



LEADERSHIP RESULTS

by Cindy Beutke

PepperGroup



NAVIGATING
the TALENT shortage



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How to Adapt Successfully
to the 2010 Labor Shortfall

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NAVIGATING
the TALENT shortage

Agenda

- What is the talent shortage and when will it occur?
- How will it impact companies?
- How will it impact your organization?
- What can we do now to prepare?

“This is not something that tomorrow, all of a sudden, will show up in the headlines. This is a slow effect of changing demographics that is absolutely predictable but with profound implications...”

There will never be a moment where there is a massive crisis to call attention to this. If there is a crisis, it will be too late.”

*David Ellwood,
Dean of Harvard University's
Kennedy School of Government*

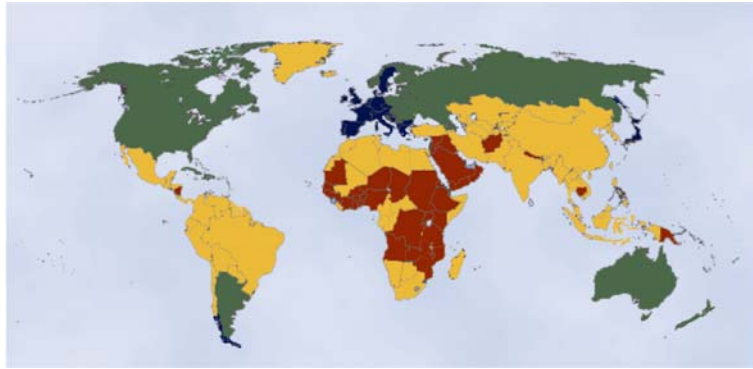
What is driving the talent shortage?

- Economic growth
- Increase in life expectancy
- Aging population and the retirement of the baby boomer generation
- Decrease in size of families

Reason 1: Economic Growth

- The growing global economy encourages companies to continue to expand to new markets
- Growth rates vary year by year, but there is growth every year
- Historical productivity growth rate is about 1.5 percent per year

2000: A Fairly Young World



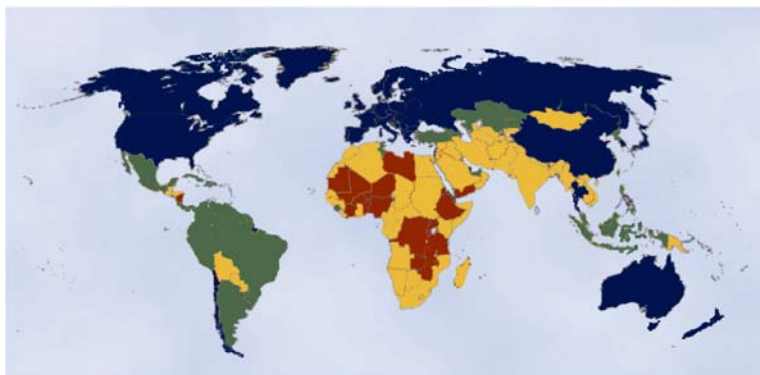
Under 5% 5% to 12.4% 12.5% to 20% Above 20%

Percent of Population Age 60+ 2000

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Source: U.S. Census Bureau

2025: Rapidly Aging



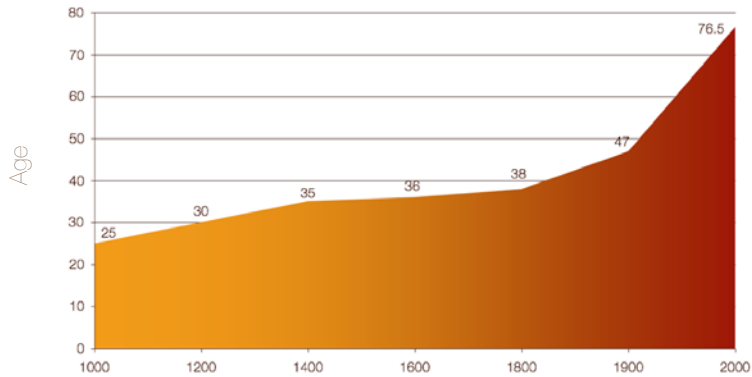
Under 5% 5% to 12.4% 12.5% to 20% Above 20%

Percent of Population Age 60+ 2025

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Source: U.S. Census Bureau

**Reason 2:
The “Sudden” Increase in Life Expectancy**

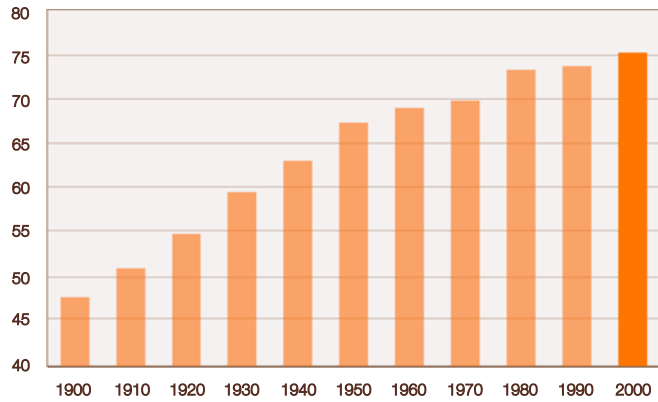


Life Expectancy at Birth: 1000 A.D. - 2000 A.D.

Life Expectancy

- Average life expectancy prior to 1000 < 18 years
- 1000: 25 years
- 1900: 47 years
- Today: 77 years
- 100 years ago, only 4% of the population > 65
- Today: 14% and rising
- Pattern duplicated worldwide

Dramatic Increase in Life Expectancy

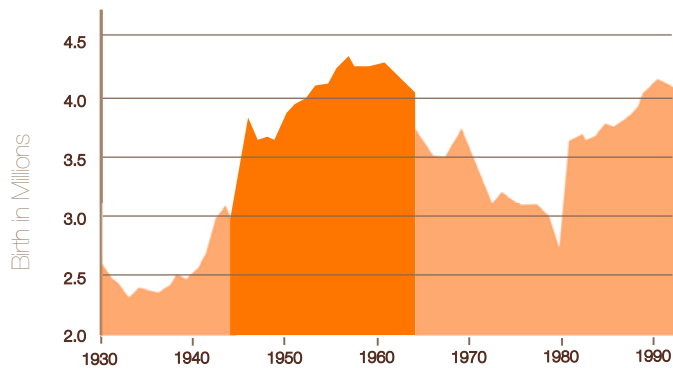


Average Life Expectancy at Birth in the U.S.

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Source: U.S. Social Security Administration

Reason 3: Aging Population and the Retirement of the Baby Boomers

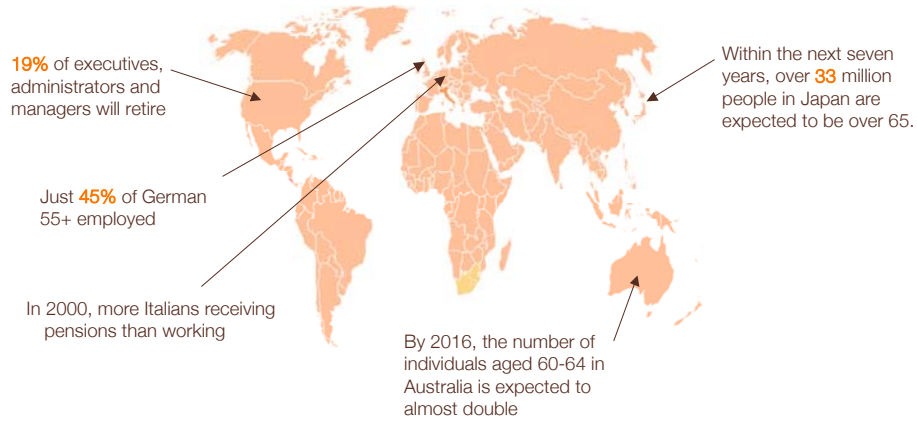


The Boom Years: 1946-1964

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Source: U.S. Census Bureau International Data Base

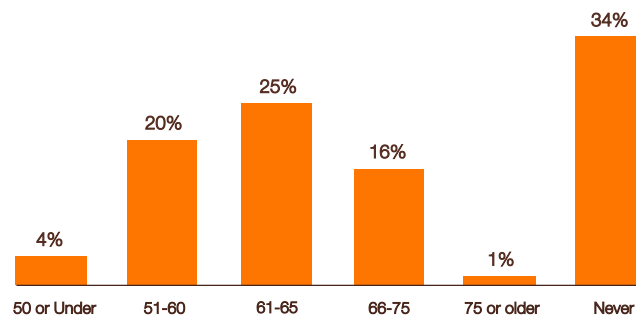
Industrialized Nations Are Experiencing the Edge of the Population Changes



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Source: Beazley, et. al, Continuity Management, Mackay, Alan. "Mature Age Workers: Sustaining Our Future Labor Force." An Ageless Workforce - Opportunities for Business' Symposium Conference Paper, August 27, 2003. www.agelessworkforce.com/continuitymanagementpaper.htm. "Time to act quickly on aging." The Japan Times Online, August 23, 2002. www.japantimes.co.jp/cgi-bin/ontaria.qlf?e20020823a1.htm. A. Pauli, "Pension systems and gradual retirement in Italy." September 2000, p.17

It's not ALL Bad News— Many Employees Plan not to Retire

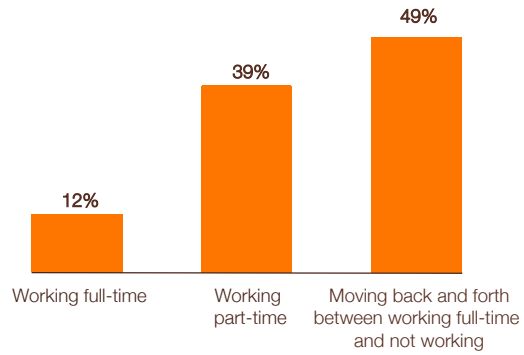


At what age do you plan to retire?

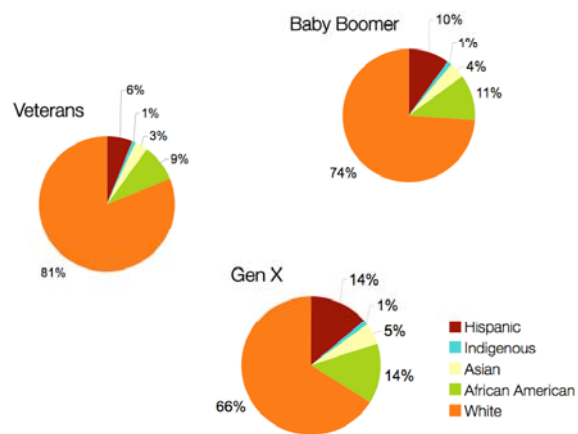
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Source: The New Employee/Employer Equation, The Concoors Group and Age Wave, 2004

Preference for Working After "Retirement"



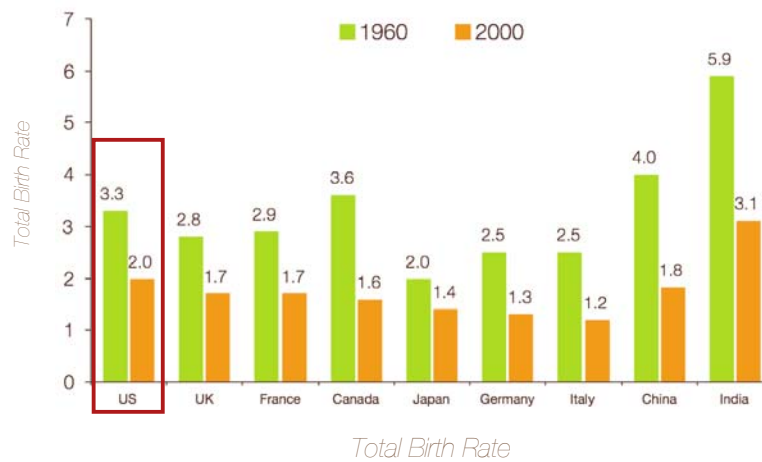
Diversity by Generation



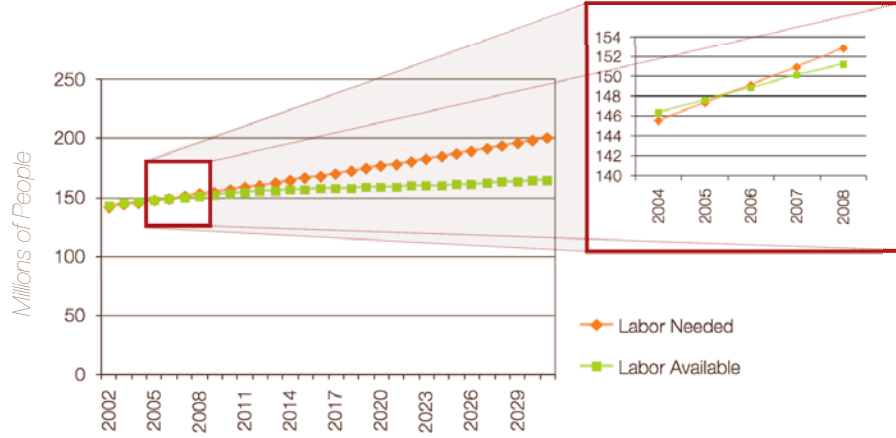
**Reason 4:
Dramatic Drop in Birth Rates**

- U.S. in the mid 1950s: average number of children per family was 3.7
- U.S. in the 1960s: average number of children per family was 3.3
- US in 2006: average number of children per family was 2.0
- Decline of 1.7 children per family
- 20% of baby boomers have no children
- 25% of baby boomers have only one child

Why? Dramatic Drop in Birth Rates

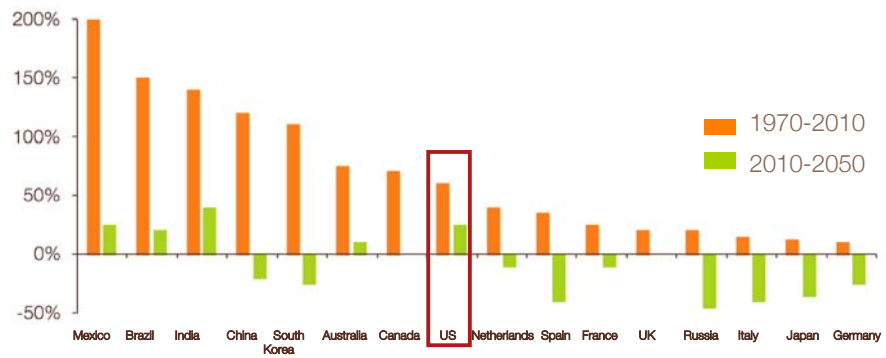


A Growing Shortage of Workers in the U.S.

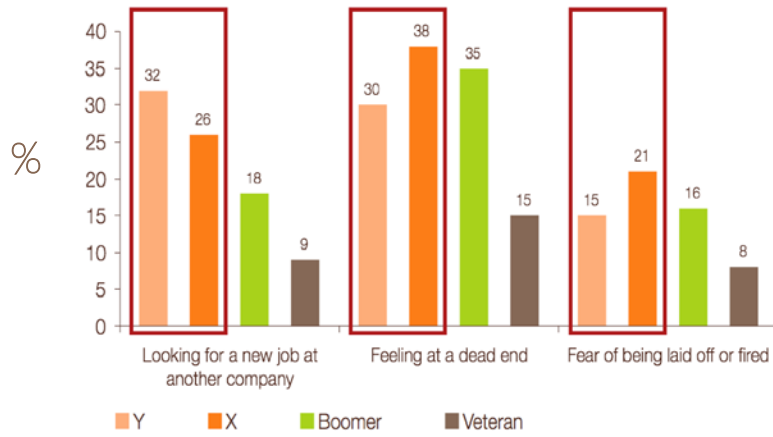


Expected Labor Force and Labor Force Demand

Screeching to a Halt: Growth in the Working Age Population



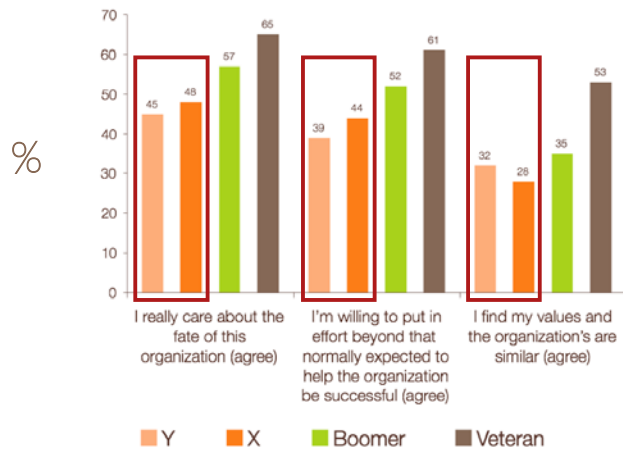
Employee Engagement



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Source: The New Employee/Employer Equation, The Concoors Group and Age Wave, 2004

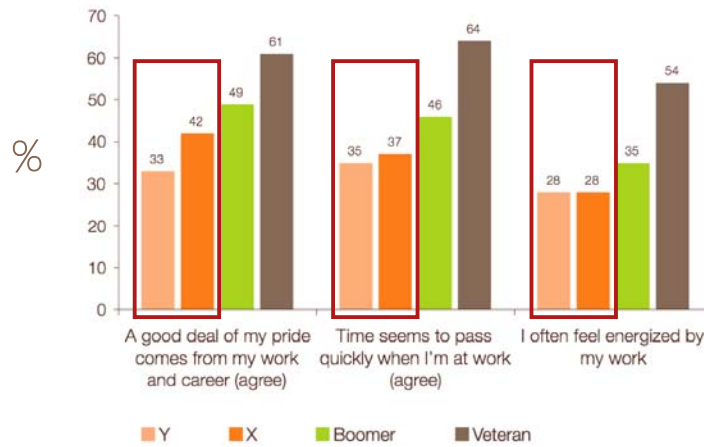
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Source: The New Employee/Employer Equation, The Concoors Group and Age Wave, 2004

Employee Engagement



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Average Tenure for U.S. workers < 35

- Average time in a job is three years (the “three year hump”)
- 80% stay less than five years
- One-third of all workers under 35 years old are in the first year with their employer

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What Matters to Young Workers?

- Comprehensive benefits package (19%)
- Workplace that is enjoyable (13%)
- Work that enables me to learn and grow (12%)
- Comprehensive retirement package (10%)
- Work that is personally stimulating (10%)
- Flexible work schedule (10%)
- 10 percent more in total compensation (8%)
- Two additional weeks of paid vacation (7%)
- Work that is worthwhile to society (6%)
- Flexible workplace (5%)

Things to remember about young workers...

- Independent—many “raised themselves”
- Situational vs. structured—they feel free to ignore rules, policies and procedures that they find restrictive
- Digital communicators vs. “interpersonal”
- Comfortable with diversity—unhappy with “one size fits all” policies and management methods

Differences older counterparts often perceive as “poor work ethic”

Strategies for Thriving During the Talent Shortage

- Utilize automation and technology to offset the need for labor
- Recruiting
 - Recruitment campaigns
 - Assessment tools
 - Flexible
 - Part-time workers
 - Shared positions
 - Internships
 - Employee orientation

Strategies for Thriving During the Talent Shortage

- Systems and structure
 - Standard operating procedures
 - Best practices
 - Systems for sharing information
 - Designated cross-training

Strategies for Thriving During the Talent Shortage

- Retain current staff
 - Employee survey
 - 360-degree feedback tool
 - Assessment tools
 - Coaching
 - Succession planning
 - Measuring employee engagement
 - Flexible retirement plans
 - Mentoring programs
 - Fair compensation for performance
 - Participative cultures

Strategies for Thriving During the Talent Shortage

- Performance management
 - Consistent feedback throughout the year
 - Financial compensation based upon performance of key measures and behaviors
 - Public recognition of performance
 - Reward reinforces companies goals, vision, mission, purpose and values
 - Incentives tied to company performance
 - Flex work

Strategies for Thriving During the Talent Shortage

- Increase productivity
 - Training
 - Development
 - Knowledge networks
 - Leverage information technology
 - Brand your learning commitment
- Increasing employee engagement
 - Evaluate
 - Action plan

Strategies for Thriving During the Talent Shortage

- Alternative resources
 - Independent contractors
 - Part-time works
 - Outsourcing
- Competitive compensation

*The question is not,
“Is my organization facing
a talent shortage?”*

*The real question is,
“Are we ready for it?”*