TCii Strategic and Management Consultants

How to beat the people and skills famine

A Guest Article by Anita Weyland
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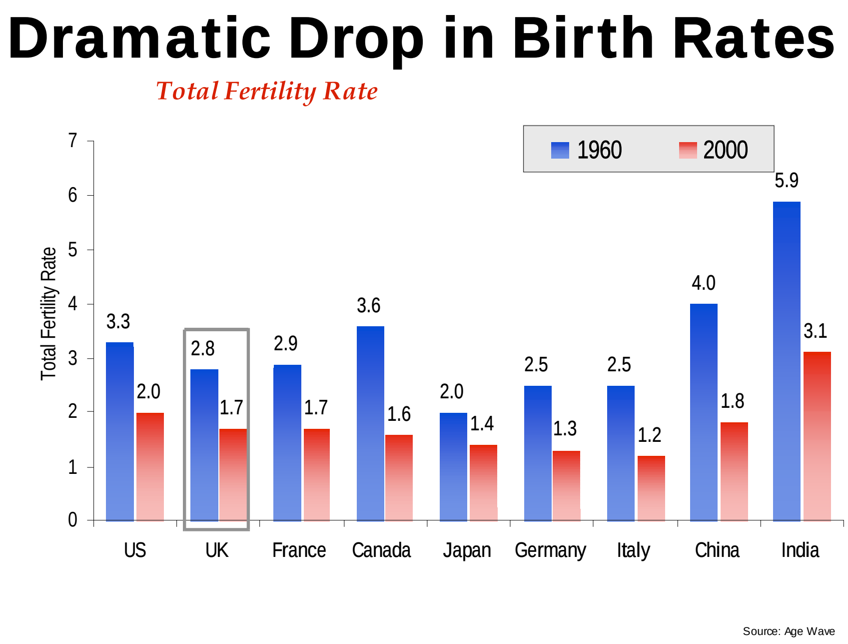
The age wave

Few would disagree that change is inevitable in the world of work. However, many of us fail to realise the impact and degree of change that the ageing workforce and the expectations of employees will have on organisations.

More than ten years ago, McKinsey & Company coined the term "the war for talent", naming a trend that many organisations had already been experiencing but which had not been fully articulated. The forces shaping that "war" had been gathering for some time before rapidly coming to blows.

Today we are in a very similar position, in that the ageing workforce could creep up on us with stealth, yet with increased impact. This, combined with a dramatic drop in birth rates since the baby boomer era (which ended in 1964), is resulting in the supply of employees reducing at a remarkable rate.



The statistics are clear. However, the consequences will creep up on many organisations – unless they take action now.

A changing population: the facts

- Over the next two decades the number of older workers (50-64 years) will increase by 25%, while the younger workers (20-29 years) will decrease by 20%.
- Life expectancy for both men and women has continued to rise. In 2002 in the UK, women who were aged 65 could expect to live to the age of 84, while men could expect to live to the age of 81. Projections suggest that life expectancies at these older ages will increase by a further three years or so by 2020.
- There is a dramatic drop in birth rates. Gone are the days of 2.4 children per family in the early 1970s and the high of 2.95 in 1964. It's now as little as 1.84 in the UK, and this pattern can be seen across the globe.
- In 2006 the first baby boomers (the bulky generation born between 1946 and 1964) turned 60, with an eye on retirement.
- By 2020 the EU will need a two-thirds increase in productivity.

What the population changes mean for companies

In order to fulfil their business demands, companies will have to do two things.

First, they will need to become more attractive to experienced, mature workers. Thankfully, there is a trend towards delaying retirement, but that's not the whole story. No company can survive on mature employees alone, particularly since business and technology are evolving at such a fast pace and older workers may have difficulty in keeping up.

Second, employers must make it a priority to focus on appealing to younger workers. We know that the working profile of young people nowadays is one of a portfolio career. That is to say, people tend to move from one job to another much more freely than their parents would have done. The idea of a job for life went out of vogue when their grandparents retired.

With fewer young people in the job market, what can be done to secure the future of business?

Eight ways to ride the age wave

1. Recruit the best person for the job. We're all used to the idea of selecting people to fit with the company profile. Take it to another level by focusing on the fit with the particular job you're recruiting for. There are selection assessments out there that profile the job itself and, through a psychometric test, establish a best match to the job. If you recruit using an interview only, there is just a 14% chance of selecting a high performer, whereas if you use other selection methods, including a job matching tool, you can increase the chances of success to 75%.

2. Put as much effort into matching people to new jobs from within the company, for example for internal transfers or promotions, as you would into hiring new recruits.

3. Once you get them – know them. Use coaching and 360s to identify those areas that could slow down contribution, and have management target these from day one.

4. Insure against future challenges. Use talent management and succession planning to map individual career paths that take people beyond the "three-year hump". One of the best ways to keep your stars is to know them and to use that knowledge to create the career of their dreams.

5. Young workers demand good management. Invest in your managers to ensure that they are not just carrying out the technical aspects of their roles but are also effectively managing their people. Use 360s and employee engagement surveys to take the pulse of the employee/manager relationship.

6. Provide flexible work schedules that can be adapted to the needs of the individual. In today's workplace, flexibility rules. People will migrate to a company whose benefit packages and policies help them to meet the demands of their lives. This will also provide flexibility for older workers who may want a gradual slowdown to retirement.

7. Invest in developing your talent. For many high performers, learning new skills and advancing their career is just as important as the money they make. Ensure that these people have comprehensive development plans and that these plans are implemented. Pay good salaries and ensure that the benefits you offer are flexible and competitive.

8. Take the modern approach. Instigate a Corporate Social Responsibility (CSR) policy that involves all staff and communicate the results. The physical environment and the treatment of people all over the world is growing in importance, not just to governments but to all people, and employees are increasingly looking to their companies to make their contribution.

Act now or pay later

With the predicted increase in productivity demands in the EU over the next 12 years, companies must get their act together now or suffer the consequences later.

Adapting employee relations to capitalise on the ageing population, while delivering an appealing and demanding environment for the fewer, younger, workers, could make the difference between success and failure.

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If you would like more information on any of the points covered in this Guest Article, please contact **TCii** on **020 7099 2621**.