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Social Media Begins Forcing the Totally Transparent Layoff

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December 16, 2008

Social Media Begins Forcing the Totally Transparent Layoff

One of the first things [Zappos.com](#) chief executive Tony Hsieh did when he laid off 125 people last month was Twitter about it. He also posted a blog item explaining why the Henderson, Nevada-based Internet retailer was cutting about 8 percent of its workforce.

Call it the lay-it-bare layoff. And as the recent downsizing at Yahoo demonstrates, the once-private process of giving pink slips is becoming increasingly public, whether a firm likes it or not.

The combination of social media technology such as Twitter—where people post updates about themselves online at [Twitter.com](#)—and a cultural shift toward greater personal disclosure means more and more employees will document details of their dismissal, said Jennifer Benz, a communications consultant based in San Francisco.

“It’s really forcing companies to be increasingly transparent with what they do,” she said. “There’s no ability for a company to control the message like they used to.”

Such was the case for Internet giant Yahoo. On December 10, the Sunnyvale, California-based company reportedly began laying off 1,500 employees, in keeping with Yahoo’s pledge to cut at least 10 percent of its workforce by the end of the year. The event made news because employees Twittered about their experience.

Among the “tweets”—or messages on Twitter—posted publicly was this by pollyr: “my manager got laid off and so did i, just now.” And this from ryantxr: “as of now, I am independently employed. my stay at #yahoo is over. I really enjoyed it. The future holds other opportunities for me now.”

Yahoo did not return calls seeking comment.

The December event follows [a company layoff in February](#), when affected Yahoo employee Ryan Kuder earned attention by posting a series of roughly 20 tweets detailing his experience—including a farewell message to his BlackBerry device.

Libby Sartain, former head of human resources for Yahoo, said she can’t comment on Yahoo’s latest layoff. But she argues Kuder’s February account was, on balance, positive for the firm. After all, he talked about great people at Yahoo and things he was going to miss. “He didn’t say, ‘Yahoo sucks,’”



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Sartain said.

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In her view, the rise of social media steps up the pressure on companies to deal with their employee brand and to make a positive brand a reality.

“People tweet, people blog, people text,” Sartain said. “You are going to have a completely transparent workplace at all times. You can’t really spin it.”

Companies are attempting to be candid and stay ahead of the rumor mill by blogging or otherwise broadcasting their bad news on layoffs. [Jim Thomason](#), vice president of human resources at publishing company Thomas Nelson, blogged in early December about a job cut of more than 50 people at the Nashville, Tennessee-based publisher of Christian books. He then wrote two additional blog posts addressing rumors related to the cuts.

Zappos.com’s Hsieh alerted people via Twitter that the online retailer had unfortunate news. And he posted a blog item November 6 disclosing an e-mail message sent to employees that day.

“Today has been a tough, emotional day for everyone at Zappos,” Hsieh wrote. “We made the hard choice of laying off about 8% of our employees. The layoffs will affect almost every single department at Zappos.”

Hsieh went on to offer a rationale for the move—preparing for tough times ahead—and specifying a generous severance plan that included reimbursing laid-off employees for up to six months of COBRA payments.

The quick disclosure is part of a broader culture of electronic openness at Zappos.com. The firm launched a Web page with Twitter messages from employees this year and now has more than 400 employees who are active Twitter users, said Rebecca Ratner, HR director at Zappos.com.

The site not only helps connect employees, but has attracted the interest of customers, who want to know about things such as how shipping works.

“Our true belief here is that everything is transparent,” Ratner said.

—Ed Frauenheim

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