

# Executive Summary

## Anticipating Demographic Trends Impacting the Workforce

by E. Lander Medlin

Changing demographics are significant forces impacting educational institutions.

As stated in the 2006 CHEMA Futures Report, we can either view these forces as dark clouds on the horizon or as agents of change that will enable us to reinvent ourselves in positive ways.

Therefore, it is essential for us to increase our understanding of the demographic trends, their expected impact on the composition of the workforce, and their implications for workforce management. This knowledge will enhance our ability to shape the future and to make the changes needed to support that future. As computer pioneer Alan Kay so aptly advised, "The best way to predict the future is to invent it." So what are the demographic trends?

- 76 million people—"The Baby Boom"—comprise the boomer generation. Nearly one-third of all Americans were born between 1946 and 1964.
- 77 years of age—"The Longevity Boom"—the average life expectancy today (up from 47 in the early 1900's).
- 2 children per woman—"The Birth Dearth"—the average number of children per woman today, down from 3.7 in the mid-1950's.

These three factors drive the "age wave" or the unprecedented, unfathomable shift in the age distribution of the population. Yet, as publicized and well-known as this phenomenon is, few organizations are actively preparing for this workforce transformation.

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Although demographic and economic projections reflect a shortage in the *supply* of workers, this impending labor shortage will also involve a shortage of *skills*. Some additional statistics reinforce this notion:

- 80 percent of the impending labor shortage will involve skills, not the numbers of workers potentially available.
- 85 percent of the jobs in the United States alone are now classified as skilled, requiring education beyond high school, according to a 2003 report issued by the American Council of Education.
- 25 percent of all workers will be in professional occupations by 2010.

In his book *Workforce Crisis*, Ken Dychtwald wrote, "Education—not just the number of workers but what they can actually do—factors heavily in almost every new job created. The technological demands of even 'unskilled' entry-level jobs are increasing and professional and technical fields are already experiencing labor shortages. . . occupations that demand extensive education, ongoing training,

independent thinking, and decisive action." The numbers tell the story:

- The United States ranks seventh among industrialized nations in college graduation rates.
- American universities produce 500,000 science and engineering graduates, versus 1.2 million from Asian universities and 850,000 in Europe.
- In 2012, the workforce will require 18 million new college degree holders. Given current graduation rates, we are currently 6 million short.

In a global economy dependent upon a skilled, creative, and innovative workforce, these trends threaten global competitiveness. Equally significant at the local or organizational level, this "education deficit" could negatively affect our ability to recruit and retain the skilled, educated staff we need to operate our facilities effectively and successfully.

Workforce participation rates will also affect the labor pool. As the data suggests, we have too few young workers to replace the labor, skills, and talent of the boomer retirees. And, since overall participation rates for men and women alike have basically leveled off for the foreseeable future, the room for potential growth exists among older workers. In essence, we need to find ways to delay full or wholesale retirement of older workers from the workforce. Therefore, not only must we find mutually beneficial ways to engage both young and mid-career professionals, we must explore mutually beneficial ways to retain older/mature workers.

The higher education workplace is not immune to the effects of these trends. We need to look at these

changes in workforce composition quite differently and seek to address our management policies and practices in more adaptable and flexible ways.

In examining our workforce, three categories of workers emerge—mature workers, mid-career workers, and young workers—each requiring different strategies for successful intervention, retention and/or recruitment. For example:

- By retaining **mature workers** longer, we can fill the skills gaps with a rich supply of talent and experience, imagination and drive. This requires modifying human resources policies and practices in regards to hiring and retiring, adjusting roles and schedules, and rethinking retirement/pension and benefits arrangements. A meaningful work experience with these considerations will help retain these valuable employees

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and curb the brain drain of their skills and experiences.

- **Mid-career workers** want the security of a solid benefits package given their family responsibilities. However, these individuals also highly value an enjoyable workplace where they can be passionate about their jobs and energized by their work. This translates to targeted technical and managerial training and accelerated leadership development opportunities and programs (such as APPA's Supervisor's Toolkit, Institute for Facilities Management, and Leadership Academy programs, as well as the two certification/credentials presently in development). Also, focus on flexible

schedules, fresh assignments, experience-sharing roles, sabbaticals, and extended vacation time can go a long way to rekindle the productive engagement and commitment of these employees.

- **Young workers** (age 35 and under) presently turnover faster than their cohorts averaging less than three years. The competition for these skilled, educated workers is intensifying. Retention strategies must focus on greater freedom, flexibility, and independence, as well as increased responsibility and decision-making very early on in their careers. Opportunities for growth and development are essential. APPA's new entry-level credential—Educational Facilities

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Professional (EFP)—will be a great addition to the facility professional's toolkit. Incorporating these young workers into the organization rapidly and effectively will ignite the passion of their spirit and fuel their innovative ideas.

Clearly, greater attention must be paid to customizing the employer-employee relationship contract. Three areas of opportunity emerge—flexible work arrangements, flexible learning, and flexible compensation and benefits.

- **Flexible work arrangements:** Customized work schedules, location, and formats to increase productivity and loyalty.
- **Flexible learning:** Emphasis on life-long learning, growth, and development for all employees, while using learning experiences to bring the team together.

**In examining our workforce, three categories of workers emerge—mature workers, mid-career workers, and young workers—each requiring different strategies for successful intervention, retention and/or recruitment.**

- **Flexible compensation and benefits:** Promote better work/life balance and ensure clarity with respect to the larger performance management system.

I liken this situation to the parable of the boiling frog. The frog that jumps in hot water quickly jumps out

recognizing the immediate sense of urgency and danger. Whereas the frog that jumps in soothing cool water is lulled into complacency as the slow but steady rise in temperature finally reaches its boiling point. When we are faced with gradual change, we often do not recognize the urgency to respond. Will we remain complacent to what is occurring slowly around us or seize the day with a sense of urgency and respond accordingly?

The worst thing we can do is do nothing. Yet, taking action will require imagination, courage, and hard work, facilitated by explicit, sustained, and informed leadership. The final pay off for your time and effort will be tangible and long-term, and ultimately be part of your legacy to your institution. 🦵

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