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More Jobless Execs Foot Their Outplacement Bill

By JOANN S. LUBLIN



CHICAGO—Richard Malone has cooked up a new operating model for sick newspapers, an idea that may need investors.

Unsure of its feasibility, the former Chicago Tribune official outlined his tentative plan last month to executives seated in black leather chairs around a polished mahogany table here. The meeting's attendees, mostly other displaced executives, proposed ways that Mr. Malone might improve his Power Point presentation before possibly pitching it to private-equity firms.

"Some of the free consulting I'm getting here, I'd have to pay hundreds of dollars for from outside firms," he said.

Actually, Mr. Malone spent plenty for the "free" advice by forking over a hefty five-figure fee to Shields Meneley Partners, a Chicago career-transition firm that serves displaced top executives by offering specialized job-hunting help, including tapping clients' expertise, as in the case of Mr. Malone. The boutique runs "Think Tank," the weekly brainstorming session where he addressed eight fellow clients of Shields Meneley and one former client.

Welcome to the brave new world of high-end outplacement assistance. More laid-off senior managers now must pay part or all of the bill for this customized counseling because employers are less generous in the current economic environment. At the same time, jobless executives need every possible leg up in a fiercely competitive job market.

Shields Meneley charges between \$45,000 and \$100,000 for 18 months of aid. About 60% of its 35 clients cover at least a portion of the fee, up from 40% in 2004. Small rivals report similar recent spurts in clients footing part of the tab. Yet the median value of external outplacement offered to executives during the past two years is just \$6,000, according to a June poll of 265 U.S. employers by the American Management Association and Institute for Corporate Productivity.

As the jobless rate soars, a close look at Shields Meneley offers insights into the pluses and minuses of deluxe career-transition services. The firm's strongest selling point? Highly personalized attention.

Clients initially undergo a lengthy assessment with a staff psychologist. Assigned one of the firm's three counselors, executives then develop a marketing plan, polish their resumes, practice interviewing, update wardrobes, enlarge professional networks and get "acclimation" coaching during their next job's early days.

Shields Meneley represents "the custom tailors of outplacement," says client Jeff Held, a former vice president of business development for Quixote Corp. The Chicago maker of highway- and transportation-safety products eliminated his post in December 2007. When Mr. Held arrived at Shields Meneley early last year, co-founder Gail Meneley already "had done her homework about my background," he recalls. Mr. Held likes the firm's array of services—plus extra touches, such as the staffer who arranged to send his wife a surprise birthday gift. And its plush, high-rise office felt "like being at work again," he says. Mr. Held, who paid \$32,000 of the \$50,000 fee, is still looking for a new gig.

If clients need it, Shields Meneley provides extra hand-holding. One Sunday morning this spring, a telecommunications executive called co-founder Hugh Shields at home because he felt anxious about a job interview the next day. “We did role playing,” rehearsing answers to trick questions, Mr. Shields remembers. The man began work Monday, leading a global division at a major telecom.

Other executives appreciate Shields Meneley so much that they become repeat customers. Peter Dunn’s first stint helped him land the presidency of Steak N Shake Co. in 2002. Mr. Dunn later advanced to chief executive. He again used Shields Meneley after leaving the restaurant chain in fall 2007 following a strategy disagreement. He covered \$5,000 of that \$45,000 fee.

This time, Mr. Dunn rejected CEO offers. He says he and Ms. Meneley instead explored entrepreneurial roles where “my skills could make a difference.” Ms. Meneley encouraged him to consider elder care or health care as “opportunities for solving unsolved problems,” Mr. Dunn adds. In January, he and a partner launched Activate Healthcare LLC, an Indianapolis concern that operates on-site health clinics for businesses.

Shields Meneley also introduces clients to influential corporate leaders, including alums. That’s how Mr. Dunn met potential “angel” investors for his start-up. “These are resources I would not have found on my own,” he says.

The firm created the Think Tank partly so participants could swap potential opportunities in different industries. For instance, in Mr. Malone’s Think Tank session, participants included a printing-industry lawyer, a former marketer for a big consumer-goods maker and the ex-chief administrative officer of an asset-management firm.

There are downsides to high-level outplacement. It requires considerable time and money. On average, Shields Meneley clients now spend nearly a year finding employment—up from eight to 10 months last fall. However, the longer searches common these days persuaded the firm to temporarily extend its standard 12-month client contract to 18 months without raising fees.

New Directions, a Boston competitor, recently introduced a shorter and less expensive version of its traditional multiyear program. Other rivals slash rates for clients who could generate referrals.

Stephanie Kushner, who lost the chief financial officer’s spot at Federal Signal Corp. in December, didn’t mind paying 60% of Shields Meneley’s \$45,000 fee. She figures that equals less than 5% of what she likely will earn next. “Why should I try some low-budget [outplacement] alternative?” she asks.

Another drawback: A comprehensive but cozy array of career-transition services may lull people into complacency. The exclusive clubhouse approach “takes the edge off your job search,” and you may not feel so motivated to hustle for a new job if you’re getting so much relaxed hand-holding, warns Laurence Stybel, co-founder of Stybel Peabody Lincolnshire, a Boston consultancy that counsels jobless executives.

“Ours is high-end outplacement as a halfway house,” Mr. Stybel says. “We are here to help you get moving, get on your feet and get out of here.”

Ms. Meneley insists her clients work hard seeking work. “They don’t want to spend a single day longer than they need to in transition.”

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