers whose primary professional responsibility or interest is related to outplacement/career management were eligible to apply. The level of certification was differentiated by years of experience. A Certificant had to have ten years experience in professional, technical or management work at any level, five of which had to be in the outplacement/career management field. A Fellow Practitioner and Manager had to have fifteen years experience in professional, technical or management work at any level, ten of which had to be in outplacement/career management (The Outplacement Institute, Revised Guidelines, 1996).

No university degrees with formal curriculums of learning in outplacement/career management or training programs reflective of the competencies, knowledge and skills needed by the outplacement practitioner existed. The committee chose the “universities without walls” model that awarded degrees based on portfolios of life based experiences model because of its 30 year proven history of effectiveness in adult learning and continuing education. In “universities without walls” the committee found that degrees were awarded on portfolios of life experience. Applicants would submit written and organized documentation that illustrated and analyzed knowledge, skills, and experiences that related their informal past learning to structured learning they might have received in a catalogued college curriculum. These life experiences, if presented and judged skillfully, would be given equivalent credit in the subject matter of a formal college course (Gallagher, 1997, p. 139).
Using this model, the committee designed a portfolio that required evidence of an applicant’s academic background, business experience, career management experience, graduate-level literacy and documentation of life experience that demonstrated evidence of personal maturity. Applicants were awarded Professional Development Credits towards certification based on the portfolio content.

All portfolios had to show evidence that the applicant met minimum requirements, demonstrating his or her knowledge, skills and experience in the Five Core Competencies common to outplacement/career management consultants. The competencies identified by the Committee and agreed to by the membership were: (a) consulting with corporate/organizational clients on issues including but not limited to pre-termination preparation and planning, career center management, and client reporting, (b) consulting with candidates (individual clients) either on an individual or group basis in the delivery of career transition/career management issues; (c) assessment, including but not limited to analysis/assessment of candidate experiences, results of standardized measurements, identifying critical skills and accomplishments; (d) job-search training, including but not limited to strategy and planning job search campaigns, research methods, networking resume development, interviewing skills, and salary negotiations; and (e) career consulting, including but not limited to developing individual career plans, life/work planning, career decision making, and developing educational plans to support career goals.

Those applying for certification were not expected to demonstrate the same level of experience in each competency; however, a demonstrated minimum competency was required in each one (Gallagher, 1997).

Each applicant was required to include at least one case study or an authored published article/public presentation in the portfolio. Applicants were given the option of publication/presentation or case study to satisfy the two different types of practitioners the IBCMC served. One group was made up of practitioners who authored and published articles or made public presentations, thereby contributing to a body of knowledge about the field of outplacement/career management. The larger of the two groups, however, were practitioners who delivered services and did not publish or present on the subject. The case study report was an option designed for them. It gave them the opportunity to report actual outplacement/career management situational experiences that demonstrated their understanding, knowledge and
application of one of the five core competencies and the learning they derived from their experiences. Through this format they too were able to demonstrate their competency as an outplacement/career management practitioner and contribute to the body of knowledge about the field. The response to the case study option was so successful the first year, that the IBCMC decided to publish 100 of the case studies as a learning tool for interested applicants and practitioners. The case studies were sorted by the competencies they illustrated. They were also indexed by the principles and issues they illustrated and candidate occupations. The IBCMC recommended the publication as a reference resource for experienced practitioners and a training tool for new practitioners (Gallagher, 1995).

New applicants and Certificants and Fellows applying for recertification could also earn credits through submission of learning acquired through participation in study programs related to the career management field. They could also earn credits through participation in leadership positions with the IBCMC’s sponsoring organizations and citizens or business groups through which the career management field could be promoted (Gallagher, 1997).

Applying for and submitting a completed portfolio required several steps. An applicant had to solicit the sponsorship of a Sponsor/Fellow to guide them through the process and approve their final portfolio. Once the portfolio was completed and approved by the Sponsor/Fellow, it was submitted with a letter signed by the applicant stating he or she had read and agreed to uphold and observe the IACMP or AOCFI Standards for Ethical Practice. The portfolio and the letter were evidence of the two attributes, competency and attitude, the founding committee had recommended as the professional characteristics against which the outplacement practitioners would measure their professionalism.

The Governing Board of the IBCMC reviewed and approved portfolios for certification. Portfolios were evaluated primarily on the basis of the applicant’s competency in the outplacement/career management practice plus their contribution to the development of knowledge in the field for practitioners, or leadership in advancing the interests of the outplacement/career management field for managers (The Outplacement Institute, 1996 Guidelines, p. 4). A “grandfathering” process was offered to initial applicants the first year and more than 300 practitioners applied (Gallagher, 1997). By 1997 more than 400 individuals had completed the certification process (Davoren, Interview, December 8, 1997) and approximately
300 were included in the 1997 current roster of Certificants and Fellows. Participation in the certification process was not as great as the IACMP and IBCMC leadership would have liked. However, they recognized that the changing outplacement market and the decline in overall outplacement revenues had slowed participation. Also, most of the certificants paid their own fees, and when their work declined or their firms did not offer financial support, the full burden of the cost fell on the individual and this limited participation.

Because certification is not a requirement for employment with outplacement firms some practitioners question whether the cost and effort of acquiring certification is of value to their career. There has been uneven support of employees’ certification efforts among outplacement firms. In the IBCMC 1997 Roster of Certificants and Fellows, which includes the practitioner’s name and their employer’s name, the majority of the firms listed are local or regional firms. Of the international outplacement firms whose history is traced in Chapter 3 of this study, DBM, Right Associates and Manchester have less than five listed as either Certificants or Fellows. LHH, however, has over 25 individuals listed (Roster, 1997). It is LHH’s policy to reimburse the cost of certification once an employee becomes a Certificant or Fellow (Bray, Interview, December 16, 1997) which may account for the greater number of LHH employees listed as certificants and fellow. LHH employees have also provided leadership to the IACMP since it was founded. Winnie Downes, the first President of the IACMP, was a Senior Vice President of LHH, and the 1998 president elect, Bonnie Maitlen, is an LHH employee. Maitlen and Stephen Harrison, CEO and President of LHH, were Charter Fellows of the IBCMC. In contrast, Right Associates, DBM and Manchester, Inc. have no formal policy supporting the IACMP or the IBCMC (Evans, Interview, August 25, 1997; Slusser, Interview, July 15, 1997; Baumann, Interview, February 5, 1998).

Certificants and Fellows are required to participate in a five-year recertification process to maintain their certification (Davoren, Interview, November 19, 1997). Initially, recertification was required on an annual basis; however, in 1997 the recertification eligibility period was extended to five years. In response to the change, Tom Davoren, IBCMC Chairperson, (Davoren, Interview, November 18, 1997) reported he expected approximately 90 recertification applications in 1997. Recertification required submitting a record of the certificant’s continuing education activities in the same areas of performance required for further certification. Credits
were awarded according to the type of continuing education the applicant had participated in (Continuing Education File, Revised 5/97).

The IBCMC is self-funded by application, portfolio submission and recertification fees. The IACMP provided an initial fund of $5,000 to support the establishment of the IBCMC (The Outplacement Institute). In 1995 when the AOCFI became a joint sponsor, they loaned the Institute an additional $5,000 to cover their growing administrative costs.

The IBCMC was established with the idea that the certification and recertification process would continually change as it responded to a constituency of outplacement/career management practitioners who were themselves changing as they responded to emerging client and organizational needs. Gallagher (1997), in his article on the history of the IBCMC, referred to it as a “work in progress” and noted that new areas of expertise are emerging as practitioners are gaining skills in executive coaching and career management. Changing the name from “The Outplacement Institute” to the “International Board of Career Management Certification” reflected the dynamics of the changes experienced since its establishment in 1994.

Conclusions

This chapter has traced the founding and development of three organizations, which have emerged from the outplacement industry. The AOCFI, a trade association, was established in 1982 by early industry entrepreneurs, many of them founders of the industry, who were drawn together by common issues and threats to their business. The AOCFI successfully defeated the threat of federal taxation of corporate paid outplacement fees, and they played a major role in defeating federal legislation that would have funded one-stop career centers in every major urban center in the nation. In addition, they also achieved recognition for the outplacement industry as a potential partner in a public/private partnership designed to deliver job search transition support for America’s dislocated workers.

In spite of these achievements, by the mid-1990s the association became divided over several issues. In 1997 three of the largest international firms in the industry withdrew their membership. They claimed the elected leadership of the AOCFI did not respond quickly enough to the changing needs of the member firms and they were not receiving value for the dues they paid. Firm representatives claimed the AOCFI made a strategic mistake in 1990 when they
supported the separate establishment of an organization to serve the needs of the outplacement practitioner. Some of them also disagreed with the focus the elected leadership was putting on preventing government encroachment on the outplacement industry and the accompanying effort to promote accreditation of outplacement firms. In the past, they pointed out, when a “real” issue such as the threat of the IRS valuing outplacement fees as taxable income occurred, they rallied and provided support necessary to defeat the issue. The purpose of a trade association was to not only manage legislative and lobbying issues affecting the industry but also to offer education and training to its members and the IACMP, not the AOCFI, had filled that role.

However, there were other firms within the AOCFI membership who believed the AOCFI should continuously maintain an aggressive vigilance against the possible threat of government regulatory actions and the encroachment of government funded job search assistance programs on the outplacement market. They also believed cooperative efforts among the AOCFI, the IACMP and the IBCMC could help achieve those goals. For instance, representatives of the AOCFI, IACMP and IBCMC met with representatives from the Department of Labor in November of 1997 to discuss the resources of the outplacement industry (Axmith, Interview, November 21, 1997). They also discussed the merits of the accreditation of outplacement firms and the certification of outplacement practitioners and the value such status would have in the effort to provide quality job search assistance support to America’s dislocated workers. The discussions were also precipitated by the realization that if the outplacement/career management industry can participate in defining the criteria used to select private outplacement support in a government outsourcing environment they can better position the industry to benefit from federal revenues dedicated to job search assistance programs.

Another organization to emerge from the industry was the IACMP. The IACMP was founded in 1990 as a spin-off organization of the AOCFI to serve the associative and professional development needs of the individual outplacement practitioners. In 1995, with the support of the AOCFI, they established an independent body, the IBCMC, to credential outplacement practitioners and managers. In 1996 they established the “Future Focus Committee” to look at worklife issues that would be affecting the workforce of the new century and what their role as career management professionals should be in that future workplace.

By 1996, however, the IACMP and the IBCMC were experiencing a slowdown in
membership growth and credentialing activities, which they attributed to the decline in the outplacement industry. At the same time, local and international chapters began questioning the value of membership in the IACMP. The Board responded to these challenges by severely cutting expenses, and began to plan a total restructuring of the organization to meet the changing needs of the membership. In addition, the Future Focus Committee put together a three year plan to conduct a comprehensive international study on the future of work and the role career management professionals should prepare to play in that future work environment. They plan to report the results of their study in the year 2000/2001.

Each of the organizations which emerged from the outplacement industry responded differently to the slow down and decline in membership they experienced in the mid-1990s. The AOCFI, divided by conflicting interests and issues and suffering from the loss of three of their largest members, declared a year long sabbatical to reassess its purpose and mission. The IACMP, however, reacted by putting in place pro-active efforts to define how they can organizationally adapt to meet the changing needs of their members and put new energy and emphasis on defining the role their members must be prepared to play in the future world of work.

In 1997, the three organizations began to discuss the possibility of sharing administrative expenses, management resources and the joint sponsorship of future annual conferences. They also began working together to promote the industry’s image and maintain an active dialogue with government agencies providing job search assistance support to America’s dislocated workers. Of the three organizations, the IACMP is the strongest in numbers of members and responsiveness to member needs. The AOCFI is the weakest organization because of its declining membership and lack of agreement and support for industry issues. Until there is a recognized value for Certification of the career management/outplacement professional, the strength and growth of IBCMC participation will continue to be sporadic based on the individual practitioner’s perceived value of IBCMC certification.
CHAPTER 5
FROM JOB SEARCH COUNSELING TO A NEW CURRICULUM OF ADULT LEARNING

Chapter five traces the changes that have occurred in the delivery of outplacement programs and services since Bernard Haldane designed his original job search counseling service for returning WW II veterans in 1945. Haldane’s model of job search counseling service was designed as a personal counseling service to educate and train individuals on how to manage a job search process. Outplacement entrepreneurs expanded the service to include the corporate client. These services later became known as “corporate outplacement services” (Davis, Interview, September 10, 1996).

A three-phase delivery process characterized corporate outplacement services. During the first phase of the process, the pretermination phase, an outplacement consultant consulted with, educated and trained corporate managers on the appropriate way to conduct employee terminations. During phases two and three, outplacement consultants turned their attention to the transition needs of the terminated employee. During phase two outplacement consultant provided the terminated employee individual consulting, education and training on the preparation required to conduct a job search campaign. During phase three, the outplacement consultant served as adviser and coach to the employee as the employee conducted his/her job search campaign (Davis, Interview, September 10, 1996).

The services delivered and the roles played by the outplacement buyers, users and providers have undergone significant changes since outplacement was introduced to corporate America over thirty years ago. Corporate outplacement services were delivered as individualized consulting services until the 1980s when corporations demanded more cost effective and efficient methods of delivery. Outplacement firms responded by adapting their programs to group workshop formats, introduced group learning experiences to their individual program delivery service, and modified their programs into time sensitive and unbundled services to meet these client demands. As a result of these changes, by the mid-1990s outplacement services had evolved into new curriculums of adult learning from which buyers and users of outplacement services selected educational services to meet their own needs. In order to deliver these new services, the role of the outplacement practitioner also evolved from that of personal consultant to
a multiple faceted role of educator, trainer and coach.

Chapter five describes the three phases of a core outplacement services that characterized early outplacement programs and traces significant changes that track its evolution from an individualized consulting service to a new curriculum of adult learning.

Pretermination Consulting: A Personal Consulting Process

Building on Haldane’s core model of individualized job search counseling, outplacement entrepreneurs in 1969 expanded their service to include the personalized education and training of corporate managers on how to manage the process of terminating employees from their organizations. It was the addition of this pretermination corporate consulting prior to the employee termination that distinguished the service from job search counseling.

During the pretermination phase, an outplacement consultant trained corporate managers on the appropriate way to conduct employee terminations. Prior to the actual termination, the outplacement consultant took the corporate managers through several steps of preparation. The exact step by step process varied according to the individual situation and the corporation’s experience with the termination process. In general, however, all of the following steps were covered before the termination took place.

The first step of pretermination consulting began when the outplacement consultant met with the corporate client to discuss the circumstances surrounding the corporate manager’s decision to terminate an employee. This pretermination meeting was referred to in the industry as the “corporate pre-lim.” During the “corporate pre-lim” meeting the corporate client shared details on the employee’s professional background, position and performance with the corporation and reason for the termination. Corporations also offered information on personal background issues such as family, health or financial issues that would impede the employees ability to conduct an effective job search. The outplacement consultant performed as an adviser, counselor, and trainer (Davis, Interview, September 10, 1996; Hubbard, 1984).

The second step was to review alternatives to termination as a solution to the current employment situation. If the corporate manager had explored all possibilities such as corrective counseling, transfer to another position or additional training and the decision was final, the consultant advised and counseled on the steps which needed to be taken to prepare for the
termination. The outplacement consultant offered advice and counsel on the preparation of the severance package and the planned announcements of the termination within the corporation and, if appropriate, to the business community. The outplacement consultant also reviewed procedures for transferring the employee’s responsibilities to other employees without undue disruption to the organization and advised the organization on what to say when calls for the terminated employee were received by the company. The outplacement consultant provided specific guidance on planning the logistics and timing of the termination meeting with the employee. The manager needed to make arrangements to assist the terminated employee with the removal of their personal possessions from their office location and their exit from the organization following the termination meeting (Davis, Interview, September 10, 1996).

The third activity of the outplacement consultant was to train the corporate manager responsible for conducting the termination interview on how to conduct the termination meeting. Most managers during the early years of the outplacement industry were not practiced in the process of firing employees, and it was a dreaded and traumatic experience. In the training session the consultant gave guidance and sometimes rehearsed, word for word, what the manager would say when during the termination meeting with the employee. The consultant also coached the manager on how to answer questions the employee might ask related to the termination and how to respond should the individual become upset or angry. Last, the manager was coached on how to explain the outplacement service and introduce the outplacement consultant. The outplacement consultant would usually be on site and prepared to meet with the terminated employee following the termination meeting (Davis, Interview, September 10, 1996).

Another purpose for the corporate preliminary consulting, according to Davis (Davis, Interview, September 10, 1996), was to establish the role the corporation would play during the employee’s job search. During the 1960s and early 1970s, corporations were sincerely interested in the future welfare of the terminated employee and willingly offered good references to prospective employers and referrals to other organizations. There was usually a need to follow up with the terminated employee on the continuation of their benefits, payment of vacation pay, sick leave if payable and the procedure for receiving severance pay. As a result, the employee needed to know they had an appropriate contact to answer questions and assist with administrative details. The outplacement consultant also established the process he or she would use to keep the
corporate client informed about the terminated employee’s job search progress. This continuing dialogue with the corporate client created a relationship of accountability on the part of the outplacement firm and also positioned the outplacement consultant to remain informed of additional outplacement assignments (Davis, Interview, September 10, 1996).

The ongoing support and interest of the corporation in the employee’s future welfare further distinguished the service from retail job search counseling services. When job search counseling was purchased by the user, the job search consultants had only one perspective on an employee’s previous work experience and the circumstances leading to the job change. With information provided by the corporate client, the outplacement delivery consultant received additional insight into the employee’s background and professional experiences which increased the consultant’s ability to support a terminated employee with their job search efforts (Davis, Interview, September 10, 1996; MacDonald, Interview, July 15, 1997).

The pretermination consulting process prepared the corporation and the corporate manager to deliver the termination message and manage the employee’s exit from the corporation in a professional, quiet and dignified manner and transfer responsibility for the employee’s transition to the outplacement consultant. Because of the detail of preparation, the corporate manager was able to deliver the message in a calm and confident manner. The meetings were structured to take no more than ten to fifteen minutes and then the employee was introduced to their outplacement consultant.

**Pretermination: Project Management, Transactional Based**

When corporations began downsizing in the 1980s the focus of pre-termination consulting changed from an individual pre-lim meeting to a project management consulting assignment. Corporations utilized the expertise of outplacement firms to assist them with the planning and preparation required terminating hundreds of employees at one time. Outplacement firms consulted with corporations on the design of corporate severance policies, separation packages, communications, and the organization and coordination of the logistics associated with the process of terminating large numbers of employees on one day and at multiple sites. Corporate legal representatives often worked with the outplacement consultant to be sure discriminatory hiring decisions were not being made (Pilachowski, Interview, June 18, 1997).
A major shift in the corporate attitude towards the termination process occurred in the 1980s when corporations began to conduct major downsizings. Their attention was focused on the most efficient and cost effective way to process large numbers of employees out of the corporation and less attention was paid to the impact the termination had on the individual employee. Instead of conducting individual pre-termination meetings to share information about each employee’s background, corporations prepared lists of employees, sorted according to information that would most differentiate their backgrounds and the outplacement services they were eligible to receive. The reason for the job loss was the same for every employee which removed the necessity to discuss individual circumstances. It was suspected that corporations, during their first downsizing activity, would select the marginal performers, older workers, and troublesome employees for termination (Morin, Interview, November 20, 1996).

Corporate managers also had less personal attention paid to their training when a corporation was planning a downsizing. Instead of receiving personal training and coaching by an outplacement consultant, managers were trained in group seminars. Group training was often held off-site during non-work hours to maintain the confidentiality surrounding the planned downsizing. When corporate managers were located at corporate sites across the US, termination training would be done by teleconferencing. Even if individual managers wanted to devote personal attention to the pre-termination process and share specific information on the employees they were terminating, the very size of the effort often prevented that possibility (Rose, Personal Interview, June 24, 1997).

Training managers to conduct termination meetings in the 1980s accounted for such an important function of planning and preparing for a termination that Right Associates designed and produced a video which demonstrated the appropriate way to conduct a termination meeting. The video had simulated examples of typical interactions that occurred between a manager and an employee during a termination meeting. Managers could observe the emotional reactions to expect and how they should respond (Rose, Interview, June 24, 1997).

On the day of the downsizing, corporate managers and outplacement consultants followed a carefully planned and coordinated schedule. Employees first met with their manager and were informed of their termination. After that meeting, which would last no more than ten to 15 minutes, they would be introduced to the outplacement consultant who would review their
outplacement services with them. Following the meeting with the outplacement consultant, a corporation would have packing boxes available so the employees could immediately clear their workspace and leave the facility (Pilachowski, Interview, June 18, 1997).

Another shift from providing personalized attention to treating terminated employees as part of a larger group occurred in the late 1980s. Instead of meeting with an outplacement consultant individually following their termination notice, the terminated employee was directed to attend a group meeting called an orientation meeting. During the orientation meeting, the outplacement consultant would facilitate a discussion about the downsizing and give the employees an opportunity to share their reactions and feelings. The purpose of the meeting was not to provide personalized consulting support to the terminated employees but to diffuse individual hostile reaction to the termination announcements, distribute information on the outplacement services and facilitate the exit of the terminated employees from the corporation.

By the mid-1990s many corporations included outplacement services as a part of their standard corporate separation package. Written information about the service the individual was eligible to receive was included in the package containing information about company benefits and it was left to the employee to contact the outplacement firm to receive services. Some corporations would call their outplacement provider giving them the name, phone number, cause of termination, title, brief history of the employee’s background and leave it to the outplacement firm to contact the employee and arrange the delivery of outplacement services (Rose, Interview, June 24, 1997).

At the most senior executive level, the pre-termination consulting meeting retained its value and importance. Below the senior executive level, however, the use of pre-termination consulting varied according to the value the corporation and the individual corporate decision-maker placed on the process.

The emphasis on the personalized aspect of pretermination consulting diminished as employee terminations and the use of outplacement services increased. During the downsizings of the 1980s corporate attitudes and attentions shifted from the personal impact of job loss on managers and employees to the efficient management of exiting masses of employees from the corporate organization. A downsizing was a project that required the removal of resources from the organization and pretermination consulting became a project management task. By the mid-
1990s it became a transactional process managed by corporate purchasing and human resource departments.

**Preparation for Job search through Personalized Consulting**

The second phase of the corporate outplacement shifted the focus of the service to the terminated employee. During this phase of the outplacement process the terminated employee received individual consulting, education and training on the preparation required to conduct a job search campaign.

The first step of preparation began during the first meeting between the outplacement consultant and the employee following the termination. Depending on the outplacement firm, this meeting was referred to as an in-take, take-out, pick-up, or orientation meeting (Davis, Interview, September 10, 1996; Pilachowski, Interview, June 18, 1997). This orientation meeting was held immediately, or as soon after the termination as possible. The purpose of the meeting was to give the terminated employee an opportunity to ventilate their initial reaction to the termination, assess their understanding of the finality and circumstances surrounding the termination, and to focus his/her attention on the future rather than any negative feelings towards the manager and the corporation. The consultant then coached the employee on how to tell their family, friends and business associates about the termination and explain the outplacement services. Next, an appointment was arranged to meet the employee at the outplacement office and introduce the employee to the outplacement consultant who would be delivering the outplacement consulting (Davis, Interview, September 10, 1996). Before the terminated employee arrived for their first appointment at the outplacement firm, the outplacement delivery consultant reviewed the background information on the employee. It was the additional perspective provided by the corporate client that added depth to the outplacement consulting process and distinguished the service from retail job search counseling process (Davis, September 10, 1996; Rose, Interview, June 24, 1997).

As the second step of the preparation phase, the outplacement consultant took the terminated employee through a complete career assessment. Using paper and pencil exercises, personal interviews, and personality assessment instruments, the outplacement consultant guided the terminated employee through the career assessment process. Completing the process revealed
to the employee, what his or her motivated strengths and skills were and with the help of the outplacement consultant, they could set career objectives that would offer the greatest opportunity for job satisfaction and professional reward. It was during the assessment process that the terminated employee also had the opportunity to learn how past work behaviors and performance issues may have contributed to the corporate decision to terminate them from the organization. With the information provided by both the corporation and the terminated employee, the outplacement delivery consultant counseled the employee on corrective behaviors and performance strategies for the next position (Davis, Interview, September 10, 1996; Lee, August 10, 1997). The depth of the information that emerged as the terminated employee and the consultant worked through the career assessment and established future career objectives often allowed the terminated employee, for the first time, to take some control over their career. As a result both short and long term career objectives could be established (Davis, Interview, September 10, 1996; Rose, Interview, June 24, 1997).

Next, the terminated employee, now referred to as a “candidate” or “client” by the outplacement firm, was taught how to develop and write a resume and prepare a strategy to market himself/herself to potential employers. The consultant, using published business directories, library data bases, and current industry specific publications taught the candidate to do market research and identify those industries and organizations that would make up their target market. Using materials and workbooks designed by the outplacement firm, the consultant then trained the candidate to conduct networking meetings, prepare job search correspondence, respond to ads, work with recruiters, contact decision-makers, interview for jobs and negotiate salaries and relocation packages. The consultant used video equipment to train the candidate on networking and job interview techniques. The consultant would stage a mock interview, tape the session and then would review the video with the candidate pointing out corrections and reinforcing positive behaviors (Morin, Interview, November 20, 1996). When the counselor and the candidate felt the candidate was fully prepared and confident in their job search skills, the candidate was ready to implement their “marketing plan” and “launch” their job search campaign (Auberdene, 1977; Hubbard, 1984).
Preparation for Job Search – Modified Programs and Group Learning

A major shift in the methods used to deliver outplacement services began to occur in the mid-1980s when corporations began downsizing their organizations. Downsizings affected hundreds of employees at one time and corporations began extending outplacement services to more of their terminated employees. When they did this, however, they demanded that outplacement firms give them better pricing and service options more tailored to the different job search needs of this more diverse population of terminated employees. In response, outplacement firms made significant modifications to their original personalized consulting service. They modified delivery methods to include personal consulting, group learning experiences, unbundled and time sensitive programs, “just in time consulting”, group workshops and computer based services from which buyers and users could select services specific to their corporate budget and user learning needs.

Introduction to Group Learning

Outplacement practitioners began experimenting with group learning processes in the early 1970s. Angelo Troisi, (Troisi, Interview, February 27, 1996), a pioneer in the Boston outplacement market and founder of Troy Associates, recalled that he first used group learning methods to deliver his outplacement services in the late 1970s. One of his corporate clients unexpectedly sent him several terminated employees. With only three outplacement delivery consultants on staff, he could not immediately deliver individual consulting services to each employee. Instead, he broke the components of the process into separate subjects and covered them in group seminars. Individual consulting was provided on as needed basis until he had each employee prepared to start his or her job search. Once they had started the job search, then he and his two consultants were able to manage the consulting on an individual basis.

The use of group learning as part of the individual outplacement service grew in use until it became a permanent part of the individual outplacement programs. During the 1980’s, as corporate downsizings flooded outplacement firms with terminated employees, outplacement firms were not staffed to individually counsel such large numbers of candidates at one time. Like Troisi had done in the 1970s, outplacement firms used the group process as a temporary method of preparing candidates for their job searches. By the 1990s, however, the use of group learning experiences became a permanent part of the individual program delivery process. The combined
personal consulting with the benefits of learning in a group gave the candidates several learning advantages. In the group environment candidates learned from each other and felt less isolation from the work force as they interacted with other professionals experiencing job loss. More tangible benefits that emerged from the group learning was the opportunity candidates found to network with professionals from different industries, gain and share referrals to job opportunities, mentor one another and create networks for future business relationships. The personal consulting sessions with their outplacement delivery consultant allowed them to receive advice and counsel on their specific job search needs. (MacDonald, Interview, July 15, 1997).

By the 1990s, group learning was a standard part of the individual outplacement services and outplacement firms developed new training modules and materials. For instance, Right Associates developed a whole curriculum of training seminars based on the job search skills needed by all candidates to conduct an effective job search campaign. Right called these seminars High Intensity Training seminars (HITs). Candidates attended the seminars as part of their outplacement training. Each seminar had its own workbook and the information included was designed to reinforce the group learning experience of the seminar and supplement the information provided in the outplacement program manual. Some of the workbooks used during the seminars were Managing the Personal Impact of Change, (1993); Active Listening (1994), Interviewing Lab (1994), Interviewing Skills (1994) Letter Writing Basics (1994), Letter Editing (1994), Market Campaign Strategy – 1 ((1994), Market Campaign Strategy – 2 (1994), Market Intelligence (1993), Negotiation (1994), Network Development (1994), References 1994), Resume Basics (1994), Resume Editing (1994, Telephone Effectiveness (1994), and Time and Information (1994). Right, as well as other outplacement firms, used the group setting to introduce outside experts from the business world to address groups of terminated employees about issues of interest that would facilitate their knowledge of the job market and enhance their ability to stay current on business issues. For instance, representatives from the executive search community gave advise on how to work with executive search firms, small business consultants shared information on how to start your own small business, bank executives offered education on how to finance a new business, experts in using the Internet offered information on using technology to conduct a job search, and human resource professionals shared information on new interview techniques (Johnson, Interview, May 19, 1997; Maguire, Interview, January 19, 1998;
The delivery of services in group seminars was also a more cost effective and efficient way for outplacement firms to manage their delivery costs. As the downsizings declined in the 1990s outplacement firms struggled with reduced profit margins and delivery innovations that would reduce costs while still maintaining the quality of service was welcomed by some outplacement firms. Others decried the changes as affecting the integrity of the process.

### Unbundled and Time Sensitive Programs

Two innovations that created conflict within the industry were the introduction of unbundled and time sensitive programs. Unbundling was a term coined by IBM to describe a marketing strategy they took in the 1980s when they broke down their computing service into its separate components and sold each service separately (Maguire, Interview, January 19, 1998). This term was adopted by Lee Hecht Harrison to describe a new service they designed for corporate clients in the 1980s. LHH broke down the components of the outplacement process to create a menu of consulting services from which corporate clients could select services tailored to the needs of the employee they were terminating (Harrison, Interview, February 18, 1997).

Corporate buyers of outplacement services requested this flexibility for two reasons. One, they realized that every employee being terminated from the corporation did not necessarily need the support of a full outplacement consulting program to make a successful job transition. They recognized that while one employee might need assistance making a decision to transition from one career to another, another employee might only need assistance to create a new resume or put together a marketing strategy. Second, they were also differentiating the amount of financial investment they would make in an employee’s outplacement services according to the employee’s position with the organization. As they extended outplacement services throughout their personnel ranks, the costs of buying outplacement services had escalated and they needed a way to manage their costs. With unbundled services, they could manage their costs and meet what they considered were the specific needs of the employee (Harrison, Interview, February 18, 1997).

Historians Meyer and Shadle (1994), in their history of the changing outplacement process, reported that unbundling of outplacement services raised questions in the outplacement industry about the economic, ethical and professional issues involved. Outplacement delivery
consultants without control over the delivery of the full outplacement process were concerned they could not assure a successful job search/career transition for the employees in their care and would, unjustly, be held accountable when an employee was unsuccessful with their job search. Consultants were also concerned that high pressure sales tactics would focus the corporate buyers choice on the lower fees attached to unbundled services rather than on the actual needs of the terminated employee. Meyer and Shadle (1994) suggested that consumer education of both corporate buyers and outplacement users was the only way quality choices of outplacement services could be made (pp. 177-178).

Time sensitive programs that limited services to three, six and nine and twelve months were also offered by outplacement firms. While there was concern in the industry that the limited time did not allow enough time to successfully land a candidate in a new position, there was also recognition that corporate buyers of outplacement service were no longer willing to support all their terminated employees until they had landed a new position. (Cabrera, Interview, March 25, 1997).

Instead, according to Eric O’Dea (O’Dea, Interview, July 29, 1997), a human resource manager with FreddieMac, organizations by the mid-1990s could no longer afford nor felt responsible to provide unlimited outplacement support for their terminated employees. They wanted to give the terminated employee sufficient support to learn the basics of managing a job search and then be able to take responsibility for their own transition. At the same time, O’Dea pointed out that the corporate buyer no longer held an outplacement firm responsible for a successful job landing within the limited time of the service. Candace Mendenhall (Mendenhall, Interview, September, 17, 1997), Senior Vice President of Human Resources at Freddie Mac and a former outplacement professional, stated that she also wanted the flexibility to add services as they were needed should one of their terminated employees need additional outplacement support. Mendenhall believed that outplacement services had to become even more flexible and responsive to corporate buyer and user needs as organizations and employees continued to balance the responsibility of managing an employee’s career.

Increased Use of Group Workshops to Deliver Outplacement Services

The use of group workshops to deliver outplacement training has been utilized as a program delivery resource since the industry emerged in the 1960s. Gruner delivered the first
outplacement services recorded in a group workshop setting for dislocated Humble oil refinery workers in 1961 (Gruner, Interview, August 26, 1996). Cabrera cites a group workshop delivered by Drake Beam in 1968 as another early example of group outplacement services (Cabrera, Interview, March 25, 1997). Thinc, though targeting the sale and delivery of individual outplacement services, also delivered group workshops for administrative and lower level personnel when their clients insisted. Lee Hecht Harrison delivered groups workshops as part of their earliest services (Lee, Interview, August 10, 1997). Historically, Bob Lee described the market as always being divided into three separate delivery segments. The senior executive level received individualized consulting services. Middle management and senior technical professionals received more standardized services that included individual career assessment and career management consulting as well as job search training. Non-professionals received group “training” on job search skills (Lee, Interview, August 10, 1997).

It was in the 1980s, however, that the use of group workshops escalated and became an important competitive service offered by outplacement firms. Corporate buyers of outplacement services, wanting to provide outplacement services deeper into the organization, found group workshops a more cost-effective way to distribute services to employees affected by large downsizings. Morin (Morin, Interview, November 20, 1996), a leader in offering group workshops to corporate clients was blamed for devaluing outplacement by marketing and delivering group workshops. Morin, however, believed it was a natural extension of the firms’ outplacement services. Group workshops served the corporation’s desire to deliver services to more employees in a cost effective and efficient manner and it represented an additional source of income for outplacement firms.

Lee Hecht Harrison believed group workshops were such an important outplacement service that in 1988, when they acquired capital to expand their operations, they created a separate division of their company to market, manage and deliver major group workshop projects. Lee was aware that other outplacement firms used the same management and delivery personnel to manage and deliver large group projects. Lee believed terminated employees who were being supported by individual outplacement programs should have immediate access to their consultants and repeated absences of two to three days delivering large projects distracted from the quality of the individual service. By establishing a separate division to manage and deliver large group
projects Lee believed LHH was demonstrating a commitment to quality and service not available through any other firm in the industry (Lee, Interview, August 10, 1997).

DBM, in the 1980s, introduced a new group workshop to create a unique niche market when they introduced the “public workshop.” According to Cabrera group workshops of two to three days would be arranged when a company was terminating eight to twelve non-exempt, technical or administrative employees (Cabrera, Interview, March 25, 1997). DBM learned that their corporate clients were reluctant to pay workshop fees when they were terminating only one or two employees. As a result, the terminated employee did not receive any outplacement support nor was DBM getting the opportunity to provide the service and earn the added income. In order to serve the outplacement needs of a client company, the terminated employees and create a service that would generate new income, DBM designed the public workshop. In a public workshop participants from a number of companies would make up the group. DBM would schedule a public workshop at their facility and clients would schedule the attendance of the one or two employees they were terminating. This gave the corporate clients the flexibility they needed to equitably provide services to all their employees and still manage their costs effectively. Fees for participation in a public workshop were paid according to the number of individuals the corporate client enrolled versus the per day fees attached to group workshops.

Right Associates’ group workshop materials were specifically designed to meet the unique learning needs of the participants. Outplacement workshop manuals were designed specifically for use with exempt, non-exempt and blue-collar workers. Workshops designed for exempt professionals had more emphasis on individual assessment, resume development, networking and interviewing (Career Transition, 1997) in contrast to the workshop manuals for blue collar workers that had more directive exercises on filling out job applications as well as networking and interviewing (Re-employment Program, 1987). Additional workshops and manuals on career decision making, career management, retirement planning, entrepreneurship, consulting and small business development. Right, working with a federal agency offering early retirement packages to their employees, delivered these workshops as a curriculum of learning resources for the employees to participate in as part of their early retirement decision making process. The Career Decision: A Process (1992) gave them information on how to make a retirement decision. The Retirement Planning (1990) workshop offered training on how to plan and create productive
retirement years. Workshops on entrepreneurship, consulting and small business gave the participants an opportunity to learn what would be required if they chose to take the retirement package and do something other than seek reemployment. The exempt outplacement workshops provided training on finding reemployment (MacDonald, Interview, July 15, 1997).

Technology and the Delivery of Outplacement Services

The increased use of technology and computers in the workplace also affected the way outplacement firms delivered their services. Beginning in the 1980s outplacement candidates terminated from corporations that used current technologies in their previous positions arrived at outplacement firms expecting the same resources. Outplacement firms had to make major financial and training investments to maintain their competitiveness in the market.

Martin Pilachowski Managing Principal of the Right Associates Baltimore Region, observed that in the fifteen years he was in the outplacement industry the use of technology and computers significantly shifted the way his firm supported the administrative, space and research needs of the terminated employee (Pilachowski, Interview, June 18, 1997). Fifteen years ago, when employees were terminated, they arrived at an outplacement firm expecting personal or shared secretarial support, message service and access to their own office space. As facsimile machines, self operated copy machines; computers, voice mail and email, computerized information databases, and the Internet were introduced to the work environment, they also became competitive factors in selecting an outplacement service. Terminated employees who were given permission to select their own outplacement services by their previous employers often considered the technology resources of an outplacement firm as an important factor in their choice of provider.

Lee Hecht Harrison designed a home page with access to program materials, tutorials and databases for their candidates. This enabled candidates to connect with the LHH home page from their home computers to complete tutorials on discrete segments of the LHH’s outplacement services. From home they could also access the LHH business information databases. This gave LHH candidates more control over the use of their time and resources and often eliminated the inconvenience of having to go to the LHH office to access the same resources (Harrison, Interview, October 30, 1997).

DBM’s creation of a computerized job bank in the mid-1980s significantly shifted the
whole philosophy of outplacement from a career counseling/career management service to a job replacement activity according to Bob Lee. Lee (Lee, Interview, August 10, 1997) believed that job banks diverted a candidate’s attention from the assessment and preparation stage of the outplacement service even though jobs listed on a firm’s job bank actually represented a realistic and appropriate opportunity for a candidate. However, job banks became an important marketing tool for outplacement firms and outplacement firms hired job developers to solicit and list job openings. By the mid-1990s, with the introduction of the Internet, an outplacement firm’s job bank represented only one of many available computer based job banks. Outplacement firms had to develop training courses to educate candidates on the use of job banks as only one resource to help with the job search campaign (MacDonald, Interview, July 15, 1997).

Between 1969 when Thinc first introduced their outplacement services to corporate America and 1997 significant change occurred in the way outplacement firms designed and delivered their services. What was initially an individualized consulting service for corporate managers and terminated employees, evolved into a curriculum of learning resources that offered diverse educational and training resources flexible enough to meet the needs of both corporate buyers and outplacement users.

**Conducting the Job Search – Personal Consulting During Campaign**

Once the candidate was considered prepared to “launch” his/her campaign, the job search process began and the candidate began to implement what he/she had learned during the preparation phase of the outplacement service. Conducting a job search campaign was a full time job and the outplacement office became campaign headquarters for those candidates who had office and administrative support included in their outplacement service. This meant the candidate had office space to use and administrative support to type and mail correspondence and take messages. The outplacement firm also maintained a library of business information reference books, newspapers and current business periodicals which the candidate had access to. The outplacement space was designed to create a business like atmosphere typical of the business environments the candidates had worked in. Dress was business attire, business suits and ties for the men and business suits and business dresses for the women.

During the job search campaign, the outplacement delivery consultant took the initiative
to schedule progress meetings with the candidate to assess progress and provide advice and counsel. Progress reports, usually on a monthly basis, were provided to the corporate client. The reporting process kept the corporate client aware and involved in the candidate’s job search efforts and it allowed the outplacement consultant responsible for the reporting the opportunity to maintain the corporate relationship and keep themselves aware of future business opportunities (Davis, Interview, September 10, 1996).

As the candidate made contacts, responded to ads, participated in interviews, wrote letters and followed up on referral leads, he or she would consult with the outplacement delivery consultant to receive advice and counsel. When a job offer was made, the outplacement delivery consultant coached the candidate on salary negotiations. When the candidate landed a new position, he/she and the outplacement consultant would put together a plan to manage the candidate’s integration into the new organization and set some performance goals and objectives to measure their success in the new position. Most outplacement firms usually hosted a “landing party” for the landed candidate and asked the candidate to share with other candidates, what behaviors and experiences had been most helpful during the job search (MacDonald, Interview, July 15, 1997; Pilachowski, Interview, June 18, 1997).

During the job search, the candidate had unlimited consulting and administrative support to assist him/her with all the activities required to land the next position. When a candidate became discouraged, or inactive, the outplacement consultant took the initiative to provide advice and counsel to get the candidate energized and focused on the job search campaign.

Because the counselor maintained a relationship with the candidate throughout the entire preparation and job search phase of the outplacement service, the length of time it took to land a new position could be recorded and averaged with other candidate’s campaigns. The outplacement firm used these statistics to track trends in landing times from quarter to quarter and year to year. These statistics were also used as competitive marketing information.

**Conducting the Job Search – Limited Support**

Corporate concern for the individual welfare of terminated employees, declined as corporate downsizings began to occur in the 1980s. As a result, corporations no longer held themselves responsible to provide terminated employees unlimited outplacement support until
they found a new position. This meant that the job search phase of an outplacement program was often eliminated from the service. If the program was time sensitive, the service ended before the candidate had successfully landed a new position and the candidate was left on his/her own to manage the rest of the job search activities. Unbundled services usually covered only portions of the preparation stage of the outplacement process and follow up support through the job search was not even an option.

For those candidates who did have consulting support through the job search campaign, some outplacement firms initiated new processes that were driven by the candidate rather than the outplacement consultant. As an example, Right Associates initiated group support programs and “just in time” consulting formats to support candidates on their job search campaigns. In group support programs, candidates were grouped by mutual industry and professional interests. For instance, if several candidates were interested in one industry, such as health care, an outplacement delivery consultant would facilitate regular group meetings to discuss job search experiences, exchange new information and pass on referrals or job leads in the health care industry. Candidates would informally develop their own mentoring and peer advisory relationships. As another example, if there were candidates exploring starting their own consultancy or small business, they would be grouped together and a Right outplacement delivery consultant with expertise in entrepreneurship would facilitate regular meetings for them. Outside experts on accounting, time management, communications, business planning and marketing would be invited to meet with this group (MacDonald, Interview, July 15, 1997).

For those candidates who had job search consulting and office support included in their programs, “just in time” consulting was introduced. The candidate was responsible for taking the initiative to arrange a meeting with the outplacement delivery consultant, as consulting was needed rather than the consultant initiating regularly scheduled meeting. This process worked when the corporate client was not requiring specific reporting on the progress of the candidate or when candidate’s were well motivated and conducting aggressive job search campaigns (Pilachowski, Interview, June 18, 1997).

With the introduction of limited or time sensitive programs, corporate buyers did not require as much follow up during the candidate’s job search activities as they did when they provided unlimited outplacement consulting support. By the 1990’s, corporation’s expected their
terminated employees to assume a greater role in managing their own careers and that attitude was reflected in the limited outplacement support they bought for their terminated employees (O’Dea, Interview, July 29, 1997).

**Senior Executive Consulting**

Outplacement at the senior executive level has consistently remained a unique and highly individualized consulting service. Thinc’s first service was designed for the senior executive. As new outplacement firms entered the industry, each had their own versions of separate consulting support and office resources for their senior executive candidates.

Lou LeHane, a former executive with the Thinc organization, established LeHane Associates, Inc., in 1983, a unique consulting service for senior executives and their spouses delivered in a residential retreat setting in Leesburg, Virginia. LeHane believed senior executives needed the opportunity to work through the issues of job loss, campaign preparation and a job search strategy in a setting completely removed from the distractions of their accustomed daily living and geographic business environments. LeHane called his service “The Glenfiddich Experience, “ named after the Glenfiddich House, a restored 1840 antebellum home located in the heart of historic Leesburg, Virginia, where he held his retreats. Senior executives and their wives, at the expense of the corporation, came to Leesburg for a stay of three to five days. The terminated senior executive would work with his or her consultant in all day sessions to examine past professional experiences and accomplishments, define career objectives, write a resume and put together a plan for their next career step. An industrial psychologist administered and interpreted assessment instruments to help the executive and the consultant understand the executive’s strengths and weaknesses and define next career steps. A financial planner met with the executive and the spouse to review their finances and offer advice on managing expenses during the job search. The spouse would meet with a consultant to discuss the impact of the job loss on the spouse and family, and get the spouse’s input on the executive’s future career executive. After their stay at Glenfiddich House, the executive and spouse received unlimited follow up support both by telephone and, when needed, through return visits to Glenfiddich House. LeHane would provide administrative support by telephone and mail. As technology became available and if the executive did not already have home office equipment, LeHane would
provide the equipment needed to manage administrative support during the job search campaign. LeHane sold his firm to David Miles, a former executive with Marriott Corporation, in 1992. The firm since 1992 has done business as the Miles/LeHane Group and continues to support a unique international senior executive market (LeHane, Interview, February 13, 1997; Lyons, Interview, February 13, 1996; Miles, Interview, November 14, 1997).

Jannotta Bray and Associates (JBA) developed another unique senior executive service (Jannotta, Interview, September 17, 1996; Maguire, Interview, January 19, 1998). When a senior executive was sent to JBA for outplacement services, a senior JBA outplacement delivery consultant would conduct a thorough interview with the executive to learn about the executive’s personal and professional background. The executive would be asked for a list of business associates, peers, managers and subordinates whom the consultant could contact and interview to get their perspective on the executive’s management, operational, technical, interactive and leadership skills. While the JBA consultant was conducting the interviews the executive would take a series of assessments administered by an industrial psychologist. When all the interviews had been completed and the industrial psychologist had completed the assessment, the three would meet together for a feedback session. The session would be tape-recorded and the tape given to the executive. Based on what had been learned, the executive and his consultant would plan next career objectives, write a resume and develop a job search strategy.

JBA was purchased by Right Associate’s in 1994 and the JBA senior executive program was merged with Right’s program for senior executives, the Key Executive Service (KES) program (Pilachowski, Interview, June 18, 1997).

Right’s KES (MacDonald, Interview, July 15, 1997) program for senior executives was marketed as a “consulting service” that accessed whatever resources were needed to assist a senior executive with their job transition. Their consulting services included personal consulting to prepare the senior executive for their job search activities, financial planning, a 360 degree assessment, and assessment by of an industrial psychologist, dedicated office space, personal administrative support and access to their international office network. In addition, investment banking advice, health and fitness advisers, spouse consulting, and membership in the National Association of Corporate Board Members was available when needed. A unique feature of the KES service was the Key Executive Conference. Beginning in 1992 (Geffner, September 17,
1996) twice a year Right held a two-day conference in their New York office for key executive candidates from the Right network of offices. During those two days, they would participate in seminar presentations on job search skills and techniques uniquely valuable to senior executives, they would listen to guest speakers with particular expertise in the job search industry and they would network with each other. Because senior executives were more likely to conduct both national and international job searches, the conference provided them a resource to broaden their network and to create new peer and mentoring relationships at their professional level. KES candidates were encouraged to maintain contacts with other conference attendees and act as referral and information resources for each other following the conference. Right Associates suspended their KES Conference meetings in 1996 (Shattuck, Interview, September 17, 1996; Pilachowski, Interview, June 18, 1997) during the same time Right began to diversify their services and their performance on the stock market began to decline.

In the mid-1990s, Manchester introduced a group residential retreat service for senior executives. The residential retreat was held at the Manchester “farm” located in rural Pennsylvania. Prior to attending the retreat, the senior executive would complete a career assessment with a Manchester consultant, receive personal feedback and set future professional goals. During the retreat a Manchester consultant would facilitate discussions around career management and work/life issues. The group would exchange experiences and offer peer feedback and input to each other’s future objectives. Following the retreat, the senior executives would receive continued support at the Manchester office closest to their home (Baumann, Interview, August 21, 1997).

Until the mid-1990s senior executive programs continued until the terminated employee had found another position. Even at that level however, the service became time sensitive and ended after one or two years.

Conclusions

Outplacement services have changed since they were first introduced to corporate America in 1969. From 1969 and through the 1970s, outplacement was idealized and sold to corporations as an individual consulting service to assist corporate managers and their terminated executives with the trauma and socio-economic impact of job loss on both the corporation and the
terminated employee. Outplacement was, as Bob Lee described it, a “mechanism” that met a particular social need to transition terminated employees from one organization to another.

Since its founding nearly thirty years ago, outplacement has gone through significant change and modification. By the mid-1990s corporations had become more sophisticated in their use of outplacement services. They no longer required the intensive pre-termination consulting support they needed when terminating employees was a new experience for them in the 1970s and downsizings were the corporate phenomenon of the 1980s. In addition, by the 1990s corporations no longer held themselves emotionally, financially or professionally responsible for a terminated employee’s transition to their next position. They wanted outplacement services that allowed them to differentiate service according to cost, position, and the learning needs of the terminated employee. Many corporations viewed outplacement as a commodity service to be distributed to employees much like any other corporate benefit.

Changes occurred in the services delivered by outplacement firms as corporate buyers and users of outplacement services changed. Except at the most senior level, outplacement services are sold as standardized programs and the delivery of the services are managed in the most efficient and cost effective manner outplacement firms can devise. The delivery of outplacement services has gone through a four step evolution: (a) During the 1960s and 1970s it was delivered as a highly individualized consulting process (b) During the 1980s it was delivered as an individualized consulting process supplemented with group learning experiences, (c) In the early 1990s it was an individual service with integrated group learning experiences and (d) In the mid to late 1990s it became a group learning experience supplemented by optional or as needed individual consulting. The various elements of the services can be mixed and matched to meet the unique needs of users. This meets the needs of the outplacement firm to manage their services and protect their profitability, it provides the corporation the options they asked for to select services according to their budget and employee needs and it has the flexibility to meet different user needs.

As these changes occurred, the outplacement delivery consultants assumed roles of educators, trainers and coaches and the delivery of services became more task and project management oriented rather than a counseling, consultant relationship.
Chapter six draws conclusions from this study which has traced the history of the outplacement industry between 1945 and 1997 through the stories of outplacement firms, the organizations that grew out of the industry, and the development of the services the industry offered. The history of the outplacement industry was studied in the context of the changes that occurred in the social and economic environment that formed the American workplace between 1945 and 1997 and the subsequent impact those changes had on corporations, their employees and the outplacement industry.

The Outplacement Industry: Losing Control and Changing Focus

There have been three significant areas of change in the outplacement industry since it emerged over thirty years ago: (a) there has been a change in the way outplacement firms have organized their structures; (b) there has been a change in the way the service is delivered, and (c) there has been a shift in priorities as to whose needs the industry services.

Firm organization. There are two types of outplacement providers serving the outplacement market; large international firms and the smaller local and regional firms. During the 1960s and 1970s outplacement firms were owner operated and primarily served local and regional geographic markets. That changed in the 1980s as corporations began to downsize their entire organizational structures and began terminating employees at multiple sites across the US and abroad. Firms which wanted to compete in these expanded markets either developed their own network of offices and resources or joined consortiums with other independent offices and maintained their own local, regional or niche markets. As the market began to mature in the late 1980s outplacement firms began to make acquisitions and the industry began to consolidate. Outplacement leaders predicted the smaller regional firms would either be acquired or go out of business.

During the 1990s, as the outplacement market began to decline, a “pac man” frenzy of acquisitions took place among Right, LHH, and Manchester. The small, regional firms began to disappear and the consortiums lost their members. By 1997, four large firms, Drake Beam...
Contrary to the opinions of outplacement leaders, many of the small and regional outplacement firms not only survived but flourished. These firms, as members of their consortiums, were also able to deliver outplacement on an international basis. However, their international strength did not compare or compete as well against the standardization and consistency of services the larger firms offered. What many could still deliver within their existing local, regional or niche markets, however, was a creative and flexible personal consulting service that more closely resembled the personalized outplacement consulting that initially made the industry so unique.

One firm does not meet all of the outplacement markets needs. Nor does one type firm. Each type firm has its own strength. The large firms have a diverse curriculum of learning resources from which corporate buyers of outplacement services can select services to meet the learning needs of a wide range of employees. The smaller firms offer a variety of individualized personal consulting services. Like Miles/LeHane, many have kept their focus on a specific market, geographic or niche, and have retained the flexibility to deliver creative, personal outplacement consulting services tailored to unique individual needs. One size firm does not meet all of the outplacement markets needs. In 1997, there was a place for both a commodity outplacement service and an individualized personal consulting service. As long as both needs exist, both large and small firms can continue to serve the outplacement market.

Service Delivery, From Personal Consulting to Group Learning. The delivery of outplacement services has assumed four distinct forms since it was first delivered to corporations and their terminated employees over thirty years ago. It has evolved from a personal consulting service, to a personal consulting service enhanced with optional group training, to personal consulting enhanced with integrated group training, to a service delivered through group training and enhanced with optional individual consulting.

These changes occurred as outplacement firms responded to the changes in corporate buying practices. Corporate buyers of outplacement services evolved from being personally concerned in a terminated employees personal welfare to buying and distributing outplacement
services as a standardized corporate benefit designed to move employees out of a corporation in as cost effective and efficient way as possible. In other words, the corporate buyers became increasingly distanced from the employees for whom they purchased the services.

The services outplacement firms provided reflected these same shifts. They modified their services over the years until, by 1997, they were delivering outplacement as a group training service with optional added personal consulting. In other words, they too became focused on the cost effectiveness and efficiencies of delivering services and more distanced from the actual users of their services.

The relationship between the corporate clients and the outplacement made the same shift. Prior to the downsizing era, corporate clients, received pretermination personalized counseling from outplacement consultants as they prepared for termination of their employees. As corporations began downsizing their entire organizations, pretermination consulting became part of the project management effort and the expertise of outplacement consultants was used to plan, prepare and execute the logistics of terminating hundreds and sometimes thousands of employees at one time. By 1997, pretermination consulting became even less important to corporations as the purchase and distribution of outplacement services became a standardized process governed more by corporate buying and human resource policies, than by corporate concern for the personal welfare of corporate managers and terminated employees.

As the outplacement services evolved from personal consulting to group training services, the skills required of the outplacement delivery consultants also changed. As the programs became more group oriented, group training skills became increasingly important and the experienced business backgrounds of the industry’s first delivery consultants became less valuable.

Because of these changes the outplacement industry lost its position as a highly valued consulting service, however, it did establish its services as a standard business practice that would continue to be purchased by corporations as long as corporations continued to change their personnel mix and move employees in and out of their organizations.

**Shift of Needs.** By the mid-1990s outplacement firms were beginning to suffer from declining revenues and declining profits and they began attending to their own survival needs. It wasn’t until then that they realized the changes that had occurred in their client purchasing practices and their own delivery practices were not going to be reversed. If anything, they would
become even less personal and more transactional. In order to survive they turned their attention inward to the management of their own organizations and they began exploring diverse ways they could cost costs, deliver services more efficiently and perhaps diversify into new consulting areas to replace their outplacement revenues. Their individual images began to blur as they explored new markets and subsequently so did the industry image. As their individual interests in their own survival needs increased, a common interest in the industry image and industry issues also diminished.

**Periods of transition.** The study revealed that the outplacement industry has gone through several definitive transitions since it emerged during the 1960s. During the 1960s and 1970s the early founders and leaders introduced the use of outplacement to corporations as a unique personalized consulting service that offered a solution to the problems associated with terminating employees. During the 1980s significant changes occurred which redefined the way outplacement was purchased and delivered. Corporate buyers and users of outplacement began to effect changes in the way outplacement services were sold and delivered. The use of group training became an integrated part of the service, the process was unbundled and made time sensitive and group workshops furthered the use of outplacement throughout the professional ranks of downsized employees. During the 1990s the trend of delivery focused more on the core delivery of services through group training sessions and individual consulting became an optional add-on element of the service. By the mid-1990s outplacement was considered a commodity service and many corporations offered it as a standard part of corporate separation packages. Outplacement is an industry that has been in the process of continuous change and formation. Though the form of outplacement and the process of delivery has changed in the thirty plus years outplacement has been in existence, it still continues to be a management tool that helps both the terminating organization and the terminated employee manage the process of job loss and career transition.

**AOCFI: Mirror of the industry**

As the AOCFI’s member firms struggled to respond to a changing outplacement market, they began to challenge the parameters they had set for their own trade association. The bylaws they had created in 1982, the year they founded the association, were preventing their ability to maneuver under new market conditions.
The first challenges came in 1988. An association member, LHH, sold their company to a temporary placement firm. LHH had sold their organization to get funds for expansion into the growing national outplacement market. The sale was in clear violation of an association bylaw that prohibited the ownership of an outplacement firm by any business connected to the personnel placement for fee industry. At the same time this bylaw was challenged, the bylaw excluding outplacement firms with franchise/licensee relationships was challenged. Both bylaws had to be changed so outplacement firms could manage their own growth and the association to continue to retain and attract new members and new revenues. In 1994 another bylaw was challenged. In an effort to expand into a new market and generate revenues to replace declining outplacement revenues, LHH had opened a retail career center in Sacramento, California. Their action was in violation of the bylaw that prohibited outplacement firms from accepting payment for outplacement/job search counseling services directly from the consumer. Other outplacement firms also wanted to explore the same market and the bylaw was changed.

Tensions continued to escalate in the 1990s as members became divided on association issues. Some members believed the threat of potential federal government regulatory actions and encroachment on the industry was increasing in the US and abroad. They pushed to influence Congress, educate government regulatory agencies and partner with state and local government agencies to explore ways they could work together. This group also believed that the association had to sustain strong opposition to overseas government regulatory and encroachment activities. They, as well other leaders in the industry, were predicting the overseas market as the most likely market for growth in outplacement revenues. They believed if they didn’t restrain government control overseas, the future of the industry would be at risk. The leaders of this group also promoted the idea that professional certification of their outplacement practitioners and the accreditation of outplacement firms could position the industry to win government business and control the delivery of service.

Others in the association did not agree the threat of government regulatory actions or encroachment on the industry was as great as it had once been. Nor did they agree that if it happened, it would have significant impact on their ability to do business. They were also unwilling to pursue the establishment of an accreditation process for outplacement firms. The association began to have financial problems. The consolidation of so many firms had
reduced membership revenues. Smaller firms claimed they were not getting value for their dues and began to withdraw. International members began to question the value of an AOCFI leadership in Washington, DC, while so many of their members were located outside North America. Also, as outplacement firms began to diversify their services, it was becoming unclear as to what “industry” the members were a part of.

In 1997, the association took two steps to address the issues of the international membership and the diversification of the firms. First, they reorganized the organization and divided the membership into three additional regions, North American, Asia/Pacific Rim and Latin America with AOCFI remaining the parent organization. In 1996, they had created the European region. Second, to better reflect the diversification of member services, they changed the name of the association to the Association of Career Management Firms, International. The association’s attempt to be responsive to changing member was not enough. Before the end of the year, LHH, followed by DBM and Manchester, Inc., withdrew as association members.

Association leadership has said they will spend the next year, 1998, re-addressing the mission and purpose of the organization. Considering that three of the four largest outplacement firms in the world will be absent from those discussions, it is hard to believe that what they decide will be a true reflection of what the industry is or what it plans to become.

The IACMP and the IBCMC: Creating a Profession

In 1988, when the AOCFI leadership decided they would concentrate only on their member’s business issues, the outplacement practitioners established their own organization. Outplacement practitioners wanted an organization that would provide them an environment to associate as peers establish ethics and standards for their profession promote professional recognition and offer opportunities for professional growth and development. The IACMP membership is made up of individuals who provide outplacement and career management support to organizations and individuals. The practitioners also feared the prospect of the federal government creating a regulatory body to define credentials and a credentialing process for their occupation. They also recognized the possibility of federal encroachment on the outplacement industry, however their response to this threat was much different than that of the AOCF. The IACMP recognized that government agencies providing job search counseling support to
dislocated workers could also represent more job opportunities.

Since their founding in 1990, the IACMP has maintained an aggressive pro-active mission and program agenda to support the professional development of their membership. Many of the founders of the IACMP were also founders and leaders of the AOCFI and during their involvement with the AOCFI they had promoted the professional development of the practitioners of the outplacement. As a result, when the IACMP was formed, one of their first priorities was to establish a body to certify the outplacement practitioners. In 1995, with the support of the AOCFI, the International Board of Career Management Certification was organized. By 1996 approximately 1500 practitioners belonged to the IACMP and approximately 3000 practitioners had been certified.

Membership growth and participation in the IACMP and the IBCMC reached a plateau in 1996. Industry leaders attributed this to the decline in outplacement revenues. Individual practitioners were no longer getting adjunct work with outplacement firms and outplacement firms were reducing staff as their services were restructured and business declined. Outplacement firms have displayed mixed support of their employee participation in the IACMP and the IBCMC. Some of the smaller regional firms have enthusiastically supported their employee’s involvement in the IACMP and have encouraged their participation in the IBCMC certification process. Among the four largest firms in the industry, however, only one, LHH, has a significant number of their employees listed as certificants or fellows in the IBCMC. Practitioners interviewed for this study indicated they did not receive added compensation or career promotions because of their membership in IACMP or their certification from the IBCMC. In spite of this, the IACMP has continued to provide development opportunities for their members and has continued to develop new professional development opportunities for their members.

It is unclear what importance membership and certification will have for career management professionals in the future. The distinguishing characteristics that made it necessary for the IACMP to establish its own credentialing body was the business experience and knowledge that the consultants brought to the consulting process. Since outplacement firms are depending more on training skills to deliver their programs rather than individual consulting skills, then career management professionals may have to find new work environments or become
individual consultants.

The IACMP is taking aggressive action to identify the role their members will play in the new century. In 1996, the association established the Future Focus Committee to study workforce changes and identify the new skills career management professionals will need to serve the future global workforce. They have established a three-year strategic plan to accomplish this objective. The first year, 1998, they plan to conduct a survey in the countries where the association had members to identify what changes are anticipated for that country's future workforce. The second year, 1999, they plan to share and organize the information. The third year, either in 2000 or 2001, they plan to host a world congress and share the results.

The IACMP, depending on the success of their Future Focus Committee, may assume a leadership role for the industry. They have recognized that what they do is greater than one industry, outplacement, and they are aggressively pursuing information that will provide them insight into what they need to do to serve the workforce of the future. Whether they can successfully accomplish their goals will depend on how well they can finance their efforts, how broadly they can conduct their research, how well they can organize the results and then how they use the information. The IACMP, however, is having its own financial problems and may not be able to fund their efforts so that they can give it the scope and attention it requires. They need financial support to do this. It is an effort that is bigger than the IACMP. It should be a cooperative effort receiving the support of the AOCFI and every outplacement firm in the industry. It is an effort, if financially and professionally managed, that could contribute a solution to defining the industry's future. Based on the past history of the industry’s’ firms and the current condition of the AOCFI, it is unlikely the support will be forthcoming.

The Outplacement Industry and the Future

On the basis of this study, some conjecture about the future of the outplacement industry is offered.

The US Market. Industry leaders have agreed that the outplacement market in the US is declining and they do not expect a repeat of the downsizings that occurred in the 1980s. However, they do believe that downsizings will continue as industries such as finance, high tech and health care experience change and restructuring. They also believe that the use of
outplacement services will continue for most major corporations therefore, there will continue to be a viable US outplacement market

The Overseas Market. Leaders in the industry agree that the next market for outplacement services will be overseas in Europe, Asia, the Pacific Rim and Latin America. As the large firms manage their acquisitions they are aware of this potential and are attempting to create inroads into these markets. If they depend on overseas outplacement revenues to sustain their organizations and enter overseas markets with only the services they have designed by “default”, it is unlikely they will gain anything other than short-term market penetration and revenues.

Because technology is creating changes in organizations so much more rapidly than it did in the 30 years the outplacement industry served the US market, overseas market changes are likely to occur more rapidly than they did in the US market. Based on the industry’s’ track record of change and their past slowness to initiate and offer new services, their chance to succeed in overseas markets is at risk. It will require aggressive investments in technology, human resources, leadership with vision and a willingness to learn from past experiences.

Replacing Outplacement Revenues. Because the outplacement market in the US is declining and the overseas potential is still unknown, outplacement firms are exploring different ways to diversify their services. Firms are approaching this new market with mixed results and no new clear image of what the industry is about has emerged or is expected any time soon.

Part of this is due to the tensions created within the firms as their attentions and finances are torn between managing the old business “outplacement” for profitability and creating the new business. Their outplacement organizations are becoming increasingly structured like sales environments and pressures are being placed on the outplacement side of the business to create the revenues needed to support the development of new services and new markets. As these tensions increase, the turnover rate in the industry has increased. Outplacement firms used to pride themselves on their consistency of image and the longevity of their representatives in individual markets. The exit of many of the industry founders, leaders and most experienced outplacement professionals, however, has signaled the market that the industry is going through a period of instability and change. This coupled with the industry’s attempt to change its image is creating confusion in the minds of corporate clients. Outplacement firms, as well as the industry,
are caught in what William Bridges described in his book, *Job Shift* (1994), as the neutral zone. They are between what they once were and what they are becoming.

**Reflections**

In my interviews with industry founders and leaders I heard voices that went through change in expression, energy and emotion. As they recounted their past and the early years of industry growth there was excitement, energy, adventure, laughter, creativity, satisfaction, fun, hard work, energy and passion. They laughed at themselves and each other. They were there, and they were glad to have been there. I asked them who their leaders were. They each offered the same names: Haldane, Gruner, Hubbard, Lee, Hecht, Morin, Troisi, Cabrera, LeHane, Louchheim, Lyons and Harrison. In some cases, their admiration was tinged with critical comments, but without fail, they acknowledged the significance of the individual’s contribution as a leader in the industry’s past. They all knew they had been a part of something very special in creating the outplacement industry.

Voices changed as they described their organization’s and the industry’s journey to the present. I heard achievement and accomplishment. I heard success and satisfaction. I also heard disappointment, withdrawal, sadness, and even bitterness. They recognized the market and the industry had changed. As they spoke of the present and future, few voices retained a semblance of the energy and passion that was heard in recounting the past. When asked who the current and future leaders of the industry are, they could not agree on a name. Some asked to pass on the question. This lack of common recognition amongst current and future industry leaders, either firms or individuals was reflective of the findings of this study.

The outplacement industry in 1997 is not a unique industry. It is an industry made up of service firms who have lost their individual identities and are trying to reinvent their organizations for the future. And, as one of the leaders indicated, it is an industry that is probably a subset of the much larger industry of employment. The key to their future success will be discovering what industry they are or what industry they are a part of and what their new role is supposed to be.

There is an exercise that is used in outplacement seminars that is called the 9-dot exercise. Participants are asked to attach the dots in such a way as to create four connecting lines without lifting their pencil from the paper. The only way this can be done is to go outside the dots. The
outplacement industry has taught millions of terminated employees how to go outside the dots and create new work lives for themselves. The outplacement industry would be wise to try the same exercise if they are to find the solution to their own survival.

Outplacement firms throughout their history have focused on their corporate clients as the agent for their growth and survival. As they have done this, they have not grasped the full significance of a trend that is occurring in corporate America. That trend is that corporations are putting the responsibility to manage a career clearly on the shoulder’s of their employees. This has been reinforced by their pattern of purchasing outplacement support. The outplacement support has declined. They have shed the responsibility to support a terminated employee’s transition to a new position. Instead, they choose to provide a level of support that gives a basic level of support and then the terminated employee is on their own to complete the transition. Leaders in the outplacement industry have recognized this trend but they haven’t been able to change it or figure a way to use it to their advantage. Instead, they have tried to design their services so corporation’s could mix and match resources to fit individual employee needs, and as their US revenues decline, they are taking what they have to the overseas corporate outplacement market.

Others in the industry, like Jim Cabrera (Cabrera, Interview, March 25, 1997), have suggested that the industry structure a way that a terminated employee who desired more support could directly purchase additional services from outplacement firms. Cabrerra pointed out that many employees now share the cost of other corporate benefits such as health and life insurance, and suggested that outplacement services could be handled the same way. This would mean, of course, that the outplacement industry would have to change its practice of not accepting payment for services directly from the individual user. LHH tried to create a service and a mechanism to capture these revenues but were not able to make it work. By their experience, however, they have signaled recognition of this market and may yet discover a key to unlocking an entrance to this market. Bill Levings (Levings, Interview October 4, 1996), an experienced outplacement professional, has suggested that corporation’s provide a system of outplacement insurance that could be purchased by employees. The insurance would have different levels of support and the employee could purchase what they thought they might need in the event of a termination. None of these suggestions have been aggressively advanced by the industry. Instead,
the outplacement industry continues to beat on the door of the corporation to purchase outplacement services.

This leaves many individual workers without access to a service that could help them manage their careers. If the trend to make the American worker independent of corporate employment as the primary resource for their personal welfare needs (including career management and outplacement support) continues, then a new “mechanism” of support will have to emerge to provide a curriculum of adult learning that will be available to this new market. If the outplacement industry is not going to provide this mechanism, then who will? That may be the new “outplacement industry” of the future.
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APPENDIX A

Interview Schedule

INTERVIEW SCHEDULE

Questions for industry founders and experienced outplacement professionals.

1. How did you first learn about outplacement?
2. Why did you decide to get into outplacement?
3. Was it difficult to enter the industry?
4. How did you get started?
5. What is your background?
6. When do you think outplacement actually started?
7. Where did it get its start?
8. Who do you believe started outplacement?
9. Where did the word outplacement come from?
10. What is your definition of outplacement?
11. Is that definition the same for you now as it was when you started?
12. If it has changed, why? How?
13. What caused the change?
14. How did your firm get organized: individual, local, regional, international?
15. How are you organized internally, separate consulting and marketing?
16. Why did you organize that way?
17. How do you staff your firm?
18. What do you look for when hiring?
19. Do you use specific qualifications and experience criteria?
20. Has that criteria changed since you first started your business?
21. If it has, why?
22. Do you belong to the IACMP?
23. Do you encourage your professionals to join?
24. Why/Why not?
25. Why do you believe organizations buy outplacement services?
26. Have those changes had an effect on how and what you deliver as an outplacement program?
27. How would you describe the competitiveness of the market when you first started the industry/your firm?
28. How have those conditions changed?
29. How would you describe it now?
30. What do you expect it to be like in the future?
31. When did outplacement gain recognition as an industry?
32. How do you believe the clients view the industry?
33. Has that view changed since the industry started?
34. What was it like when you first began to market outplacement?
35. Did organizations understand what you were selling?
36. What do you believe were the conditions that influenced the start of the outplacement industry?
37. What do you believe have been the conditions since the industry began, which have continued to influence the industry’s growth?
38. What do you believe were the conditions at the time outplacement started that influenced organizations for purchase outplacement services?
39. What changes in economic conditions do you believe have continued to influence the industry’s growth.

Questions related to the organization of the AOCFI and of the IACMP.
1. Were you one of the association’s founders?
2. Why did you believe an association was needed?
3. Were firms/practitioners quick to join?
4. How did you solicit membership?
5. What guiding principles or theories of professionalism were used to develop the purpose and structure of the IACMP?
6. Has that role changed since the association was organized?
7. How did you select the association’s name?
8. Have there been changes in the association’s name?
9. Why were there changes in the name?
10. What have been the association’s accomplishments?
11. What personal/professional benefit do you receive from membership?
12. What have been/are the significant issues for the association?
13. What are the benefits of membership?
14. Why do you believe some outplacement firms/practitioners choose not to belong to the association?
15. Who selected the association’s organization model?
16. Why was that particular model selected?

Questions for the practitioners.

1. Why were you attracted to this profession?
2. How did you learn about it?
3. How did you gain entry?
4. What was your background?
5. How long have you been in your field?
6. Have you worked with more than one firm?
7. What exactly do you do?
8. Has your role changed since you entered the field?
9. If so, what has caused those changes?
10. Where did you get your training to deliver outplacement services?
11. Do you anticipate future changes?
12. Do you belong to the IACMP?
13. Why?
14. Why not?
APPENDIX B

Chronology of Historical Outplacement Industry Events

CHRONOLOGY OF HISTORICAL OUTPLACEMENT INDUSTRY EVENTS

1945  Bernard Haldane designs job search counseling system for returning WW II veterans as volunteer service for the Society of the Advancement of Management (SAM) in New York.


1960  First corporate outplacement assignment recorded. Gruner & Haldane provide group and individual outplacement support to employees of Humble Oil, Bayonne, New Jersey.

1964/1965  First international outplacement assignment delivered by Gruner for Lagos Oil and Transport Company, Island of Aruba. America employees being terminated and returning to US labor market.

1967  John Drake and Jerry Beam establish private psychological consulting service in New York City.

1968  Jim Cabrera joins Drake and Beam to start executive search service.

1969  The Thinc. Consulting Group, Inc. (Tom Hubbard Inc.) outplacement firm founded by Tom Hubbard, Saul Gruner, Don Davis and partners in New York City. Acknowledged by industry leaders as first outplacement firm to provide executive outplacement services full time.

1969  Drake and Beam provide group interview training for terminated employees. Cabrera cites this as first outplacement industry group service.

1974  Drake and Beam sell their organization to Harcourt Brace Jovanovich, Inc. to raise capital to fund new corporate outplacement business division.

1974  William J. Morin hired by Drake and Beam to head up new outplacement division.

1974  Robert J. Lee establishes private psychological consulting practice in New York City.

1978 Drake Beam creates international outplacement alliance.

1979 Morin named Chairman and CEO and name of firm changed to Drake Beam Morin, Inc.

1980 Right Associates founded by Frank Louchheim, Laurence Evans, Robert Fish and Boardman Thompson.

1980 LeHane Consultants, Inc. founded by Lou and Janet LeHane in Leesburg, VA. Established “The Glenfiddich Experience” as residential outplacement retreat.

1982 Lee and Hecht hire Stephen G. Harrison to develop outplacement business.

1982 Association of Outplacement Consulting Firms (AOCF) established as industry trade association.

1983 Manchester Inc. founded by Giles E. Richard and Molly D. Shepard.

1984 Harrison becomes a partner with Lee and Hecht.

1986 Harrison becomes President and COO and name of firm is changed to Lee Hecht Harrison, Inc.

1986 Right Associates stock offered on NASDAQ to raise funds for expansion and becomes first publicly traded company in industry.

1987 Right Associates acquires theThinc outplacement firm. First major acquisition in the industry.

1988 Lee Hecht Harrison acquired by Adia a Swiss international temporary placement firm. Challenges AOCF bylaw prohibiting ownership of outplacement firms by any company receiving fees for placement of personnel.

1988 AOCF bylaws prohibiting ownership of outplacement firms by any company receiving placement for fee and having licensure/affiliate/franchise arrangements changed.

1989 AOCF, under leadership of Lou LeHane, make decision AOCF will become a trade association and focus on members business issues.
1990  Outplacement practitioners hold first official membership meeting in Washington, DC during the annual conference of the AOCF. Association named the International Association of Outplacement Practitioners (IAOP).

1992  LeHane Inc. acquired by David Miles. Name changed to Miles/Lehane Group, Inc.

1992  AOCF leads successful effort to defeat IRS attempt to value corporate paid outplacement fees as taxable income of outplacement recipients.


1993  Changed name to Association of Outplacement Consulting Firms International (AOCFI) to reflect expanding international network of association membership.

1994  IAOP changes name to International Association of Career Management Professionals (IACMP).

1994  The Outplacement Institute established to provide system for certification of outplacement/career management professionals. Name changed to International Board of Career Management Certification (IBCMC) in 1997.

1994  Manchester Inc. creates Manchester Partners a formal business network of Manchester owned and independently owned outplacement firms throughout the US, Europe and Australia.

1994  Lee Hecht Harrison opens retail career counseling center in Sacramento, California. AOCFI suspends their membership in violation of by law prohibiting any member firm from taking fees for services directly from user.

1994  AOCFI bylaw is changed to allow outplacement firms to sell and deliver career counseling services directly to consumer under separate name, in separate facility, with separate staff.

1997. The Outplacement Institute (OI) name changed to The International Board of Career Management Certification (IBCMC).

1997  Manchester Inc. is acquired by Accustaff, a publicly traded international temporary outplacement firm.
1997 Adecco, an international temporary placement firm, acquires Lee Hecht Harrison’s parent organization, Adia.

1997 LHH, DBM and Manchester, Inc. withdraw membership from AOCFI.

1998 AOCFI changes name of organization from Association of Outplacement Consulting Firms International (AOCFI) to Association of Career Management Consulting Firms International, retaining existing AOCFI acronym.
VITA

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Doctor of Education (Ed.D.), Adult and Continuing Education/HRD, Virginia Polytechnic Institute & State University, Falls Church, VA, May 1998.
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PROFESSIONAL EXPERIENCE

Springboard Consultants, 1996-Present.
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Myers Briggs Type Inventory (MBTI) Certified
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