

# When a Top Executive Becomes the Target

**T**oday's dismal economic climate makes senior leaders more accountable than ever for results. When those results don't meet expectations, or when other performance issues arise, top people may be asked to leave.

However, companies need to consider carefully the impact of decisions made to part ways with top executives. What impact does the departure of a CEO or other top-level executive have on the organization and its employees? How can any negative impacts be minimized and confidentiality maintained?

## What Are the Reasons?

The effects of a top-level axing depend most heavily on the perceived reasons for the departure and how it is handled.

For example, if a suddenly terminated executive has been a risk-taker, pursuing new and innovative strategies for the organization, it may send a clear signal to the workforce: "Don't take risks."

Even if the company has said it is committed to innovation or diversification of its products or portfolio, its actions have just proven otherwise. And, it's actions that really matter, because employees will always take their cues more from what is done than from what is said.

Linda Konstan of LMK Associates, an HR consulting firm in Denver, says that the role and the interaction with other employees of the departing executive play a large role in how the rest of the firm reacts.

"When the churlish and insular CFO at one of my clients was terminated there wasn't a ripple," says Konstan. "Yet at another client, when a CFO who was extremely collaborative and visible was terminated, rumors floated and employees were noticeably upset."

## The Role of HR

HR has an important role to play whenever a senior executive is asked to leave. First, you should ensure that the department is legally compliant.

- Is there proper documentation to support termination and does the termination violate anything in the original offer letter or contract? (Be sure to check with your legal counsel.)
- Are all monetary and other issues resolved based on any contractual terms?

- Has all appropriate paperwork been completed (COBRA, unemployment, state filings, etc.)?

## Communication Plans

Next, you need to work with top-level executives — perhaps even the board of directors — to coordinate a communication program that covers the following:

- What to say to those who directly reported to the departing executive.
- What to say to the rest of the company.
- What to say to the press.

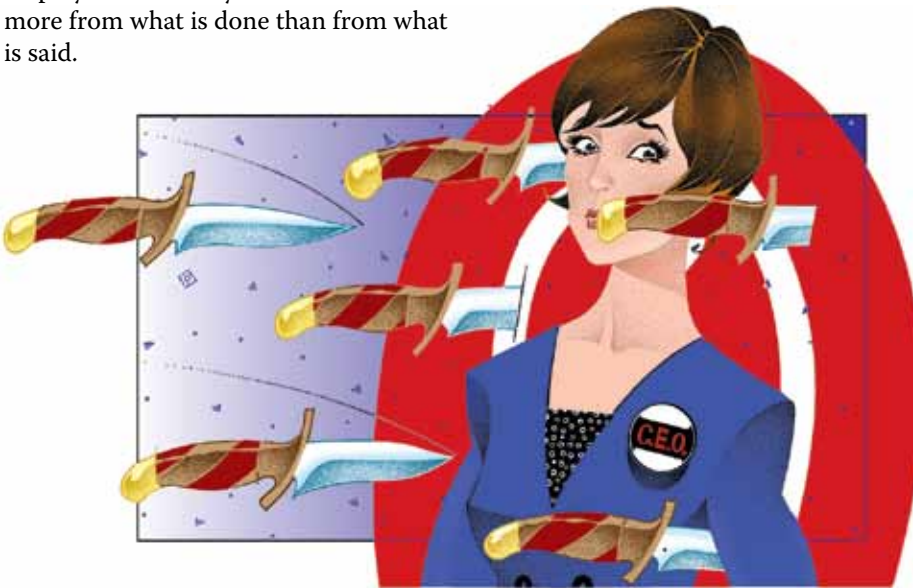
## Finding a Replacement

And, perhaps most important, deal with the actual loss: If you are replacing the fired executive, source and recruit an internal or external replacement. If eliminating the position, work out a staffing plan with the affected departments to make sure the duties are covered.

Monitoring organizational performance of top executives as well as the entire workforce should *always* be a key HR activity — whatever the economic climate. Removing those who don't add value to your organization is a reminder that "coasting" is not considered acceptable behavior. It helps keep performers sharp and focused on their work.

All employees, including key senior executives, need to realize at all times — even in good times — that if their work is not adding value to the organization, they may need to find another company to join.

There may be organizations and institutions "too big to fail," but this recession has clearly demonstrated one truism: There is no one so high up the ladder they can't be toppled off. ▲



## For More Information:

### Corporate and CEO Reputation Management

[http://www.webershandwick.com/resources/ws/misc/Safe\\_Rep\\_pp06.pdf](http://www.webershandwick.com/resources/ws/misc/Safe_Rep_pp06.pdf)

### Termination Do's, Don'ts and Dummies

<http://www.executivetribe.com/2008/06/termination-dos-donts-dummies.html>

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