



Getting Ready to Manage the Upcoming Decline in Skilled Workers

by Alice Winker

The workplace demographic is rapidly shifting as the baby boomer generation ages, and new generations make their way into the workplace in fewer and more ethnically diverse numbers. With senior managers nearing retirement and the existence of less experienced replacements in the pipeline, companies recognize the heightened need for effective succession planning, leadership development and recruitment and retention strategies.

According to the Bureau of Labor Statistics, the percentage of labor force participants that are 55 and over is projected to increase by 47% between 2000 and 2010 while the increase in 25 to 54 year old participants will rise by only 5%. In addition, by 2010 the BLS projects that Hispanics, African Americans and Asians will constitute 29% of the workforce, and will be growing at a rate that is disproportionate to the growth rate of Caucasian males. This data clearly points to an upcoming shortage of talent in this decade as an unprecedented number of Baby Boomers hit retirement age without an adequate number of replacements, and an ongoing shift in the ethnic makeup of the work force.

To deal with these trends successfully companies will need to focus on planning their workforces with a view to the future. Although succession planning and leadership development have never taken center stage in Corporate America, they must now be on every CEO's "to do" list. Hand in hand with this strategy is the necessity to create a corporate environment that will attract and retain a top notch workforce in a diverse multicultural and multi generational environment. Note that in its 2002 Workplace Demographic Trends Survey, the Society of Human Resource Managers found that issues related to training, diversity and aging were ranked second, third and fourth, behind health care, as the issues likely to be key in human resource practitioners' business within the next six to twelve months.

Succession planning involves developing corporate competency models to identify potential successors for key positions. These models will evaluate potential leaders, documenting their existing skills and knowledge, as well as their potential to acquire the expertise they need to step into higher roles. Implicit in this process is the objective evaluation of current performance and skills, as

well as the capacity for growth. For example, Internet consulting firm Viant, has developed a succession plan in which it utilizes four rating levels consisting of *the ability to assist, the ability to do, the ability to guide, and ability to lead*, applied to a set of 32 competencies in six major categories: *consulting, project management, technology, creative, strategy and development* to measure an employee's capabilities and potential. Other tools that can be used include psychometric tests, 360 degree feedback, personal interviews and assessment centers where participants are put through simulations of corporate situations and evaluated objectively.

Leadership development programs must also be implemented to insure that identified potential "leaders" obtain all the qualitative experience and quantitative skills they will need to succeed before they are called upon to fill critical gaps in the corporate hierarchy. Performance evaluations should be used not only to identify potential leaders' strengths but also their weaknesses so that a comprehensive training program can be customized for specific candidates. In developing such programs, participants should be equipped with tools to deal with future organizational challenges as well as current ones, and be given the opportunity to acquire hands on experience in resolving the types of problems with which they are likely to be faced. This experience can be obtained in a number of ways including a corporate rotation program, access to existing leaders via a mentorship program or inclusion in a variety of company wide projects and committees.

One example of a successful leadership development model, is the program developed by GE in which managers are rotated throughout the company every two to three years in a well thought out plan that insures they are exposed to different facets of the company and achieve predetermined goals. Another frontrunner is Capital One, which has created a comprehensive "Leadership Development Center" responsible for providing executives with opportunities for controlled role-play in an assessment center, academic educational programs and one-on-one-coaching, all while tracking their progression through a defined development plan.

Retention and recruitment programs will become critical as vacancies arise due to retirements and internal transitions. Companies need to develop a competitive edge by evaluating their own corporate culture and benefits and compensation packages in order to insure that they are competitive with the market and considered a desirable place to work both by job applicants and current employees.

One consideration which should not be overlooked is the encouragement of aging baby boomers to continue using their skills on the job and to mentor new generations, by developing programs that will allow them to pursue their

retirement goals while working. Options towards this end include flexible workweeks, formal mentoring and coaching programs and the development of specialized project work that will take advantage of Baby Boomers' skills while not necessitating their full time participation.

Implicit in the initiative to retain top talent is the understanding that the diversity and demographic of the new work pool will demand a wide array of flexible benefits and organizational attributes. For example, minority employees may question their ability to succeed in organizations that are not committed to advancing diversity, and companies seeking to tap into the existing pool of disabled workers will need to evaluate their physical work environments. In its 2001 Employee Review conducted in partnership with Roper Starch Worldwide, Randstad North America found that while Baby Boomers and Generation X immediately following it, placed the highest priority on balancing their work and personal lives, Generation Y, those born post-1980, were more concerned with trying new things and establishing a career path. Companies need to be responsive to these very different mindsets and insure that their own messages beckon to the entire American demographic, accommodating all those with specific needs and wants.

Although the size of the skilled labor force will contract in the next decade, there are many steps a company can take to protect itself against the loss of qualified leaders and employees, and ease its internal transition processes. Those companies that develop successful succession planning, leadership development and retention and recruitment programs will benefit from the resulting decrease in employee turnover and smooth internal transitions as a critical skills shortage develops in the next decade.

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