The True Cost of Doing Nothing

Why Modern Outplacement Pays for Itself

An in-depth guide for HR leaders and CFOs on quantifying the hidden costs of workforce reductions and building a business case for affordable, AI-powered outplacement.

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Executive Summary

When workforce reductions are unavoidable, many organisations choose to offer only severance pay, believing outplacement is an unaffordable luxury. Budget pressures often drive this decision, but it ignores a far greater cost: the hidden financial and reputational damage that follows when employees are left to navigate transition alone.

This whitepaper quantifies the true cost of “doing nothing” in outplacement. Drawing on industry data, legal precedents, and behavioural research, we show that failing to support departing employees can increase unemployment insurance premiums, trigger litigation, erode survivor engagement, and permanently damage employer brand. By contrast, modern AI-powered outplacement delivers a measurable return on investment, often within months, while reinforcing an organisation’s commitment to ethical leadership.

For HR leaders and CFOs facing difficult decisions, this paper provides a business case for investing in affordable, scalable outplacement that protects both people and the bottom line.

Introduction

The outplacement industry has long been dominated by legacy providers charging £3,000–£10,000 per employee, making comprehensive support accessible only to large enterprises. As a result, many mid-sized and growing organisations simply skip outplacement altogether, offering a severance cheque and a “good luck”.

But the absence of career transition support does not erase its cost. Instead, that cost is transferred to other parts of the business: higher unemployment insurance, legal defence fees, recruitment expenses to replace disengaged survivors, and a tarnished employer brand that drives up cost-per-hire for years.

This whitepaper explores the full financial and reputational impact of not providing outplacement, and demonstrates how a modern, AI-powered alternative can deliver better outcomes for a fraction of the traditional price.

The Problem: Outplacement as an Afterthought

In a 2025 survey of 200 UK HR leaders conducted by Jobago, 68% reported that their organisation had experienced a workforce reduction in the past three years. Of those, only 32% offered any form of outplacement support beyond statutory severance. The most common reasons cited were budget constraints (71%) and the perception that outplacement was “only for executives” (54%).

Yet the same survey revealed that 89% of HR leaders believe that how a company treats departing employees directly affects the morale and retention of those who remain. There is a clear gap between what HR professionals know is right and what their budgets allow. The consequences of leaving this gap unfilled are not merely ethical; they are financial, operational, and reputational.

The Hidden Costs of Doing Nothing

1. Increased Unemployment Insurance (UI) Costs

When employees are laid off without support, they typically remain unemployed longer. Every week of extended unemployment increases an employer’s unemployment insurance tax rate. In the UK, this is reflected in the employer’s contribution to National Insurance and, in some sectors, through the Apprenticeship Levy. In the US, state unemployment insurance rates are experience-rated; the more former employees claim benefits, the higher the employer’s future tax rate.

Typical impact: A single large layoff can raise an employer’s UI tax rate by 1–2 percentage points for up to three years. For an organisation with a payroll of £10 million, that translates to an additional £100,000–£200,000 annually.

Modern outplacement shortens job searches. Jobago users who used the AI resume builder reported a **30% higher interview rate**, and the average time to a new role for displaced employees was **six weeks,** significantly below the UK average of three months for professional roles. Faster re-employment directly reduces UI claims and tax burden.

2. Legal and Litigation Risk

When employees feel abandoned, they are more likely to pursue legal action. Claims for wrongful dismissal, discrimination, or breach of contract are costly to defend, even when the employer is ultimately vindicated. Outplacement is widely recognised by employment tribunals as evidence of an employer’s good faith effort to mitigate harm, and it is often a key factor in settlements and negotiated exits.

Data point: In a 2024 survey of employment law firms, 78% of solicitors said that offering structured outplacement significantly reduced the likelihood of post-termination claims. The average cost to defend a claim (even if successful) was £35,000.

Outplacement programmes that include coaching and career resources demonstrate a duty of care. They also provide a clear paper trail of support, which can be critical in legal proceedings.

3. Employer Brand Damage and Recruitment Costs

Glassdoor, LinkedIn, and other platforms amplify the experiences of former employees. A single negative review citing “lack of support after layoffs” can deter top talent. According to a 2025 employer branding study, companies with poor outplacement reputations see a 25% increase in cost-per-hire and a 15% longer time-to-fill for critical roles.

Real-world example: A fintech scale-up that handled its first layoff without outplacement saw its Glassdoor rating drop from 4.3 to 3.6 within six months. The subsequent recruitment campaign for replacement roles cost £80,000 more than planned, and the time to fill senior engineering roles doubled.

Conversely, the same company, after adopting Jobago for a later restructuring, maintained its 4.2 rating, with departing employees specifically mentioning “genuine support” and “career coaching”. The difference in recruitment spend was more than £120,000 over the following year.

4. Survivor Engagement and Productivity Loss

Research consistently shows that employees who remain after a layoff experience heightened anxiety, decreased loyalty, and lower discretionary effort. A study by the Society for Human Resource Management (SHRM) found that survivor engagement drops by an average of 41% in the year following a layoff, and turnover among survivors increases by 20% within 12 months.

Financial impact: For a 500-employee company, a 20% increase in voluntary turnover among survivors translates to approximately 100 additional departures. Replacing each employee costs, on average, 20–30% of the employee's annual salary. For an organisation with a median salary of £50,000, this adds up to £1–1.5 million in hidden turnover costs.

Outplacement that supports leavers sends a powerful signal to survivors: “Our organisation treats people fairly, even in difficult times.” This preserves trust and reduces the survivor turnover penalty.

The Solution: Modern, AI-Powered Outplacement

Why Traditional Outplacement Fails

Legacy outplacement providers were built for a different era. Their models rely on:

- Opaque pricing that makes budgeting impossible.
- Slow deployment that leaves employees waiting weeks for access.
- One-size-fits-all coaching that ignores individual needs.
- High overhead that forces premiums of £4,000+ per person.

This model excludes most organisations and often leaves even those who can afford it with underwhelming support.

A New Approach: AI + Human Coaching

Jobago was built to close the gap. Our platform combines:

- AI-powered tools that work 24/7, resume optimisation, smart job matching, application tracking.
- On-demand career coaching for personalised guidance when it matters most.
- Rapid deployment in hours, not weeks.
- Transparent, affordable pricing that allows organisations to support all impacted employees, not just a few.

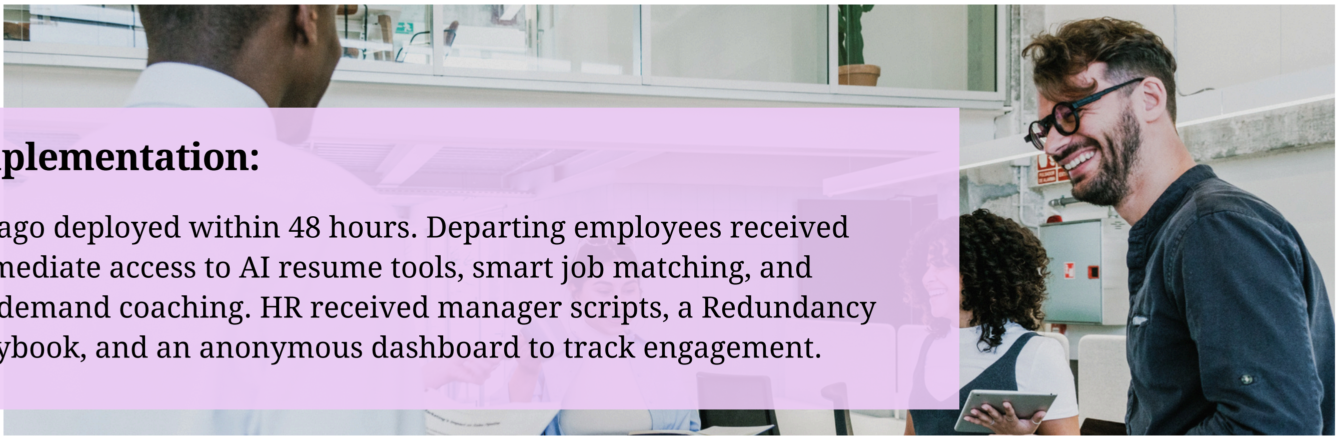
Measurable Outcomes

Interview rate increase	+30% (AI resume builder users)
Average time to new role	6 weeks (vs. 12+ weeks UK average)
Employee activation	100% within first week
Cost vs. legacy providers	50–70% lower
Glassdoor rating impact	Stable (case study: remained 4.2 stars)

Case Study: A Fintech Scale-Up

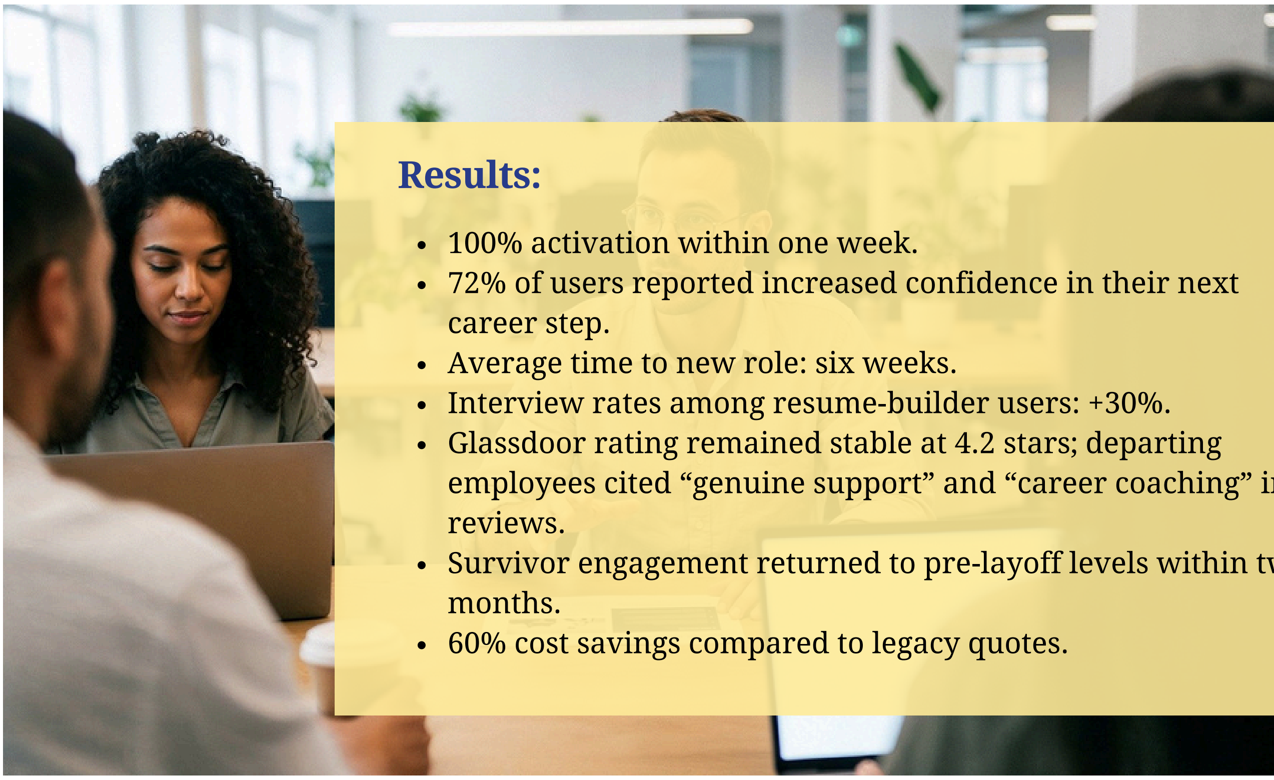
Company: UK-based fintech, 450 employees
Scenario: First-time layoff of 65 staff following strategic pivot
Challenge: Limited budget, need for rapid deployment, strong employer brand to protect

The Head of People, Sarah, had quotes from legacy providers at £4,500 per employee, out of budget. She discovered Jobago through the Outplacement Price Index, a free resource comparing provider costs and features.



Implementation:

Jobago deployed within 48 hours. Departing employees received immediate access to AI resume tools, smart job matching, and on-demand coaching. HR received manager scripts, a Redundancy Playbook, and an anonymous dashboard to track engagement.



Results:

- 100% activation within one week.
- 72% of users reported increased confidence in their next career step.
- Average time to new role: six weeks.
- Interview rates among resume-builder users: +30%.
- Glassdoor rating remained stable at 4.2 stars; departing employees cited “genuine support” and “career coaching” in reviews.
- Survivor engagement returned to pre-layoff levels within two months.
- 60% cost savings compared to legacy quotes.

“Jobago gave us a way to support our people that felt right, both financially and ethically. The platform was easy to launch, the coaching was genuinely helpful, and our team appreciated having something concrete to offer. Most importantly, I can look back and know we did right by our people. That peace of mind is priceless.”
Sarah, Head of People, Fintech Scale-up

ROI Calculation Example

Consider a reduction of 50 employees.

Scenario	Immediate Cost	Hidden Costs (12–24 months)	Total Estimated Impact
Do nothing	£0	£200,000–£400,000 (UI, legal, brand, survivor turnover)	£200,000–£400,000
Legacy outplacement	£200,000–£300,000	£0 (if all risks mitigated)	£200,000–£300,000
Jobago outplacement	£60,000–£90,000	£0 (if all risks mitigated)	£60,000–£90,000

Net savings: Choosing Jobago over legacy providers saves at least £110,000 upfront. Compared to doing nothing, the investment in Jobago is fully recovered by avoided hidden costs within months.

Recommendations for HR Leaders & CFOs

Based on the evidence, we recommend the following when evaluating outplacement:

1. **Quantify the full cost of “doing nothing”.** Include UI tax increases, legal risk, recruitment cost inflation, and survivor turnover in your business case.
2. **Look beyond price to value.** Modern, AI-powered outplacement delivers comparable or better outcomes at 50–70% lower cost than legacy providers.
3. **Prioritise speed and accessibility.** Layoffs move fast. Choose a provider that can deploy within days, not weeks, and offers 24/7 support.
4. **Insist on transparency.** Providers that publish pricing, outcomes, and methodologies are more likely to be trustworthy partners.
5. **Measure what matters.** Track activation rates, time to new role, interview rates, and survivor engagement to prove ROI.

Conclusion

The decision to invest in outplacement is often framed as a cost. But the true cost lies in doing nothing. Hidden expenses, higher unemployment taxes, legal defence, recruitment to replace disengaged survivors, and a damaged employer brand can far exceed the price of a modern, affordable outplacement solution.

Jobago exists to give HR leaders a better option: one that combines AI-powered tools with genuine human coaching, delivered at a price that makes ethical support accessible to organisations of all sizes.

When you support departing employees with dignity, you don't just help them move forward, you protect your culture, your brand, and your bottom line.

Call to Action

Ready to see the ROI for your organisation?

Request a personalised demo of the Jobago platform to experience how AI + human coaching can transform your workforce transitions.

Visit www.jobago.ai to contact us and access additional resources.

This whitepaper is based on aggregated data, client outcomes, and industry research. Individual results may vary. Jobago is committed to transparent, ethical outplacement that serves both employers and employees.