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## Separation Policy

Separation from employment can often be an emotional experience for the separating Associate and Dealership Personnel handling the separation. Separation can occur for a number of reasons, and can be instigated at either the Company's or Associate's request.

Before deciding to terminate an Associate, Management should make sure the decision is in the best interests of the Company. Hiring and training new personnel is expensive and time consuming. Management should be confident that a separation decision is not made in haste, and conforms to prevailing legal standards.

If Managers end up in arbitration or court, they should to have a solid case against any employee they fire. Supervisors should take whatever preventive steps they can to avoid the possibility of a suit altogether; McDaniels wants to do what is right by our Associates.

If appropriate, create a paper trail before termination is seriously considered in performance related deficiencies. Write summaries regarding specific performance problems that were cited via direct verbal warnings to the employee and file a copy in his or her employment records. Be sure that Associates are notified of the warnings, with specific ideas for improvement in performance. Violations of Company Policy or violations of law can result in immediate termination depending on their severity; in those cases, prior written warnings are not always possible as Associates have already been briefed and trained on those policies. Consider discussing terminations with senior management to gain consensus when possible.

Once the determination has been made to separate, the action should not be unreasonably delayed. Select an area away from interruption, usually the Manager's office. Notify a fellow Manager that they will need to act as a witness. Selecting a witness can help smooth the situation and make it more professional.

Utilize the McDaniels 'Separation Report'. All Managers should keep a Separation Report and COBRA Election nearby so there is not an extended delay in completing the separation process (exit interview). Fill out as much of the Separation Report beforehand as is practical. Collect the Associate's time card and other appropriate material. To the extent possible, schedule the separation at the beginning or end of a work shift.

If the Company is instigating the separation, clearly document the reason (often performance deficiencies) or the violation of Company Policy. Make sure you use legal and ethical criteria; avoid termination for any reason that could be construed as being illegal and itself violates Company Policy. Don't discuss the separation in advance with inappropriate personnel.

Ask the Associate to join you and the witness in the designated area. Get to the point quickly. Briefly explain to the employee that he or she is being fired. Summarize the main reasons for the termination, recap the warnings that have been issued, and any opportunities extended to improve his or her performance record.

Try to use an understanding tone. Don't be lured into bringing other aspects of job performance into the conversation that are not the reason for the separation. This is no time to go down a laundry list to criticize the person. Stick with the documented reason(s) for separation; nothing else is pertinent. Once the decision has been made to separate, it is a fact. It is not a debate or a negotiation. Stand firm. Be understanding.

Work to keep the exit interview short, professional and thorough. If the exit interview exceeds 15 minutes, it is probably going too long. While the exit interview is occurring, it should be among your highest priorities; don't take phone calls or attend to other non-pressing matters. Absolutely do not discuss the termination or exit interview with anyone other than appropriate management personnel. Maintain the privacy and the dignity of the former Associate. Try to thank the Associate for their work on behalf of the organization.

Offer the Associate the opportunity to make any written statements and to sign the Separation Report. Note their final time out on the time card, and initial. If the Associate refuses to sign the Separation Report and time card, note that. Attempt to collect any company owned property in possession of the Associate. Remind personnel that they are required to destroy any Client information in their possession. It's a good idea to have the Associate leave the premises as quickly as possible; do not allow unsupervised loitering after the exit interview. Accompany the Associate to their vehicle, or arrange for alternate transportation away from the Dealership. Do not allow the Associate an opportunity for a final walk around the Dealership for any reason (such as to say goodbye). They will have an opportunity to contact former co-workers in the future. Again, this is a potentially emotionally charged moment. Manage the situation and keep it from spreading.

If it is impractical to collect all personal property, schedule a time that the Associate can return, preferably at the beginning or end of a work shift to collect their belongings. All property removed should be inspected to make sure no Dealership-owned property has become intermingled with it. All computer accounts should be disabled as quickly as practical after the exit interview, and passwords changed as appropriate. If the Associate had access to 'Secure Document Areas', contact appropriate personnel to change key code combinations.

**Should the situation turn hostile, the Manager should protect themselves and other Associates. Don't hesitate to contact law enforcement if the situation warrants.**

Return the Separation Report, time card, COBRA Notice (if selected), and other documents to the security of the Human Resource Director or other secure area at the conclusion of the exit interview. Re-secure company-owned property at an appropriate

location. Note: The Separation Report is an internal document; an Associate separating from the company is not entitled to a copy of the document.

Generally, the final paycheck is not available at the time of separation. The Accounting Office should include an additional COBRA Election if the Associate qualifies with their final paycheck.

For Associates resigning their position, the process is normally the same as outlined above, though it is usually less emotionally charged and the Company has less control of the timing. Respect the Associate's decision, keep the separation professional and retain copies of any written resignation with the Separation Report.

### **Hypothetical Separation Dialogue**

The following dialogue provides an excerpt from a firing that involves an employee who had sincerely tried to do his job, but just hadn't been able to perform at a satisfactory level. Note how the manager shows patience and expresses sympathy, but does not offer false praise or waiver in his decision. In this excerpt one manager is handling the termination procedure. It is good practice, however, to have another manager present.

**Manager** Tom, please have a seat. Tom, I know that you have tried hard to succeed at your job. Nonetheless, for some months now, your overall performance has not been satisfactory. There are too many instances of errors in the accounts payable reports and your attempts to carefully check over each report have slowed down the pace of your work considerably. We cannot retain you in this position and we must let you go.

**Tom** You mean, I'm fired?

**Manager** Yes, that is correct. I am very sorry that this did not work out.

**Tom** I know I can do the job. Give me another chance. I really like working here.

**Manager** Tom, we have given you at least two warnings.

**Tom** But my supervisor says the quality of my work is improving.

**Manager** While the number of errors has decreased, the quality is still not satisfactory. I know you have tried . . . but it's still not working out.

**Tom** What about another position? I've never really liked payables. How about the entry-level position in accounts receivable? I'll really give it my all.

**Manager** Tom, it's time to move on. We all like you here. This is a difficult decision for all of us. But the decision has been made. We truly wish you the best.

*As with all McDaniels' Policies, questions or ideas for improvements to the policy should be directed to Bill McDaniels or Rob McDaniels.*