

Confronting the Skills & Talent Shortage

(Adapted by Mark Purbrick from the white paper by John Bradford and Scott Hamilton, Ph.D.)

The Workforce is changing in age, distribution, ethnic makeup, background, lifestyle and motivation. The “employment deal” is also changing, no longer is it an exchange of loyalty for security but instead it has developed into a multi-faceted give-and-take between employee and employer.

With our low unemployment rates, continued slowing of workforce growth and the imminent Baby Boomer retirement wave, if any manager thinks that the current skills shortage is as bad as it is going to get, then think again. The fight to recruit and retain talent has only just begun.

To thrive, or even survive, amid these changes, employers must accommodate the unprecedented diverse variety of employees in today’s workforce. Employee engagement is emerging as a significant differentiator between just meeting your bottom-line goals and achieving significant breakthrough performance.

Because of the changing workforce dynamics, Age Wave, The Concours Group, Harris Interactive and Profiles International joined to conduct a study to better understand the workforce of the 21st century. One key finding from the study found that more than 50% of the workforce reported being disengaged or highly disengaged in their current job.

Employers will need to add new measures to the performance dashboard if they are going to anticipate and proactively overcome the challenges presented by this workforce crisis. Employers will need more sophisticated and detailed information to understand both present and potential employees.

If you don’t believe that this is an issue that will impact you, here is a quick check:

1. Do you anticipate a productivity issue if your organisation cannot get the workers needed or if young workers are continually leaving?
2. Are you noticing an increase in style clashes between managers and their direct reports or even between your management team members?
3. Are you facing a loss of critical knowledge when those (who truly understand your business, your customers and your organisation) leave within a short timeframe?
4. Are you facing the challenge of losing your top executives and/or performers to retirement?
5. Do you anticipate a tremendous brain drain on your institutional memory due to retirement and potential departure of your super contributors?
6. Do you know what action you can take to prevent the poaching of your top executives and super performers by competitors and other companies who could benefit from your institutional knowledge?
7. Do you have a workforce strategy in place to meet the challenges of the impending workforce crisis?

If you answered yes to any of these questions, then read on; the information in this review will enhance your ability to survive and thrive during this challenging period.

The Workforce Crisis

A common myth about the impending workforce crisis is that the issue is about an anticipated talent shortage.

The issue is much larger than one could imagine!

Australia and the United States have never had such a large proportion of older workers in the workforce or, for that matter, a generation as large as the baby boomers preparing to retire. The growth rate of the labour force has never dropped and stayed so low and we have never before relied so heavily on intellectual rather than physical labour. Business owners cannot anticipate the compounding effects that will take place when these trends collide. There is a concept known as the “Perfect Storm” in which critical weather fronts come together to create a storm of catastrophic proportion. The collision of these three factors will in fact create a “Perfect Storm” that could create waves so large the challenges of the millennium bug and the impact 9/11, Enron and HIH had on business could look like only a squall on an otherwise gentle sea.

The demographic composition of the workforce has become more diverse than ever before, not just in age but in gender, ethnicity, country of origin, level of education, family status, personal ambition, wealth needed for retirement and corporate loyalty. Put these forces together and tomorrow’s labour market will be characterised by more than slow growth and shortages. Will you be ready for when your employees think and act quite differently than their parents, grandparents and previous generations?

So what does this impending workforce crisis mean to you and your business?

If we break the crisis down to its simplest elements, there is a supply and demand problem. As a leader you must have a ready supply of skills and talent to implement and sustain the execution of your business strategy and achieve your performance goals. The issue will not just be about achieving business goals; it is much broader with even greater implications to your business.

Do you have aggressive plans for growth?

You may have the people and leaders to achieve today’s goal but will you have the people and leaders to take advantage of the economic boom that is before us?

In the past you had the ability to contract or expand your workforce based on business conditions because you knew there would always be a labour pool in your marketplace. The combination of the baby-boomers’ rush to retirement, coupled with the reduced birth rate, has led to fewer and fewer people entering the labour market. The result is a labour pool that is shrinking rapidly.

There is serious doubt whether ready-made, already qualified, locally available candidates will form a large enough labour pool to meet a company’s needs. Therefore, for most businesses, they will have to change their thinking about how they manage their workforce and will have to anticipate labour and skill requirements in the terms of longer term trends. Some of the first tactics you need to take are the retention of key employees, increase the level of engagement of existing employees, changing how you select new employees, changing your approach for developing new hires and tapping new sources of labour and skills.

You may be thinking, “I’ve read enough, this is one more problem on my plate I have to solve.”

The reason that Age Wave, The Concours Group, Harris Interactive and Profiles International joined forces to conduct this study about the workforce of the 21st century was not just to cry out:

“DANGER AHEAD, CRISIS ON THE HORIZON”

Because of the breadth of the study, practices and actions of progressive companies were identified, tools have been created and processes pioneered that can help you survive and thrive during these periods of turmoil and lack of people resources.

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The importance of identifying a workforce strategy to allow your organisation to take actions at the organisational, leadership and employment levels, to weather the workforce crisis, has never been so critical.

If you would like to know more about these tools and processes that will help you confront the skills and talent shortage, please contact your Profiles International representative.

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