

Thriving in the Looming Labour Shortage

by Tod Maffin

We know this much. Your employees are poised to become the power-broker of the next decade. By 2006, two people will be leaving their job for every one person coming in. By 2008, most experts believe that continent-wide we will have a shortfall of more than 10 million employees.

But forget those aggregate numbers. Think about your own firm. That's real people leaving real jobs wide open that you will need to fill.

When that happens you get two very large shifts in the power balance:

1. EVAPORATION OF EMPLOYEE LOYALTY

There is only one generation left alive where they would stick with a job their entire careers and end up with the nice pension and gold watch. Those people are the baby boomers and they're leaving the workforce in about five years.

One report issued in the U.K. last year, called "Itchy Feet" found that a third of employees there start looking for another job as soon as they start a new one. Seven out of 10 workers are always, actively seeking a new opportunity. In the U.S. after the country fell into its last recession in 2001, a third of workers planned to leave their employers soon. Only a quarter of employees planned to stay for at least two years.

This is why more and more companies are ramping up their benefits packages. Google, for instance, has on-site dental, medical, at-your-desk dry cleaning pickup, two weeks of delivered meals for new moms, and more.

Yes, you'll be paying people a salary in the future, yes, but the real currency – the thing that will make people stick around, are your benefits. Because it won't be enough to just pay medical.

2. MASS, SUDDEN PROMOTIONS

In medium- to large-sized companies, the average age of middle and senior management is late 40s and early 50s. In a few years, those people are going to start retiring en masse. The people in those positions spent 30 years building that knowledge, gaining those contacts, and developing your company's institutional memory.

The people who will move into those positions have about four or five years to get up to speed. And yet shockingly few companies have any sort of succession plan or mentorship process.

This sudden acceleration of some of your people means you need to do two things.

1. **Identify the keeners.** If you're in a senior role and plan to retire soon, who'll be taking your place? You need to start a succession plan now. It involves aspects of one-on-one mentorship, perhaps training, perhaps job shadowing, perhaps leadership weekends – it'll vary from company to company.
2. **Transfer the knowledge.** And I don't just mean the phone numbers of major accounts, I mean the personalities behind the accounts. What brand scotch the client needs to make his annual buy. What school her kids go to. That information

is largely in the heads of your senior sales people. You'll need to develop a compensation structure to convince them to share that information.

WHAT TO EXPECT

You will have to transition people en masse from tactical roles to strategic roles. That is not an easy transition for many people. Many will sink; a few will swim and you will only know that through time.

You will have to hire more young people. So get over your hang-ups about people not having the right academic initials after their name – believe me, in five years, as long as those initials aren't DOA, you'll be competing for their talent. And you'll undergo a culture change because with younger staff comes a change in the way work happens:

- More teams, less individual structures like regions and accounts
- Constant peer review, not supervisors and annual goal reviews
- Memos by instant messenger and conferences by web

If this is the first time you've heard of these things, you've got some homework ahead of you. Because it is you that will have to change, not them. This is the way they're being taught today -- it's the only thing they know.

But as long as you're willing to embrace this inevitable future and start now, you can thrive while your competitors struggle in the looming labour shortage.

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