



The Coming Workforce Crisis

By Brian and Gina Wilson

“The symbol in Chinese for crisis is made up of two ideographs: one means danger, the other means opportunity. This symbol is a reminder that we can choose to turn a crisis into an opportunity or into a negative experience.”

~Virginia Satir

As we approached the year 2000, many people were anxious about the passing of the millennium. There was an almost apocalyptic feeling, as people worried about the significance of that milestone – from concerns about the Y2K computer bug and the havoc it might wreak upon our information systems to imminent end of the world predicted by prophets of old.

For those of us in the world of human resources management, the advent of Year 2008 echoes those feelings of impending doom. On January 1 at 10:01 a.m., the first of the “baby boom” generation will retire. Every day hence, almost 8,000 additional workers will surpass the age of 60. That’s one every 7.5 seconds. As though lifted from the lines of W. B. Yeats’ poem “The Second Coming”, the implications of a mass exodus from the American workforce leads us to contemplate what rough beast slouches toward us, in the form of a coming workforce crisis.

The baby boomers – that generation born during the prosperous years following World War II – represent approximately 80 million of the most experienced workers in the United States workforce, whose reputed work ethic built one of the most productive economies in American

history. While the loss of this huge work force may not quite turn out to be an event of apocalyptic proportions, it will nonetheless represent a colossal challenge for those of us in the field of human resources management.

The U.S. Bureau of Labor and Statistics estimates that there will be a shortfall of approximately 10 million workers by 2012. Government employers may be even harder hit. The Bureau states that 50 percent of federal employers and 70 percent of federal senior managers will be eligible for retirement by 2010.

As boomers retire throughout the next decade and beyond, there will be a nationwide shortage of trained workers. Companies will compete to recruit and retain the best talent. The numbers show that recruiting alone will not address the problem. Companies will also need to develop robust training and development programs and succession plans. The battle to maintain a skilled workforce is not one that will be won on a single front, but across several:

- Retaining skilled workers already on staff
- Recruiting and retaining skilled workers to replace those who retire
- Developing new skilled workers

For various reasons, it seems that most baby boomers will choose not to retire as early as their parents did. In his presentation at The Harvard Club in 2002, AARP Executive Director and CEO William Novelli stated that only 16% of boomers surveyed claimed that they will fully retire and seek no other work. Some may continue to work simply because they enjoy their work; for others, the decision will be based on

financial reasons. Part of your strategy to maintain a skilled workforce may depend upon your ability to retain such workers beyond what would traditionally have been considered “the retirement years.”

With better healthcare and willful defiance against the aging process, many boomers may be physically able to significantly extend their working years. And it seems that they intend to do just that. Some boomers view retirement as The Cemetery’s Waiting Room, and they have no intention to go there any time soon. Many boomers simply enjoy their work, and wish to continue doing so for as long as possible. Novelli claimed that 35% of boomers reported being motivated to continue working simply because they enjoyed their work.

According to Novelli, 23% of boomers reported being motivated to postpone retirement primarily due to financial need. The rise in the eligibility age for social security benefits may prompt some boomers to extend their working years. Without a job, they might not have sufficient medical or pension plans to carry them through retirement. Even with mortgages paid off and no dependents at home, they may nonetheless find it necessary to continue working solely for the benefits.

Some boomers do not have a nest-egg sufficient to retire. Debt problems and poor retirement planning may force such workers to delay their retirement. For others, the decision may have to do more with timing. Many career-oriented boomers put off having children until they were in their 30s or 40s. In their early 60s they now find themselves with college-aged children to support.

The phases of life have shifted with the Baby Boom Generation. Reaching a milestone of age 50 or 60 means something very different than it did just a few generations ago. It may sound trite, but 60 is the new 50, and 50 is the new 40.

For the reasons we’ve just reviewed, many boomers may wish to work well into their 60s or 70s. But why would a company find it beneficial to retain older workers? An obvious reason is

that there will be a shortage of qualified workers. But there are numerous other benefits to having older workers on your team.

Although wisdom is not an automatic corollary of age, wisdom often does come with experience. Older workers can draw upon a library of experience that enables them to recognize patterns of Things That Work and Things That Don’t Work. Teamed with younger workers who may be more aggressive in driving innovation, more experienced workers provide a healthy counterpoint, testing the validity of new ideas against their broad experience base so that old mistakes are not repeated. In short, the organization that cannot learn from its history is doomed to repeat it.

Older workers have also developed social networks that may provide an organization an edge in establishing relationships with customers and partners. The older worker’s “Little Black Book” is especially valuable to organizations (such as sales) that are based upon relationship-building.

Sales and marketing organizations may find older workers to be especially valuable. In the world of consulting and academia, experience may be venerated. Businesses such as retail may benefit from having older, experienced workers on the front line, interacting with customers. Do-it-yourself stores, such as hardware and lumber outlets, benefit from having experienced advisors on staff to guide customers’ buying decisions. Likewise, bookstores and art galleries benefit from having clerks who are well-versed. Such organizations would do well to seek out the older worker.

Retaining experienced workers is essential in implementing a successful succession plan. Experienced workers can provide mentoring and training to younger, less experienced workers, passing on skills and knowledge essential to the organization.

By some indications, older workers are generally more reliable and less distracted than their younger counterparts. Various studies indicate

that staff turnover rates in the U.S. and other western countries are significantly less for older workers than younger workers. Many boomers are still influenced by the mindset of generations that preceded them, in which employment was viewed as a long-term relationship with a particular company. Furthermore, some older workers may have experienced some degree of age bias, and may value their current position as “a bird in the hand.” With a long career under their belts, older workers may know what they want from a job more clearly than their younger counterparts, and may be more reticent to leave when they find a good organization that respects the value that they provide.

On the other hand, workers of subsequent generations may tend to be more interested in seeking new job opportunities. When they are ready to learn something new or gain new experience, they find it relatively easy to move on to another job.

While there is some correlation between age and increased health problems, this may not represent a significant concern. Although some companies fear that maintaining an older work force may result in rising healthcare costs, various studies such as the 2005 AARP/Towers Perrin report “Business Case for Workers Age 50+”, suggest that such costs are more than offset by the benefits of maintaining a stable work force and reducing turnover rates.

So how does an organization recruit and retain older workers? This happens not through a single “silver bullet”, but rather by purposely branding your organization as one that is “friendly” to the older worker in every regard. Developing a good reputation will enable your organization to attract the best and the brightest. Some strategies include supporting phased retirement, flexible salary and benefits options, training, and collaborating with “senior organizations.”

Some older workers may wish to enjoy some of the benefits of retirement without completely giving up their careers. They may have spouses who are already retired and would like the opportunity to travel. Offering such workers

extended periods of paid or unpaid time off, and flexible, part-time work hours may enable them to maintain domestic tranquility with their retired spouse, while also enabling them to extend their career. By enabling two or more older workers to job-share, you might extend your relationship with multiple valuable employees through a single solution.

Some older workers may be more attracted to salary than benefits. Others may be working more for benefits than the salary. By providing a salary and benefits package that meets individual needs, you might be able to retain a skilled worker at a bargain net cost to your organization, while at the same time meeting the needs of your employees in a way that other organizations can not or will not do. Consider offering cafeteria menu benefits that enable workers to tailor benefits to their unique needs.

Although older workers may have extensive skills and experience, some of their skills, particularly those related to technology, may be dated or otherwise lacking. Just as organizations see value in providing training to new, young workers, there can be great value in maintaining the technical currency of older workers. A programmer who was a top-notch developer in dated technologies such as COBOL has skills that can transfer well to newer domains, such as web development. With a small investment in training to bring technical skills up to date, the value provided by such workers can be extended, benefiting both the employee and the company.

Despite any concerns about age bias, some organizations may hesitate to invest training in older workers, but not in younger workers. However, if an older worker stays on with the organization for another five years after training, and the younger worker (enabled by the new skill you provided them) moves on to another company shortly after you trained them, one needs to consider which was the better investment.

While we’re on the topic of training, with the huge increase in older workers that all organizations will experience, you should

consider providing training to management and other employees to eliminate age-related bias in the workplace, and to create an organization that understands how to take best advantage of your experienced workers.

You may tap into a large pool of talent by specifically directing job advertisements toward older workers. By purposely advertising job openings in web sites, agencies, and publications devoted to the over-fifty crowd, you imply that “we are a company that is boomer-friendly”. On your company’s web site and recruitment materials, purposely depict older workers. Wherever you might post that your company is an “Equal Opportunity Employer” also state that your company “values workers of all ages.”

With the aging of the workforce, developing an organization that effectively utilizes the large talent pool that we call the Baby Boom Generation will provide a win-win benefit for your organization and your older employees.

Next issue: *Succession Planning to Deal with the Coming Workforce Crisis*

Sources and Recommended Reading:

Carleton University School of Public Policy and Administration. “The case for older workers at Tesco: An examination of attitudes, assumptions, and attributes”
<http://www.carleton.ca/spa/Publication/WP%2053%20Stoney.pdf>

Small Business Review. “Hiring Older Workers”
http://smallbusinessreview.com/human_resources/hiring_older_workers/

HR Management. “The Silver Lining at Borders”
<http://www.hrmreport.com/pastissue/article.asp?art=269175&issue=186>

Government Leader. “Succession Planning”
http://www.governmentleader.com/issues/1_7/feature/s/151-1.html

Texas AWWA 2007 Proceedings
“Building and Sustaining Organizational Talent”
<http://www.tawwa.org/TW07Proceedings/070412p/WWWUtilityMgmt/Building%20and%20Sustaining%20Organizational%20Talent.pdf>

Age is something that doesn't matter – unless you are cheese.

~ Billie Burke

Measuring Success!

Strategies to recruit and retain older workers

- Create non-traditional recruiting strategies
- Promote opportunities for older workers to update their skills
- Think options and flexibility
- Utilize this tremendous source of experienced human capital
- Consider “out of the box” benefits
- Combat negative stereotypes

Source: Poster: “How to Attract & Retain Older Workers”, Wisconsin Department of Workforce Development web site,
http://dwd.wisconsin.gov/olderworker/pdf/Tips_for_Emp_color.pdf

Did You Know?

The Aging of the U.S. Workforce

- Since 1950, the number of people aged 65 and older in the United States has increased from 8% to 12%.
- According to the U.S. Bureau of Labor Statistics, more than 25% of the working population will reach retirement age by 2010, resulting in a potential worker shortage of nearly 10 million.
- By 2030, with the last of the baby boom generation turning age 66, an unprecedented 20% of the population will be over age 65.

Source: Nancy R. Lockwood (December 2003). *HR Magazine*. “The aging workforce: the reality of the impact of older workers and eldercare in the workplace”

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