

/TREND/

## Mind the (Talent) Gap

### Are you ready for the coming labor shortage?

By Eva Kaplan-Leiserson

BY NOW, you should've heard the cries of the messengers: A potentially crippling talent shortage is on the horizon. For some industries and job functions, it's already here.

This column previously covered the issue in 2002 (December) and 2004 (February and September). This month we offer some additional predictions and provide recommendations on how to prepare.

According to Deloitte Consulting, which calls the coming talent crisis "a global, cross-industry threat," skills and experience will begin to disappear from the job market as soon as 2008. The Future of Work organization says that by 2010, there'll be a shortfall of about 10 million U.S. knowledge workers.

The drivers in the United States may be familiar by now: an aging workforce; lower birthrates; high turnover spurred by the recovering economy; an increase in high-skill jobs; and, Future of Work says, an emergent workforce that doesn't have the same "career at any cost" mentality as older generations. (See "The Changing Workforce," February 2005 T+D.) In Europe, Deloitte says, the trend is being driven by low birth and immigration rates. In China, the single child policy is contributing.

Some industries will be hit harder than others, says Deloitte in its research study "It's 2008: Do You Know Where Your Talent Is?" Around the world, health care, manufacturing, energy, and the public sector will "suffer a mass exodus of employees."

To avert the coming crisis, organiza-

tions must see the issue as twofold. First, they must address retention, generating strategies to keep current workers, and then they must examine recruitment, finding new sources for incoming talent.

#### Retention

In a survey by retention specialist TalentKeepers, keeping key workers was cited by executives as the number 1 factor critical to their companies' success.

Turnover has remained the same or increased in U.S. organizations despite the slow economy of the past two years, reports TalentKeepers, and it's predicted to continue rising. Direct and indirect consequences, the company notes, include increased costs for training and recruitment; lost organizational knowledge; and decreased employee morale, which can reduce employee engagement, company productivity, and, ultimately, shareholder value.

In its Employee Turnover Trends report, TalentKeepers calls the coming labor crisis an "unavoidable demographic time bomb." So what does the organization recommend? TalentKeepers says it's too hard for companies to compete with others on pay and benefits. Instead, part of the accountability for retention must be shifted to leaders. An employee's relationship with his or her supervisor is a primary factor in turnover, yet only a quarter of leaders are measured on or held responsible for their staff's retention.

TalentKeepers suggests training frontline leaders in retention skills that

can help them "build trust, treat people fairly, monitor turnover," and so forth. Employees should be involved and treated "as part of the solution, not just recipients of programs."

Deloitte Consulting's Bill Chafetz also encourages organizations to look beyond pay and benefits. He says companies must focus "on what matters most to employees: their personal development or growth, their need to be deployed in engaging work, and their desire to be connected to others in the organization." In "It's 2008," Deloitte profiles companies that are focusing on those factors to ensure that "attraction and retention largely take care of themselves."

#### Recruitment

Despite retention strategies, some workers will still leave. So where can employers find the new workers who will be needed? In "Closing the Talent Gap," Future of Work's Charlie Grantham and Jim Ware list four possible sources in the United States, predicting the percentage of the U.S. shortfall each source will supply.

**Hidden talent pools.** Ten percent—one million workers—will come from ex-urban and rural areas where people have moved for quality of life reasons. The way to reach those workers is to create a network of "third places" that "bring the amenities and value of corporate offices to small businesses on a cost-effective, shared basis."

**Delayed retirements.** Forty percent—four million people—will be older employees who work beyond traditional retirement ages. An added bonus: The valuable wisdom of those older workers stays within the organization longer. But companies still need to implement

knowledge retention plans for when those workers do eventually retire, Grantham and Ware say.

**Outsourcing and offshoring.** Twenty percent—two million workers—will come from other companies or countries. Future of Work believes that a fundamental shift in the economy is focusing businesses on what they do best, giving the rest to specialty subcontractors. (See “On Offshoring,” October 2004 T+D.)

**Retraining and upgrading.** Thirty percent—three million workers—will come out of programs that retrain people and upgrade their skills, even though U.S. federal and state budgets are cutting funds for those initiatives. Grantham and Ware say the private sector will fill the gap—for example, IBM recently announced a US\$25 million retraining program for business partners.

**GO TO/RE:SEARCH**, page 18, for more on development and retention.

#### More

- Deloitte: [www.deloitte.com/dtt/research/0,1015,sid%3D57843%26cid%3D71444,00.html](http://www.deloitte.com/dtt/research/0,1015,sid%3D57843%26cid%3D71444,00.html)
- TalentKeepers: [www.talentkeepers-services.com/talentkeepers/index.asp](http://www.talentkeepers-services.com/talentkeepers/index.asp)
- Future of Work: [www.thefutureofwork.net/assets/February\\_2005\\_Newsletter.pdf](http://www.thefutureofwork.net/assets/February_2005_Newsletter.pdf) and [www.thefutureofwork.net](http://www.thefutureofwork.net)

#### Additional Resources

- “The Aging Workforce: A Strategic Approach to Determining the Impact on Your Organization”: [www.workplaceoptions.com/whitepapers/agingworkforce.pdf](http://www.workplaceoptions.com/whitepapers/agingworkforce.pdf)
- “Talent Management: The Special Challenges of Small and Medium-Sized Enterprises”: [www.humancapitalinstitute.org/hci/research\\_papers.guid?\\_symbol=TALENT\\_MANAGEMENT\\_SME](http://www.humancapitalinstitute.org/hci/research_papers.guid?_symbol=TALENT_MANAGEMENT_SME)
- Retention links: [www.retentionconnection.com/view\\_articles\\_retention.php](http://www.retentionconnection.com/view_articles_retention.php)

## By the Numbers

- **63** percent of respondents to an Accenture study said that their inability to attract and retain the best talent was a threat to their companies' success.
- **72** percent of companies surveyed by Deloitte Consulting said they are concerned that the inadequate skills of incoming workers will negatively affect their bottom line.
- The U.S. Department of Education estimates that **60** percent of all new jobs in the 21st century will require skills that only **20** percent of the current workforce has.
- The typical U.S. company spends almost **50** times more to recruit a **\$100,000** worker than it will invest in his annual training after he joins the company.

Sources/Accenture, Deloitte Consulting

## The Real Reasons People Quit Their Jobs

Forget a bad boss, low pay, or lack of advancement opportunities. The Creative Group, a specialized staffing service, surveyed advertising and marketing executives and found that employees gave these reasons for leaving:

- didn't like the smell of the office
- couldn't get up in the morning
- was making too much money and felt he wasn't worth it
- wanted to sunbathe on a beach in Europe
- wanted to join the circus
- had to join the Witness Protection Program.

### /SURVEY SAYS/

## Managers Rank Training Priorities

ARE YOU providing the training managers want? A recent survey by HR Solutions, an international consulting firm, asked managers to rank eight training categories by importance. The results, from most to least important:

1. teamwork effectiveness
2. communication
3. problem solving and decision making
4. coaching and counseling
5. basic supervising
6. administering organization policies
7. conducting employee performance reviews
8. stress management.

Kevin Sheridan, president and CEO of HR Solutions, says that many training budgets could be “seriously out of alignment with managers' preferences” for basic training and development and based on theory rather than actual need.

He advises companies to become more formalized about gathering management feedback, perhaps through a management survey, so that training funds aren't wasted.

**MORE**/[www.emediawire.com/releases/2005/1/emw201667.htm](http://www.emediawire.com/releases/2005/1/emw201667.htm)

## /HOW TO/

### Make a Positive First Impression

When you watch television or listen to the radio, how long is it before you decide whether you like the programming? Seconds, perhaps? That's exactly how long you have before others form an impression of you.

First impressions are crucial because they set the stage for future conversations, relationships, and business. Face-to-face communication matters, but so do all of the other ways we send messages about ourselves. Consider what your cell phone ring, voicemail message, or posture says about you.

When it comes to your image, be proactive. Determine how you want to be perceived rather than wait to be labeled. Choose three descriptive words you'd like others to associate with your name, and then consciously behave and speak in ways that support those descriptions. Here are 10 more success tips from *Positive First Impressions: 83 Ways to Establish Confidence, Competence, and Trust*.

**Share what you can do, not what you can't.** Whatever you focus on expands, so by emphasizing your strengths, they'll grow and you'll be associated with success.

**Be consistent.** Building trust requires predictable, consistent behavior. Act professionally whether you're in the office, elevator, or break room. Someone is always watching.

**Choose friends wisely.** You're linked with the company you keep. If you spend time

with people who are known for negative characteristics like gossiping, you'll be found guilty by association.

**Eliminate "try" from your vocabulary.** It's a verbal escape clause that communicates lack of commitment. Instead of trying to do your best, just do it.

**Speak at a rate of approximately 150 words per minute.** Slow talkers are seen as boring and fast talkers are often perceived as dishonest. (Figure out your rate by timing yourself as you read 150 words of an article out loud.)

**Drop tag questions.** Ending sentences with "okay?" weakens your message by making you sound unsure.

**Smile when talking on the phone just as you would in person.** It adds warmth to your voice that radiates through the line.

**Update your voicemail message daily.** Personalizing your message with the date tells callers you're dependable. Remember to smile!

**Maintain an appropriate personal space.** Between 18 inches and four feet is appropriate for business relationships.

**Wear name badges high on your right shoulder.** That makes them easy for others to read, especially when shaking hands. Avoid placing them low on your chest or on your belt loop.

**Susan Fee** is a licensed counselor, executive coach, and speaker. *Positive First Impressions: 83 Ways to Communicate Confidence, Com-*

## /COOL TOOL/



Photo: Boom Bags

### Luggage That Works as Hard as You Do

YOU DO IT ALL. Now your luggage can too. Boom Bags offers two traveling bags that can multitask with the best of them.

The Office on Wheels bag features a built-in speaker system with an amplifier, subwoofer, and cables. You can plug a microphone directly into it for stereo sound or connect your laptop, DVD-player, or MP3-player. The bag is roomy enough for a projector or overnight clothes, and a removable laptop briefcase provides space for a cell phone, PDA, DVDs, headphones, and files.

A larger Rolling Suiter bag offers the same audio features and adds a removable trifold garment bag.

[MORE/www.boombags.com](http://www.boombags.com)

### Smart Links

George Siemens, publisher of the popular elearnspace Website, released his "Connectivism: A Learning Theory for the Digital Age" article in December 2004. It was a runaway hit. Now he's followed it up with a Connectivism Website, including a Weblog, discussion forums, biweekly newsletter, and more.

[MORE/www.connectivism.ca](http://www.connectivism.ca)

[MORE/www.elearnspace.org/Articles/connectivism.htm](http://www.elearnspace.org/Articles/connectivism.htm)

**/RESOURCE/**

## Knowledge at Your Fingertips?

MAKE THE VAST HOLDINGS of at least five libraries, including those at Harvard and Oxford universities, available to anyone with an Internet connection. That's Google's daunting plan.

The project of digitizing millions of books is already underway at the world's largest search engine company. But the Google Print program, designed to grant free and universal access to information online, is "a big project which we expect will take years," a Google spokesperson told T+D.

The project will offer the full text of books with expired copyrights, but only excerpts will be available for protected publications—similar to search results



on Amazon.com.

Google says that the program will "increase the visibility of in- and out-of-print books and generate book sales via 'Buy this Book' links and ads."

While the company won't reveal how many books are currently available to Web users or how long the entire process will take, the University of Michigan has reportedly given the company permission to include all of its library's 7.4 million volumes. That's in addition to the

books pledged from the New York Public Library and Stanford University.

What does the hubbub mean for Web users? The answer is in the wording. A search for "books on training evaluation" yielded only three results, none of which was Donald Kirkpatrick's well-known *Evaluating Training Programs*. (Be sure to use the preface "books on" or you'll only get Websites.) By changing the wording a bit ("books on evaluating training"), however, Kirkpatrick's book was among the three hits.

So, unless you don't mind multiple searches with only a few results, your local library may still be the best resource for now.

—Josephine Rossi

[MORE/www.print.google.com](http://www.print.google.com)

**/NEWS FLASH/**

## Corporations Go Yogi

WALK INTO OFFICE BUILDINGS these days and you might see workers with yoga mats tucked under their arms. Company-sponsored yoga and meditation classes are materializing everywhere—from the local gym to the corporate boardroom. Business publications such as *The Wall Street Journal*, *Harvard Business Review*, and *Business Week* have recently published articles on the benefits of those practices.

What's all the hype about? It's the elusive win-win situation. Yoga and meditation are good not only for the person but also for the company. And an impressive list of executives are embracing the idea—including Pacific Investment's CIO Bill Gross, Aetna's chairman Michael Stephen, and Medtronic's former CEO Bill George. In *Business Week's* August 2004 article, George comments, "Out of anything, [meditation] has had the greatest

impact on my career."

Yoga and meditation are finding their way into the corporate world primarily because of two factors: stress and rising health-care costs. Studies show that stressed-out employees cost companies billions of dollars a year in health care, not to mention the high price of absenteeism and poor performance. Tally in the cost of losing top executives to illness and you've got quite a bill. The bottom line is that we have to devise new ways to deal with our stress—or suffer the consequences.

Enter the corporate yogi. "Yoga and meditation can help fortify us physically and psychically to better cope with stressors and dramatically increase vitality and resilience," says Gregory Florez, founder and CEO of First Fitness, an industry leader in corporate health coaching services. "There is also evi-

dence that yoga improves concentration, cognitive thinking, even helps harried workers sleep better."

You might say that the body's reaction to stress is a little outdated. Our system is designed for powerful chemicals to be released when we are threatened, temporarily beefing up strength and endurance. Ideally, when the emergency is over, the chemical tap is turned off. Unfortunately, modern threats are not so quickly overcome. A recent Harvard Medical School study found that chronically stressed people had significantly increased risks for a multitude of illnesses, including heart disease.

Yoga and meditation have been found effective not only for reducing stress but also for treating illness. A University of Zurich study monitoring patients at risk of a second heart attack discovered a 70 percent reduction in risk for those who practiced yoga and meditation. Those findings imply a significant savings not only in corporate health care, but also in lost productivity, absenteeism, and the newest corporate epidemic: presen-



teism.

Eric Schwartz, CEO of Cambridge Investment Research, believes that meditation has not only reduced his top executives' stress levels and increased their health, but also has helped them to open their minds, think out of the box, and see potential problems as opportunities. Schwartz credits his own meditation practice for helping him grow his business from US\$500,000 a year in 1992 to over \$50 million today.

You don't have to devote your life to the study to reap the benefits of yoga or meditation. Some corporations offer classes at lunchtime or after hours, while others enlist the help of fitness advisors, like Gregory Florez, to design programs that can be practiced in as little as five minutes. "[In] just a few minutes, you can learn to reduce your stress, clear your mind, and improve your performance throughout the day," says Florez.

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Yoga and meditation classes can be economical for companies to provide. Patty Purpur-Gash, president of Time-Out Services, which runs corporate fitness programs for Cisco Systems and Google, says in the *Silicon Valley Business Journal*, "[Yoga] costs the employer little to provide compared to the weights, treadmills, pools, and other expenses of a fitness center."

In moderation, stress can be positive. The adrenaline and hormones released give us the shot of energy necessary to make a deadline or discover solutions. Unchecked, however, stress can inter-

fere seriously with our quality of life and work. In those cases, a corporate yoga or meditation program might be just what the doctor ordered.

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## Ten Tips for Implementing a Corporate Yoga or Meditation Program

**Gain buy-in, step one.** It's important to have the support of company leadership in order for the program to work. Present management with the most-current research, perhaps the same information that persuaded you.

**Gain buy-in, step two.** Take an internal survey and determine how many employees are interested in the program. Generally attendance starts out low, but then grows rapidly.

**Elect a coordinator.** If not you, then someone else who can manage the details and has an interest in seeing this type of program succeed.

**Market.** Hold an informal meeting to discuss the benefits of the program (to individuals and to the company), expectations, and other logistical details. The meeting should be voluntary but you can encourage attendance.

**Gather physician input.** Ensure that employees with any health issues clear their attendance with a doctor.

**Find a location.** An empty conference room is ideal, but if that's not an option, sometimes a cafeteria or employee break room will do.

If those aren't available, workers can just toss their mats beside their desks.

**Consider a gym.** You might choose to provide yoga class passes from a local gym. If you do, make sure you select a gym close to the office so employees don't generate even more stress fighting traffic.

**Offer incentives.** The program will benefit the company as well as the individual. Provide fun incentives to participate.

**Find an instructor.** Interview instructors as you would any other employee. Look for someone who fits your culture and knows how to work with diverse physical types.

**Think about engaging a fitness consultant.** Many of them have yoga and meditation expertise, and they can help with everything from finding the right instructor to custom designing programs.

—DW

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Lead overset

How to overset

*petence, and Trust* is available through her Website, [www.susanfee.com](http://www.susanfee.com).

exec team overset