TERMINATIONS – A DIFFICULT TASK

When you ask any business owner what the most difficult part of their job is, chances are you'll hear the same response over and over again, terminating employees. As tough as the news is to receive, it can be equally difficult to deliver. Particularly when strong personal feelings conflict with a clear business need to terminate that employee. The prospect of terminating a friend, relative, long-time supporter, or hard-luck case can be agonizing, even paralyzing.

Faced with a difficult termination, owners often turn to personnel manuals and legal references for help. While these materials offer valuable procedural protocol, they typically offer little help in dealing with the more personal issues, the inner turmoil that accompanies a termination. Business owners need to be able to take the personal feelings out of the situation and remember their priority is to the business. While this business might feel like your baby, you always must do what is right by the business. And as your business evolves this might include terminating someone who is a friend or relative. This is no easy task.

The following guidelines should help you through the process:

TIPS FOR TERMINATING EMPLOYEES

- Focus on the business necessity Make a written list of the reasons supporting the termination. Assign a dollar value to the cost of inaction, including the negative impact on the morale and productivity of other employees. There are few real secrets in any small business. While you may consider it benevolent, ignoring a problem employee will more likely be viewed as preferential treatment and a lack of leadership.
- Objectively perform a value analysis Reviewing the employee's performance is a good place to start. This will reinforce in your mind why it is time to move on. If the employee is in sales and they continue to not close deals with customers, then this will be easy to analyze. If the employee is in another position, then the analysis might be more difficult to quantify.
- Never terminate in haste or out of anger Handling the termination professionally and successfully requires being as close to "emotionally neutral" as possible. Make sure that you are in the right state of mind, which is calm, well-rested and well-prepared. Wait at least 48 hours after any disturbing incident involving the employee. If the termination is due to disciplinary problems, suspend the employee without pay until you are better prepared. If other employees have firing authority, require approval from their supervisor prior to the termination.

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- Be realistic about risk
  Running a business means accepting a reasonable amount of risk—risk over which you have no control. There is simply no way to predict how a terminated employee will react. Will they file an unfounded discrimination complaint? Possibly. Could an unemployment compensation claim result that might increase your tax rate? Yes, it could. But these are minor consequences compared to failing to act in the best long-range interests of your business.
- Act Decisively
  Procrastination is a common problem when faced with an unpleasant task. This is especially true when you aren't accountable to anyone other than yourself, as is the case with most business owners. To avoid putting off a termination, share your decision—and a deadline for acting on that decision—with someone you trust that can hold you accountable. A close friend or associate, your spouse, or a business advisor, for example.
- Make a clean break
  Always make the termination effective the day it's communicated, regardless of your personal feelings. Do not give "notice" of termination that will become effective at some future date. Give the employee two additional weeks of pay in lieu of notice, then send them on their way. To maintain proper security and preserve productive relationships with ongoing employees, do not offer the terminated employee continued access to the workplace or office equipment to aid in their job search.
- Prepare for the termination meeting
  Know exactly what you are going to say. Write it out and role play it in your mind. Have a supervisor sit in the meeting as a witness. That witness can then escort the employee off the premises, as necessary. Some suggestions for the meeting:
  - *State your purpose for the meeting up front.* Use a calm, caring tone, without qualification. For example, "Unfortunately, John, business conditions make it necessary to terminate your employment, effective today."
  - *Give the employee a chance to internalize the news.* If the termination is due to downsizing, tell the employee you appreciate their contributions and/or dedicated service. Do not apologize. Remain in control of the conversation, moving through the process smoothly and quickly, without giving the impression that you are in a hurry. Giving the floor over to the employee allows unwanted complications.
  - *Have the employee's final paycheck ready and explain what it includes.* If appropriate, have a letter of recommendation ready. Avoid the need for any further contact.

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- *Close the meeting by explaining how their exit from the business will be handled.* Arrange this in a manner that saves the employee any embarrassment. End the meeting with a handshake and professional best wishes.

- Don't allow any attempt to change your decision
  If the employee tries to debate the need for their termination, communicate firmly that you reached your final decision after careful consideration, that your decision is final, and is not open to further discussion.
- Be candid when communicating the reason for termination
  If you choose to give the employee the reason for the termination, make sure it is impersonal, related to business necessity, and stated as concisely as possible.
  - If this is a termination for cause, never give the employee "the opportunity" to resign. Aside from raising suspicions that the discharge is unjustified, this will not be found a legitimate reason to deny unemployment benefits.
  - Likewise, telling an employee that the termination is due to lack of work or restructuring, when they are being terminated for cause, can have negative consequences. Such misrepresentations on your part can cause resentment and a desire to retaliate with legal action or in some equally undesirable way. Remember, the individual can easily learn from their former coworkers that a replacement was hired.
- Pay severance judiciously
  Never pay severance as conscience money. Likewise, deny severance when the termination is for cause. Severance is most appropriate when releasing an employee (one who would otherwise be retained), due to lack of work or reorganization. Review your company policies and procedures to ensure you are paying what the handbook outlines if applicable.

Finally, review employee contracts, legal protocol, and any state laws before taking any action. Document the content of every termination meeting. Clearly, terminating an employee can be difficult. But the alternative is far worse for your business and everyone involved. Prepare yourself, go through the necessary steps quickly and correctly, then focus your time and energy on moving your business forward. Most employees will find another position in short order.

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