

# PERSONNEL NOTEBOOK

For Your Most Important Resource—The Human Resource

*Prepared For:*

**HUMAN RESOURCE ASSOCIATES**

*Personnel Consultants*

## EXIT INTERVIEWS WHERE DID WE GO WRONG?

In an exit interview in an industrial plant, the terminated employee tried to explain why she was repeatedly missing from her work station at 10:15 a.m. on so many mornings. "It wasn't my fault," she complained. "I had to make all the in-town deliveries for three weeks in a row, and they were all 10:30 a.m. deadlines." The HR Manager said, "You don't make deliveries, what deliveries are you talking about?" The employee replied, "Our pot sales. One of the big buyers insisted on deliveries by 10:30 a.m. in a company truck." An investigation showed that a large number of plant employees were operating a little drug processing factory in the plant. They were bringing marijuana in, cutting, weighing, packing and delivering it in a company truck. Needless to say, changes were in order.

In another case, an HR professional was analyzing the exit interviews from several departments and discovered that almost half of the month's resignations were going to the same company. The HR Manager knew that wages and benefits were comparable in both companies. Upon closer scrutiny, he noticed that the first employee to leave for that company went into the personnel department. That led to the discovery that a systematic raid on this company's employees by that former employee was occurring. Although stealing employees is not illegal, targeted raids are covered under the laws of several states. A call to the president of the raiding company brought an end to the scheme.

Although neither story is typical, it's clear that there is much to be gained from doing exit interviews.

### I. What Is An Exit Interview?

An exit interview is a frank discussion held with an employee after a termination of employment. In many companies it also occurs when an employee is transferred to another department within the company. It is a valuable tool that could be the most honest and important information you receive from your employees. For our purposes here, we are going to cover full terminations only, not transfers. We are going to review the process as an audit of a failed partnership.

### II. Why Do Them?

If you just lost a customer, wouldn't you try to determine why you lost them and what you could do to prevent that from happening again? If you failed a test, wouldn't you want to analyze what you did right versus what you did wrong?

If you just invested thousands of dollars and a lot of time into a venture and lost it, wouldn't you analyze what happened in order to correct the problem? Well, when an employee terminates, you just lost a customer, failed a test and wasted an amazing amount of money in a failed venture.

How do you find out how to correct that? Cheat! You cheat by going directly to the source of the problem and the solution. It's an end run to the goal, how to "Monday morning quarterback" a lost game.

A termination is a failure on both sides. Both parties made a decision to join their futures, but the venture failed. Both parties have much to gain in the analysis.

In addition, in the event that a lawsuit or discrimination claim occurs, you will likely have learned in the exit interview the details of that case. So now you already know the position of the charging party. This is also a good time for an official resolution of all issues. Collecting passes, credit cards, keys, etc.

### **III. How To Do An Exit Interview**

#### **First, who does it to whom?**

**A) Who does them?** The best answer is the Human Resources (HR) department. If that's not possible, then you must choose someone the employee expects will be objective and open minded or there will be little use in doing it at all. It shouldn't be the supervisor. But if that's the only option, and you believe he/she is a good interviewer and can be objective, then do so. But keep in mind that the supervisor is quite likely to be very single minded on this issue, possibly defensive.

**B) To whom.** All exiting employees, whether voluntary or involuntary terminations, should get an exit interview. However, many companies often do them only to voluntary terminations. I believe it is a mistake to eliminate either.

An important point here. If you have decided to terminate an employee, but you offer them an opportunity to resign instead. The personnel file and all other company records must show it as a resignation. Only on the exit interview form will you indicate that it was involuntary (because it is important to the purpose and analysis of the termination). But do not file the exit interview form in the personnel file. Keep all exit interviews secured, separately in an exit interview file.

You are trying to:

- A) Draw information
- B) Cement relationships
- C) Analyze trends.

Assure the employee that this is to help the company understand what went wrong. What can be done to improve conditions for future employees and how the company can correct problems and conditions for existing employees.

Conduct the interview by letting the individual complete the form. Then review the form with him/her. Treat them with total respect, intelligence and courtesy. This person may be in a position of authority in a company with which you are later associated. They may become your client.

Seek specifics, not generalities. The individual may say he is leaving for "better opportunities" or "higher pay." These are often smoke screens. Of course, no one leaves because they wanted lower pay or worse opportunities, so seek out specifics. An employee must reach a state of mind before they will consider other employment. What led to that state of mind?

In truth, you are not seeking shocking revelations. You are not trying to gain secrets to use politically. You aren't even looking for events that have occurred. Your ultimate goal is to produce a body of data that you can analyze for trends. Seldom is there cause to react to the results of one exit interview. Discuss the pros and cons of the following:

- Hiring interview process
- Employee orientation
- Assimilation into the group
- Expectation being met
- Specific benefits
- Training
- Performance recognition
- Opportunities
- Supervisor
- Company culture
- Pay
- Other positive or negative features of the company.

#### **Other Key Points:**

- Use this as a clearing house for final resolutions. Does this employee have:
  - Keys
  - Computers
  - Credit cards

- Manuals
- Money owed the company
- Cash or travel advances
- Uniforms
- Safety equipment
- Price guides
- Contract forms, etc.

Do you owe him/her:

- Final paychecks
- Accumulated vacation
- Severance
- 401(k) information
- COBRA notices
- Deposits made on manuals or equipment

Also review for:

- Any potential cause for lawsuit against company
- Indications of sexual harassment, discrimination, or other wrongdoing
- Safety issues
- Trade secrets concerns
- Confidentiality issues and agreements
- Non-compete issues and agreements

If serious information arises (sexual harassment, theft, etc.), ask the individual if you can call them to discuss this later if necessary. Get contact information such as phone number, address, etc.

Keep the interview to under an hour if possible. Try to make it as pleasant as possible. Don't center on a rehash of negatives. Try to keep it informative and conversational.

#### **IV. What Do You Do With Them Now?**

In an ongoing study (that included exit interviews) of what causes turnover, General Electric determined that the number one cause of non-exempt terminations was the inability of the employee to assimilate into the group during the first 90 days of employment. They cited three reasons for this:

1. Feelings of isolation from the work group and social group at work.

2. Discouragement in learning new tasks

3. Employee never adjusted to physical surroundings.

The exit interview showed that they felt like an outsider as long as they could stand it, then left. The eventual response from the company was a better orientation program, "Buddy System" and "Mentor Program."

Analyze the details. Is this an inordinately high amount of turnover? Keep track. How do you calculate turnover?

Turnover is calculated in the following manner. The number of employees who terminated during the month divided by the average number of employees on the payroll that month and multiplied by 100. (# terminations divided by # of employees x 100 = rate.) So a company that employed 156 employees (on average) during the month and lost 19 of them, (19 divided by 156 x 100 = 12.2) has a turnover rate of 12.2% per month. For an annual figure add the total terminations for the year and divide by the average number of employees for the year and multiply by 100. If our company in the example above lost 19 employees every month and the average number of employees stayed the same for the year, we would have lost 228 employees out of an average of 156 employees (228 divided by 156 x 100 = 146%) for an annual turnover rate of 146%.

Break it down by several identities.

- Causes
- Departments
- Job
- Supervisors
- Shift
- Length of service
- Time of year
- Wage level
- Voluntary vs. Involuntary terminations
- Previous experience
- Recruiting source

Look for similarities, trends and commonalities. This will provide information for company discussion about resolutions.

There are other uses as well. For example, was this a productive employee, where did we get him/her? Where were they trained or where did they get their experience?

Check on any previous employee opinion surveys. Were there any indications or fore warnings of these problems. Do they add to the trend?

Here's the guiding light to all this. As stated earlier, employees don't leave for less money or lesser opportunities. So what's the real reason? In discussing this issue of *Personnel Notebook* with a few of the best top-level recruiters (professional headhunters) in the country, they said you can't recruit a candidate who is mentally tuned in to their present employer. You can't offer them money, benefits, etc., when they won't visualize themselves in another environment. The master stroke is to look for something in that employee's job that:

A) He doesn't like

B) He can't get but wants badly.

That becomes the "hot button." The recruiter, satisfying that "hot button," must get the employee to visualize themselves out of their present environment and visualize themselves in the environment they would rather have. Once (and if) that is accomplished, the individual is destined to leave. But if they can't get them to take that first step, to visualize not being in their current environment, then they'll never get to recruit them.

A major element in the key to your exit interviews is to find those "hot buttons."

#### **V. Some Dos And Don'ts**

- Don't rehash the details of the termination. No decisions to rehire are going to result from this.
- Don't try to talk them into reversing their resignation. This is not the environment or purpose of exit interviews.

- Don't burn bridges. Try to "professionalize" the relationship. Don't be parting ways and be shooting at each other over your shoulder as you go. People in the same industry have a habit of running into each other for years. But beyond that, you don't need any people out there attacking your reputation.
- Do try to help them understand the problem for their future advantage.
- If the employee refuses to do an exit interview, you can still complete the form but only with the known information. Don't guess. And then in place of their signature, indicate that they refused to participate in the exit interview.
- Do not indicate whether this is a voluntary or involuntary termination on the exit interview form before or during the interview. It often inhibits the discussion. Even though the reason is covered on the form, do not specifically label it. The HR interviewer should write it on the form after the interview.

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# EXIT INTERVIEW

We would appreciate you taking the time to answer these questions as honestly as possible. Your individual responses will be treated as confidential and will not become part of your personnel file.

Name: \_\_\_\_\_ Date Of Hire: \_\_\_\_\_

Position: \_\_\_\_\_ Termination Date: \_\_\_\_\_

Department: \_\_\_\_\_

Reason For Leaving: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

New Company, Position, Salary: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

	Excellent	Good	Fair	Poor
Overall Rating Of The Company				
Company Benefits				
Salary				
Working Conditions				
Manager/Supervisor				
Advancement or Training Opportunities				
Other				

Additional comments on above items:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

What specific circumstances led to this termination?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Did you look into other positions in the company?

\_\_\_\_\_

\_\_\_\_\_

Were you given enough feedback to know how well you were doing?

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Did you receive enough information about your job and the company when you started with us?

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What did you like most about the company?

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What did you like least about the company:

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Would you consider, at some other time, working for us again?

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Would you recommend this company to others for employment?

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What does your new job offer that your job here did not?

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Were there any company policies or procedures that you did or did not like?

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What advice would you give to us to prevent terminations in the future?

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Any other comments?

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Interviewer comments:

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Interviewed by: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_