

Coming of Age

A presentation by

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February 16, 2005

Synopsis by Rod Cox

"In the past few years, companies have been so focused on downsizing to contain costs that they've largely neglected a looming threat to their competitiveness: a severe shortage of talented workers. The general population is aging and, with it, the labor pool. People are living longer, healthier lives and the birthrate is at a historic low. While the ranks of the youngest workers (ages 16 to 24-years-old) are growing 15% this decade as baby boomers' children enter the workforce, the 25 to 34-year-old segment is growing at just half that rate, and the workforce population between the ages of 35 and 44 – the prime executive-development years – is actually declining." (Harvard Business Review 2004) As a result, there won't be enough younger workers to meet workforce demands. By 2015, the U.S. workforce shortfall is predicted to be approximately 10 million workers.

Where are our potential sources of labor and skills? In the past, we used outsourcing to make up a substantial part of this shortfall. But traditional sources are drying up as more countries become industrialized and retain their vital workers. So where will the workers come from? A significant portion is likely to be made up by workers over 55-years-old, a group that is expected to increase by 20% in the next decade. These older workers are the people who have the tacit knowledge of the organization and who now hold key leadership and strategic positions. They may be eager to continue working, or may need to continue working to supplement retirements that are insufficiently funded.

But the question is, will they want to work for you? Extensive studies show that two-thirds of U.S. employers don't actively recruit or retain older workers. *"They offer no special provisions such as flexible work arrangements to appeal to the concerns of mature workers. Most CEOs say their companies don't account for workforce aging in their long-term business plans."* (HBR) At the same time the workforce is aging and depleting, it is becoming increasingly diverse with an unprecedented mix of ages and attitudes.

This presentation is about the strategic implications of an aging workforce:

- The demographic trends that are shaping employment.
- The changing values of workforce segments.
- The implications and challenges for employers; i.e., how to strengthen the relationship between employees of all ages and their employers.

The presentation is based on the work of The Concours Group and New Age, consulting firms that focus on the maturing marketplace and workforce, and on Harvard Business Review, *"It's Time to Retire Retirement."* 2004.

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Put a frog in a pot of hot water and he will immediately leap out. Put the same frog in a pot of cold water and slowly heat it, and he will remain until he boils to death. This metaphor is particularly apropos to many of today's organizations who are not responding to the demographic changes that will most certainly affect their futures. The demographic challenges facing us do not involve quick reactions to clear signals; rather, they point out the potential acceptance of dangerous, slow-moving trends.

Demographic trends

Unlike previous generations (and nearly across the globe), the number of younger workers in the workforce is almost flat. In a significant number of countries, particularly those that have long been industrialized, the number has become negative. This means a global reduced workforce in the coming years. In fact, by 2030, many of the industrialized countries in the world will have populations with up to 40% over the age of 60. This has massive implications. Throughout the world, it is unlikely that there will be a large enough workforce to sustain the global economy.

What is driving this? Consider the employment impact of projected population shifts over the next 45 years (through 2050):

- We know that around the world, one child per couple is increasingly the norm. Between 1960 and 2005, birth rates decreased by half, creating a massive shift in adult population groups.
- We know that there will be population declines in industrialized countries including those, like China, that have only recently become industrialized. In some countries, these declines will be radical. Germany, Japan and Italy anticipate population losses of 28%, 36% and 42%, respectively.
- We will see population segments that are more diverse with the older segment growing fastest as the Baby Boomers move past age 55. Life expectancy is also rapidly increasing. In the U.S., average life expectancy already exceeds 75 years. In many other countries, it is higher still.
- There will be more gender diversity owing to a steady increase in the number of women workers at all levels and occupations, and there will be much greater ethnic diversity.
- There will be a much-needed increase in educational diversity and variety in contrast to the polarized educational patterns (highly educated vs. uneducated) that now segment the workforce.

But there is much about the future that we don't know:

- Will the U.S. change policies to encourage faster immigration as a means of gaining workers? How fast will outsourcing develop and where?
- What about retirement? The average U.S. retirement age continues to edge lower, yet more retirees are continuing in some type of employment.
- What will happen to the growing U.S. labor shortage; i.e., the gap between labor need and labor availability?
- How do we plan to handle the impact of the many things we can't control such as viruses, tsunamis and political conflicts?
- Ethics are shifting. In the future, what will we see as being right and what will we see as being wrong?

"Many managers are marching their companies straight off a demographic cliff."

In the U.S., the projected worker shortage by 2010 is more than 10 million; and by 2030, 35 million. No more than one-half of this shortage is projected to be filled by outsourcing, particularly since existing off-shore labor pools (India, China, Southeast Asia, Mexico, South America) are drying up as those countries recognize their own needs and provide the right incentives for their people to support their local economies.

Consider the attributes of outsourceable jobs:

- They require no face-to-face customer contact.
- They have high information content.
- The work process must be telecommutable and internet enabled. As one component of outsourcing, many kinds of things that we once considered immune (libraries, for example) are now online. This is another form of outsourcing.
- There must be a high differential between the higher salaries in outsourcing country and the lower salaries in the destination countries when comparing similar occupations. Salary comparisons, no longer geographically limited, are based on buying power in the destination country.
- There must be low set-up barriers and there must be a low social networking requirement. Social interaction is now being developed in a very different fashion. This is not good or bad, but different. For example, as they increasingly tap into a 24/7 global social community, the day for many people just entering the workforce is not defined by a local 24-hour clock.

A significant number of jobs don't respond to outsourcing solutions. Nevertheless and certainly ironically, extensive outsourcing does place many U.S. domiciled jobs at risk. 2001 projections estimate at-risk U.S. jobs to exceed nine million in general office jobs, two million in business and financial support, three million corporate and mathematics professionals, and half-a-million legal and medical professionals. Thus, the workforce dilemma becomes even more complex. On the one hand, where will these displaced people work? On the other hand, who are we going to outsource to? What will be the effect on individuals, families, economies, societies, politics and businesses? Where the old question was *"Where will it be cheapest?"*, the new question is *"Where is the ability?"*

So a very current question looms: can Boomers retire if no one is available to fill their jobs? In addressing these critical workforce issues, Americans are challenged. Perhaps because of our sixty-year history of world leadership, we are embracing neither the changes nor their implication. The rest of the world is much farther along with controlling the outcome as well as the future of their countries. In contrast, many U.S. managers are marching their companies straight off a demographic cliff. If U.S. companies are to survive the current century, this must stop. They must build on a foundation of attracting ignored population segments and of understanding their unique characteristics to maximize their contributions.

Changing values of workforce segments

Generation X group (20-34 years old)

This is the generation that grew up on the internet and that lives in a time (2005) when 1.10 billion people are internet accessible, estimated to increase to nearly 1.5 billion in 2007. Their world is shaped by:

- a significant increase in parents' divorce rate
- a significant increase in parents' unemployment
- growth of the internet
- significant changes with regard to institutional values such as co-habitation, marriage, work-play balance and the role of government
- profound changes in expectations, desires and goals; an expectation that they will not, for the first time in recent history, be able to achieve their parents' life styles

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- willingness – even eagerness – to job-hop to discover goals and skills, seeing no value in life-long work channels

Generation X is a group to be learned from, not rejected.

Characteristic	Implications
Independent and libertarian	Value short-term loyalties and free agency. Career belongs to the individual, not the company. Expect to be treated individually. Demand flexible schedules, locations, work cultures. Accustomed to having significant latitude and responsibility. Value freedom for individual actions and decision-making. Want flexible and frequent feedback. Want to be heard.
Role-morphers	Apply rules as convenient and drop, or change, them when necessary. Expect work to fit with other life commitments. Value knowledge and skill over tenure or position. Pursue education, work and leisure concurrently rather than sequentially.
Tribal and network-centric	Enjoy close affiliations with chosen friends. Strongest affiliation is to friends and social communities. Reluctant to relocate. Accustomed to teamwork. Value the corporate community and having a mentor.
Input savvy	Have been bombarded by marketing messages their entire lives. Skilled at "bricolage," or piecing together information from multiple sources. The source is not as important as the outcome.
Technically proficient	Demand up-to-date technology. Manage their own information and communication. Relatively weak people and service skills.
Ethnically diverse	Comfortable with people from different ethnicities, economic levels, gender orientations and social statuses.

This younger generation carries significant attributes that, when recognized and incorporated into the operation, can lend major contributions. Typically they're quick learners, adaptable and creative, collaborative, independent thinkers, and tolerant of diversity. Keys to working with them include:

- Using consumer marketing techniques to capture their attention and gain their buy-in.
- Accelerating them. To maximize their contributions, get the most out of them quickly.
- Setting the stage for relationships. Create loyalty and community by listening, giving them significant stake and say, and by providing stimulation and teamwork.
- Setting the stage for departing employees to return by making their exit amicable and staying in touch.

Mid-Career group (35-54 years old)

Also called Baby Boomers, these are the children of causes and revolution who grew up during the assassination of idealistic leaders such as John F Kennedy and Martin Luther King, Jr.; the Vietnam War with extensive TV coverage and widespread protests; civil rights movements; Peace Corps; and Watergate. They entered the workplace with an expectation of changing the world.

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Characteristic	Implications
Idealistic	Cause oriented: interested in goals beyond self and family. Committed to ambitious often intangible visions for self and others. Career is viewed in terms of one's life-path. Always searching for organizational viewpoints. Newly reflective on their life's accomplishments.
Anti-authoritarian	Authoritarianism pushback. See government as a creator of obstacles, not a helpful provider of opportunities. Skeptical of positional leaders and management. Demand participative management. Value horizontal organizations.
Merit-centric and self-reliant	Value competency, productivity and individual recognition. Values include being true to one's self, not selling out, in control of life, inner peace. The beginning of the "me" generation.

Mid-careers are often very ambitious, flexible, productive and people oriented. On the other hand, they tend to distrust leadership; be self-absorbed; are often sandwiched between taking care of their kids as well as their parents; and may become increasingly disengaged. Since they are likely to be the numeric core of your workforce, how do you get them re-engaged?

- Identify and invest in a "high retention pool" that recognizes what it takes to attract and retain the Mid-Career group.
- Provide flexible work arrangements and focused benefits.
- Employ a variety of creative engagement technologies such as fresh assignments, career switches, mentoring and knowledge-sharing roles, fresh training and development, and refreshment programs such as sabbaticals. And when you are hiring, actively recruit mid-career re-entrants to capitalize on their experience, competency and altruism.

Mature Group (55 and over)

A key identifying characteristic of employees in this group is their confidence in what can happen through working together. Consider their music: big bands with a harmonious, orchestrated, team-generated sound. In their lives, they have experienced:

- a divided and then re-united Europe
- the first space flight and first manned space flight
- the successful resolution of the Cuban Missile Crisis
- significant increases in home and TV ownership
- a shift from more blue collar workers to more white collar workers

Characteristics	Implications
Trust authorities	Reared in a hierarchal world and have a preference for hierarchal organizations. Respect for positional leadership. Drawn to heroic figures.
Believe in government	Their world was shaped by government to whom they owe their success. Value affiliations. Are loyal to the organization.
Rule makers	Authors of structures and policies in today's organizations. Value stability. Are policy writers and believers.
Materialistic	Appreciate financial security. Fiscally conservative, motivated by financial rewards.

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Ethno-centric	Not accustomed to living and working with people outside their ethnic or cultural group. Unlikely to seek out unfamiliar people or diversity.
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Matures are generally the happiest workers and most open to new ideas especially when dispensed by respected authorities. However, they may resist the behavior changes necessary to accommodate the new ideas. Their strengths lie in their expressiveness, emotional maturity, loyalty to the institution and their happiness while at work. Weaknesses may be seen in their tie to current levels of material success and their growing tiredness with the pressures of responsibility and the pace of many traditional processes.

Pre-Old

Retire? Not me! At the more senior end of the Mature group is yet another, unofficial group called Pre-Old. These are healthy adults who have left child-bearing responsibilities and traditional employment positions behind. They see life and work as an unprecedented opportunity for satisfaction, learning and productivity. They are drawn to re-inventing themselves and giving back: to being entrepreneurial, charitable and flexible with great potential for rejuvenating the economy.

In many ways, the Pre-Olds buck traditional concepts of retirement with its "disappear, go away, withdraw" connotations in favor of an "engage, re-invent, invest your freedom" model characterized by down-shifting and career deceleration, but not by ceasing employment.



Also included in this group are workers who may not want to work longer, but who are continuing to work for economic reasons. Among these are many who saw their retirement investments skyrocket and then plummet in the 1990s. For the Pre-Old group, cyclical work gives new meaning to the concept of cutting back. Of those who still work, 12% are full-time, 39% are part-time, and 49% move back and forth between full-time employment and no employment. Because of their vast experience and knowledge, corporations would do well to court Pre-Olds by:

- considering these workers to fill skill gaps
- ferreting out and discarding the tacit age biases that favor the young in employment processes
This includes slicing out "young" verbiage in ads and modifying rigidly timed pre-employment tests.
- branding the organization as being older-worker friendly

Implications and challenges for employers

Let's add one more level of complexity to the workforce mix. Given the traits and needs of the demographic cohorts, what does it take to truly engage people at work? An engaged workforce is more likely to be committed, personally involved and productive. Human resources leaders can design a workplace to include elements that would "engage" workers across demographic and lifestyle cohorts.

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Some design elements – flexibility, project completion, career development or deceleration – have universal appeal. But other design elements need to be defined correctly to fit each individual. For the most part, current approaches are largely insufficient. Even managers who manage the Four Cs – content and structure, compensation, communication of key messages and connection – can be stymied when they fail to recognize six workforce segments that are found within every age group.

- Self-empowered Innovators are the most engaged. They provide legacy. They draw ideas and creativity from their own energy. The management challenge: clear away the obstacles.
- Accomplished Contributors are people who get energy from their contributions. They provide mastery. The management challenge: acknowledge what they do.
- Maverick Morphers can sabotage production as they avoid rules and responsibilities. They provide adventure. The management challenge: take advantage of their non-traditional way or terminate them.
- Fair and Square Traditionalists seek fairness, rules, time frames, constructive hierarchy. They provide completion. The management challenge: acknowledge their productive commitment and refrain from pigeon-holing or ignoring them.
- Stalled Survivors are capable but not confident. The management challenge: provide community and security, or help them switch careers.
- Demanding Miscontents, although smart, are tough to satisfy. They may be stalled in traditional jobs. The management challenge: recognize and take advantage of their niche smarts.

All things considered, we are seeing a significantly different workforce. People are leaving. Baby Boomer retirement is creating a brain-drain of competence, experiences and organizational knowledge. Labor and skill shortages are increasing the competition for talent.

The future carries with it limited worker availability in the form of skills imbalances with excesses and shortages; a global reach that includes off-shore and telecommuted positions; physically disbursed workplaces that require active communication methodologies; high diversity in every dimension; complex requirements in every area of work; and a blending and blurring of life/work interests. This pot of water is already hot and the frog already starting to cook. The challenge for management is to:

- recognize the skills gaps and plug them
- find ways to engage **Gen X** workers and reduce churn
- consider how to reduce burn out and brain-drain during **Mid-Life**
- eliminate age biases that repel members of the **Mature** group
- find ways to meet the demand for **Pre-Old** flexible work/life arrangements
- motivate and reward a driven workforce; i.e., engage with them.

Engagement is all about fit. The better the fit, the higher the level of engagement. Since poor employee engagement threatens productivity, job satisfaction and corporate longevity, the challenge for management at all levels of organization – especially for senior executives, human resources and front-line managers – is to consider what causes people to be engaged with their work. What causes employees to:

- be excited and enthused about their own part of the work?
- forget about time while at work because the work is so engrossing?
- contribute discretionary effort?
- identify with the task?
- think about work "questions" while they are outside of work hours?
- consider the work interesting enough to resist distractions?
- involve and engage others in their work (emotional contagion)?

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This is the workforce we want. To remain competitive in the future despite a constrained workforce, we need to tap into what it takes to attract and retain all age groups and workforce segments and to extract the essential contributions of each. As Harvard Business Review puts it, to overcome the demographic shift successful managers and organizations must:

- ***Create a culture that honors experience***
 - ***Offer flexible work***
 - ***Introduce flexible retirement***
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For further information on the demographics of an aging workforce, Executive Forum suggests:

http://www.concoursgroup.com/research/EEE_brochure.pdf

http://www.concoursgroup.com/publications/DD_MgmtSumm.pdf

www.perfectlaborstorm.com/facts

www.worforce.com

[It's Time to **Retire Retirement** \(HBSP\) dx.doi.org/10.1225/R0403C](http://dx.doi.org/10.1225/R0403C)

"*The Myth of GenX: Seven Great Lies About 20-Somethings*" Newsweek 6/06/94