

# Playing it "safe" during RIF costs Sprint \$57 million

**Question:** When you have to perform reductions in force, the best strategy for avoiding age-discrimination lawsuits has nothing to do with a "strategy" at all—it's all about making sound decisions based on honest, documented employee rankings, as telecom giant Sprint Nextel has just learned the hard way.

**Case in Point:** Sprint Nextel thought it had the strategy all figured out on how to avoid age discrimination lawsuits when making a series of reductions in force from 2001 to 2003. First, in an effort to save its younger workforce from being tossed into the deep end of the pool of potential layoffs, it transferred many younger workers to jobs that were "safe" from elimination. And it labeled some as "key talent." Second, it left everyone else in the org chart where they were.

To make matters worse, Sprint Nextel set a new performance management system in motion that had a disparate impact on older workers.

Bad idea combined with bad timing.

**Result:** About 1,700 Sprint-Nextel workers filed a class-action Age Discrimination in Employment Act (ADEA) lawsuit. The company ended up settling last month for \$57 million, one of the biggest age-discrimination class-action settlements in recent years. ([\*Williams v. Sprint/United Mgmt.\*, D. Kan., No. 03-02200, settlement 5/18/07](#))

## What does this new ruling mean to you?

The Sprint Nextel workers alleged that the company created a "forced ranking" or "alpha ranking" system to evaluate employees' performance. That new system, the workers claimed, resulted in formerly high-ranked older employees earning lower rankings. Sprint Nextel argued that the transfers and performance system were age neutral, saying the company chose to settle the case "so we can continue to focus on the business."

## Lessons Learned ... Without Going to Court

- **Don't play games with the laws.** Employees are smart and lawyers looking for good cases are looking for smart employees who feel they have been wronged.
- **Your employees will reveal your illegal strategies.** Over 200 Sprint managers, officials and employees were deposed during the course of discovery.
- **Watch what and how you document.** This case involved over 1.5 million pages of documents. While that seems like a lot of pieces to the puzzle, plaintiffs' attorneys can easily put it together for the jury.