

**STYBEL
PEABODY &
ASSOCIATES, INC.**



Laurence Stybel, Ed.D., and Maryanne Peabody, MBA, founded Stybel Peabody Associates, Inc.

Merry Christmas, You're Fired!

The message of this holiday season is "Peace on Earth; Good Will to All."

As outplacement consultants, however, the holiday season is a busy time.

“Merry Christmas, You're Fired.”

Our typical Holiday Season client is not cruel. They usually provide year-end bonuses to key employees. And during the year, they have lacked performance

appraisal systems other than the owner's "intuition." Some clients have an evaluation system but HR lacks the authority to compel the CEO and CEO direct reports to utilize the system in a consistent manner.

Below is a typical situation:

Our client CEO has been unhappy with Vice President Smith's performance for two years. But there is no documentation in Smith's personnel record of poor job-related performance.

Vice President Smith is targeted for dismissal at the end of the fourth quarter. The proposed date is the first week of January.

The CEO plans to give year-end bonuses to the key employees but plans to provide a token year-end bonus to Vice President Smith.

An employment attorney tells CEO that there are unnecessary risks in such a plan.

The Age Discrimination in Employment Act of 1967 prevents employers from using age as a basis for hiring or firing people age 40 and above. Any form of bonus pay-out in December

would imply that the executive's job-related performance is within acceptable range.

A December bonus followed by a January termination could provide Vice President Smith with evidence for the regulatory authorities to conclude that this termination was in violation of the 1967 law.

Based on 280 Federal court cases involving claims under the Age Discrimination in Employment Act, 59% were filed by managerial and professional employees and 54% were filed by employees between the ages of 50 and 59.

It is a Dilemma:

If the CEO provides any year-end bonus, that act itself can be used against the company to prove age discrimination. On the other hand, to provide all senior level employees except Smith with a bonus's ruins Smith's Christmas.

What should the CEO do?

What the CEO SHOULD have done was to provide all employees with honest, written performance job-related appraisals at least once a year.

If an employee has performance difficulties, provide written feedback every quarter.

Provide face-to-face feedback in addition to written documentation and make sure that there is a witness in the room to avoid problems of misinterpretation. For example:

CEO tells Smith that people on her team do not respect Smith. But Smith is a “nice” person and has “good intentions.”

Make sure the conversations are in writing and signed by the employee to confirm that the employee has read the feedback. The employee does not have to agree with the information. The signature simply confirms that it has been read.

If this technique is followed, there will be no surprises when employees do not receive expected year-end bonuses.

Be specific about the “soft” behavioral issues that often derail technically competent employees. Are there operational definitions for concepts like “clear written communications,” “collaboration,” “treating employees with respect,” “listening,” and “customer-centric?”

Use Ordinal Scales in Evaluating Performance:

We find the use of ordinal scaling techniques of value with our clients.

Below is an ordinal scale we developed to operationally define and to measure the concept of “collaboration:”

“This employee does what is in the best interests of the company even if it does not advance his/her interests or the interests of his/her group:”

0=Never

1

2

3

4

5

6

7

8

9

10=Always

“Select a number that best defines your perception of this employee and explain why you assigned this number.”

Mixing Business and Religion:

We had a client company where the CEO was Jewish and one Orthodox Jewish family owned most of the equity. The company was in a small Rhode Island community. Most of the employees in the community were Roman Catholic.

The CEO called us up to request outplacement for an executive she was planning to terminate around Christmas. We had to travel down to the company offices to explain why a Jewish family business ought not to be firing Christians around Christmas.

The CEO was not cruel. Her perspective was that the executive's Christmas was going to be ruined anyway once the executive was informed that his bonus for the year would be zero. She thought the holiday season is a good time for the executive to begin

networking for his next job. He would be best off getting started on his job search right now. In other words, she was trying to be helpful.

The constant secularization of Christmas as a shopping ritual had caused her to align Christmas with the relatively minor Jewish holiday of Chanukah.

We convinced the CEO and the family to wait until January.

Holiday Season terminations can sour community relations in return for no long-term corporate benefit.

A Better Corporate New Year's Resolution:

When our clients call us to manage executive level terminations during Holiday Season, we give thanks.

And then we suggest serious thought be given to a New Year's Resolution of a rigorous performance review process.

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Stybel Peabody provides companies with “leadership and career success” for valued senior level talent. Core services include retained search (Board members, CEOs, COOs, CFOs), leadership development coaching, and executive-level outplacement.

For a free 30-minute consult, contact:

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