

Workforce Crisis Revisited **Bob Morison – June 2012**

In *Workforce Crisis*, published in 2006, Ken Dychtwald, Tammy Erickson, and I explored the challenges to businesses and other organizations presented by major demographic shifts, in particular the impending retirement of the Baby Boom generation. In chapter 1 we noted that the timing of these challenges could be disrupted by, for example, a major recession. Well, here we are, recovering from a deep recession. So where do we stand? What's different since we assessed the workforce in 2006 – and what's unchanged?

The timing of the retirement wave has stretched out as people have decided to continue working to rebuild their nest eggs. The stock market has recovered to 2007 levels, but we've lost five years of asset growth opportunity, and interest-based investments still have little yield. In many parts of the country, those with much of their equity in real estate are still looking to recover. It should be no surprise that many Boomers continue working past age 62 or 65; three-quarters of them were planning to do so anyway. However, more are working full-time in their old jobs, maximizing their earnings rather than phasing into retirement. That's both a problem and an opportunity, as we'll see in a moment.

The subtitle our book is *How to Beat the Coming Shortage of Skills and Talent*. Near term, we face a shortage of skills, not bodies. That's the big problem, and it continues to worsen. The United States does not produce enough college graduates, especially in high-demand scientific and technical fields, and not enough people keep their skills up-to-date and marketable. So unemployment can remain high while key positions go unfilled. Even at the height of the recession, with a wave of experienced people in the job market, companies couldn't find all the talent they needed. President Obama is right to encourage people to pursue college degrees. That a presidential hopeful tried to take him to task over the point shows how out of touch with business and demographics politicians can be.

Meanwhile, other countries are cranking out graduates, but that hasn't really filled the gaps because the global workforce is proving less fungible than some had hoped, and immigration policies continue to restrict the movement of labor. As wages rise in emerging economies, the cost advantages of offshoring work decline, and many U.S. companies are bringing some work home even as they send more specialized work offshore to where the skills are available. By the way, one of the most difficult positions to fill today is the versatile manager in an emerging market, who can bridge between the local business and the corporate headquarters on another continent.

Long-term, the U.S. and other countries with advanced economies and low birth rates will likely face a shortage of workers as well as skills. Economic growth has traditionally tracked closely with workforce population. The U.S. workforce will continue to grow, but the rate of growth is declining. The only ways to maintain

overall growth are through technology-enabled productivity increases (which would have to be dramatic), and by attracting workers under more enlightened immigration policy (not likely given the unemployment rate). But keep in mind that the U.S. is not the magnet it once was for talented people from around the world.

Back to the Boomers hanging around longer. The good news is that their presence alleviates the skills shortages. The bad news is that some are hanging on in jobs they don't really like and perhaps aren't very good at. Either way, their presence creates bottlenecks in opportunity for younger cohorts, including slowing the executive development process. What to do? *Workforce Crisis* provided a basic formula. Keep the skilled Boomers productive, but encourage many of them to move into new roles where they both exercise their skills directly and accelerate development of the next generations. Some may move aside from management roles but remain mentors to management. Many may move into roles with explicit teaching components. Young workers enjoy learning directly from older and more experienced colleagues, and you can really seal the deal with reverse-mentoring on market trends and technology use. Make the revised roles attractive to Boomers, and make sure that phased retirement options are there as needed.

The second half of *Workforce Crisis* discusses techniques for shaping the workplace and the employment deal to attract, engage, and retain the talent you most need. That's how you beat the shortage, and those methods are still in play. Perhaps the demographic delay has given some organizations more time to master them.