

common sense employee terminations

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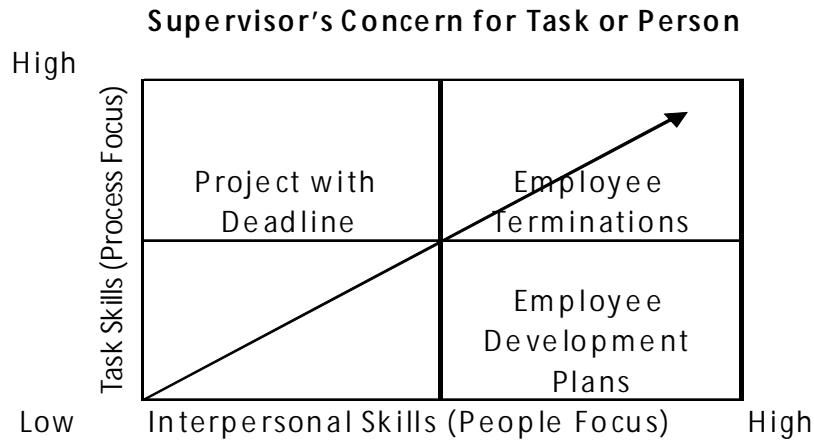
Job loss, death, and divorce are three of the most stressful events in life. Each triggers the grief process and emotional recovery can be protracted if the event is especially traumatic. There is little argument that employee terminations for poor performance and business restructuring can be good for business. However, few will argue that a poorly executed termination can be costly and generate considerable ill will for a supervisor, a company, and even a brand. Consider these recent examples of employee terminations with unforeseen, negative consequences:

Employee terminations happen every day in the United States and are a normal part of the on-going changes in the business environment. According to the US Dept. of Labor’s Bureau of Labor Statistics, over 1 million terminations take place annually. As such, one would think that a common, well-vetted termination process would be in place for most companies. Unfortunately, that is not the case. Few small businesses have well-established procedures in place for firing an employee. Still others have processes that focus on protecting the company’s assets with little concern for the well-being of

the person being discharged. Because of the high emotional content associated with terminations and the potential for disruptive behavior and legal liability, employee terminations carry an elevated degree of risk. Some business processes require a high degree of task focus by the supervisor. Others necessitate a high focus on interpersonal skills. Unfortunately, employee terminations require both. This is a challenging requirement for even the most experienced manager and entails thoughtfulness, planning, and attention to detail to be effective (as illustrated on page 14).

A software company employee fired after acting as a whistle-blower to a government agency.	The plaintiff received \$2.5M for lost wages and emotional distress. The company's government contracts were suspended and the CEO fired.
An older worker fired for taking a red-bell pepper worth \$.68 from the company cafeteria.	The plaintiff received \$3.2 million in compensatory damages and \$22.8 million in punitive damages. The supervisor was fired.
The single mother who was sexually harassed by her supervisor. She suffered retaliation for complaining.	The plaintiff received \$300,000 in compensatory damages and \$7.2 million in punitive damages. The supervisor was fired.
A 36 year old employee, fired for being late to work, goes on a rampage killing five other employees including the company owner.	The company is sued by one of the victim's families for handling the termination in a negligent manner.

Supervisor Skill Requirements for Terminations



Planning the Termination

Employee terminations should be carefully planned with the involvement of Human Resources or higher level management. Be prepared to deal with the questions that will likely arise. In many cases, it may be difficult to get back to the employee on an issue so try to prepare for all of the questions and circumstances that might arise. Typical questions would relate to when the employee should leave, when final compensation will be presented, insurance continuance, announcements about the termination, future job references, and collecting personal items. Give severance benefits a good deal of consideration. Removing the threat of severe financial hardship helps to reduce the fear and anxiety on the recipient's part and eases some of the pressure on the supervisor as well. When one considers the negative publicity via social media and nuisance lawsuits that a disgruntled employee

can generate, the benefits of a generous severance package with a legal claims release becomes both pragmatic and prudent. Have all paperwork prepared, proofed, and ready for signature. A letter documenting the termination and severance benefits presented at the conclusion of the termination session is generally standard fare.

Most terminations carry a minimal risk of disruptive behavior or retaliation; however, it is important to evaluate every employee discharge for potential risk. A useful approach is to conduct a failure mode, effects, and criticality analysis for the proposed employee firing (FMECA). In an FMECA analysis, the supervisor and other knowledgeable managers identify potential problems

and likely reactions with the termination plan. Steps in the termination process are listed along with the most likely failure modes, causes, and effects of the failure. Next, the likelihood of the failure occurring and the severity of the failure are listed. These last two estimates are multiplied together and by ten to calculate a Risk Priority Number (RPN). For those items with an RPN above a certain threshold (typically 100), a Risk Mitigation Action is initiated to prevent the failure from occurring or to mitigate its adverse effects to the degree that is practical (see table on page 15).

Example of a Failure Modes and Effects Chart for an Employee Termination

Termination Process Step	Failure Mode	Failure Cause	Failure Effect	Probability of Occurrence (1–10)	Severity Level (1–10) (see chart)	Risk Priority Number (RPN)	Risk Mitigation Action
1. Initial news of firing and discussion.	Employee anxious, unable to listen	Stage improperly set by prior feedback.	Employee unable to comprehend; shock, & disbelief.	3	4	120	Insure no prior mixed messages on performance to employee
1. Initial news of firing and discussion.	Employee very upset. Blames others; conspiracy.	Employee unable to take personal responsibility	Employee angry, possible rage & disruptive behavior.	2	10	200	Reframe discussion to "Company wants to make change." Have security available.
2. Signing of severance agreement and claims release.	Employee unwilling to sign release.	Employee wishes to take additional time to consider	Employee to consult attorney for advice / action.	7	2	140	Allow employee to return signed documents at a later, agreed upon time.
3. Employee exit of facility	Employee refuses to leave premises	Employee wants answers to questions	Safety & security concerns. Possible disruptive behavior.	2	8	160	Have security available, if warranted, to exit employee from building.
<p>Definitions:</p> <p><i>Failure Mode</i>: What can go wrong?</p> <p><i>Failure Cause</i>: What caused the failure?</p> <p><i>Failure Effect</i>: What happened as a result of the failure?</p> <p><i>Probability of Occurrence</i>: 1 represents low likelihood of occurrence, 10 represents high likelihood of occurrence</p> <p><i>Probability of Detection</i>: 1 represents a low likelihood of detecting the failure, 10 represents high likelihood of detection</p> <p><i>Severity Level</i>: 1 represents a low severity of the effect, 10 represents a high severity of the effect</p> <p><i>Risk Priority Number</i>: The value calculated from the two numeric parameters x 10 that is the combined priority of the failure mode</p> <p><i>Risk Mitigation</i>: The action initiated to ameliorate the failure mode</p>							

An important component of the Risk Priority Number calculation is the Severity Level. The following guidelines are offered for Severity Level estimates.

Failure Modes Severity Rankings

10	Catastrophic	<ul style="list-style-type: none">• Physical harm of employee(s)• Major destruction of company property
7	Major	<ul style="list-style-type: none">• Destruction of company records• Minor damage to company property• Threat of physical harm to employee(s)
4	Moderate	<ul style="list-style-type: none">• Verbal abuse of supervisor / others• Vague or implied threats to supervisor / others
1	Minor	<ul style="list-style-type: none">• Little or no hard feelings toward company or others


Performing the Termination

The actual termination should always be performed face to face by the employee's supervisor. Schedule the termination early in the week to avoid aggravating the situation over a weekend. It is usual to arrange for the termination discussion at the end of the business day when other employees are absent. Meet in a private office or conference room. Get right to the point. Do not engage in small talk. Let the employee know that there is bad news and that he or she has been fired. State the reason for the termination in one short sentence and be specific about what will happen next regarding pay, benefits, vacation time, and any severance pay. Keep the tone calm and business-like. Be concise and clear. If appropriate, thank the employee for past service and offer to provide a favorable reference in the future.

The termination meeting should be brief (less than 20 minutes). This is not the time to debate termination causes, application of policy, or perceptions of fairness. Simply stick to the facts and avoid personal attacks or accusations. Sometimes an employee may keep turning the discussion to his or her perception of an unfair situation and the blaming of others. On such occasions, it may be useful to state that "regardless of the circumstances", the company has decided "to make a change." Be certain that the person has heard the fact that their employment is over. Allow the employee to ask questions, vent frustration (up to a point), and go over the termination letter, severance package, and claims release to understand the contents of the documents. If the employee is willing to sign the claims release, go ahead and collect it. If the

employee attempts to negotiate the settlement, it is standard to advise that the severance package is the final compensation offer. It is recommended that initial severance packages be as fair and generous as possible to mitigate the anxiety of the employee and the risk of protracted negotiations and legal expense to the company. Allowing even one severance agreement to be negotiated sets a precedent leading to future negotiations.

It is typical to escort the employee back to their desk to collect personal belongings or to arrange for personal items to be collected and delivered later. An announcement regarding the employee's departure should be distributed soon after the employee's exit from the facility. Just because the employee has been terminated does not signal an end of a relationship with the employee

or the end of the employee's influence on the company's reputation. Treat all employees, even former ones and their legacies, with respect and dignity. It will be noticed both within and outside of the organization. For reduction-in-force terminations and some for-cause ones, a continued effort to help former staff with advice, contacts, and job leads may be warranted. Such efforts, especially if successful, may be especially valued by the employee and his or her family and reflect favorably upon the supervisor and the business for years to come. 

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