Why Firms Need “Outduction” Programmes

By Gilles Hilary , INSEAD Professor of Accounting and Control and Varun Mittal, Management Professional & Personal Branding Trainer

Keeping relationships with employees who leave is a small investment companies should be making. They should start by rethinking how they manage exits.

Peter (not his real name) is a salesperson. He had four jobs in six years. His salary has been multiplied by two and half times over the same period. The way he sees it, employers come and go. “We are like medieval knights. We bring our own armoury and we work for whomever needs us.” His true loyalty is not to his employers but to his network whose members will support him in times of need.

This mercenary approach to work is now common. A **2013 study indicates** that the average employee tenure at Massachusetts Mutual Life Insurance, a Fortune 500 company, is a little over nine months. Other companies such as Amazon, and Google experience an average tenure of around one year. The speed of departure seems to be accelerating with each generation of workers. As a consequence, the typical number of ex-employees for a given company has also increased over time.

Unfortunately, they represent a source of risks for the organisation: legal (as they frequently sue), commercial (as they often bring sensitive data with them), reputational (as they often disparage their former employer) or cyber (as they are well versed in their former IT system) to name a few.

Empty your pockets

The standard approach to deal with this risk is technical and based on “exit controls” such as making sure the employee has returned all the hardware and documents or obtaining their signature on a document promising not to compete, to disparage the company, or to leak confidential information. Although this may have a role to play in a risk mitigation strategy, the best designed controls are likely to fail on regular basis. For example, **a recent study** indicated that 45 percent of ex-employees continued to have access to confidential data and close to half of the respondents admitted logging in to accounts after leaving the company.

A variation of this approach is to rely on exit interviews. Although this tool can provide valuable information and identify potential problems, it is often done in a very bureaucratic way. Is an HR person who has only casually met the employees going through a long checklist the best person to do this? This is far from clear. In fact, it may signal to the employee that he or she is simply a number in a “process”. In other words, a purely defensive approach is probably not sufficient and may, in fact, be counter-productive.

Your leavers are your friends

A better approach is to turn the risk into opportunities. Peter notes that “former employees are your best influencers. They know your weaknesses but they can also make very credible recommendations”. In his experience, this relation is not always understood by companies. When Peter left a very large firm, he experienced a very cold and abrupt process that was handled very bureaucratically. This came at a time the company increased dividends for shareholders. “Clearly, I am not out there to help them.” In contrast, another former boss pro-actively came to him. She indicated she recognised he should be paid more but apologised for the fact that the budget situation would not allow this. Shortly afterward, Peter left the company but he notes, “They treated me with respect. We left on good terms. I help them from time to time.”

Managing ex-employees should be more systematic. Many firms have a structured induction programme; very few have an "out-duction" one. The programme can include a defensive element. For example, WPP, a world leader in marketing services, does not hesitate to **sue former employees** to extract a public apology in case of perceived misconduct. This makes the sanction more salient to future ex-employees.

However, the idea is to make the ex-employees part of life long community, not to scare them. Sure, your boss may not have been the greatest one, but instead of retaliating and alienating the entire company network, why don't you enjoy its benefits?

This, of course, implies that there are benefits to enjoy. Some firms take a very hands-on approach to tackle this issue. For example, the consulting firm **McKinsey maintains a website** for its alumni on its own platform. This has allowed the firm to develop an online database of 27,000 former consultants. The site **provides several services** such as access to firm-sponsored events, news from the different offices, a job board and résumé board targeted to the alumni. Aside from reducing risk, the community approach offers a pool of influencers that will help the firm in the future.

Other companies use a hybrid approach. For example, the Procter & Gamble (P&G) Alumni Network has been founded by alumni. It is not formally connected with the P&G Company, but the company is supportive of its efforts. The network has grown to over 35,000 members globally, forming one of the **largest corporate alumni networks**.

Whatever approach you chose, it is essential to move away from a purely transactional relationship to a more personal and emotional bond between ex-employees and their former employer. For a relatively modest monetary investment, firms are in a unique position to turn a potential liability into one of their greatest assets if they can avoid working in silos. Perhaps this is something your college alumni relations can help you with.

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