

# Workforce Trends, Talent Management Outlook

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# Today...the tangibles

<b>US Unemployment Rate*</b>	<b>9.6 %</b>
Washington	8.9%
Oregon	10.6%
California	12.3%
Alaska	7.7%

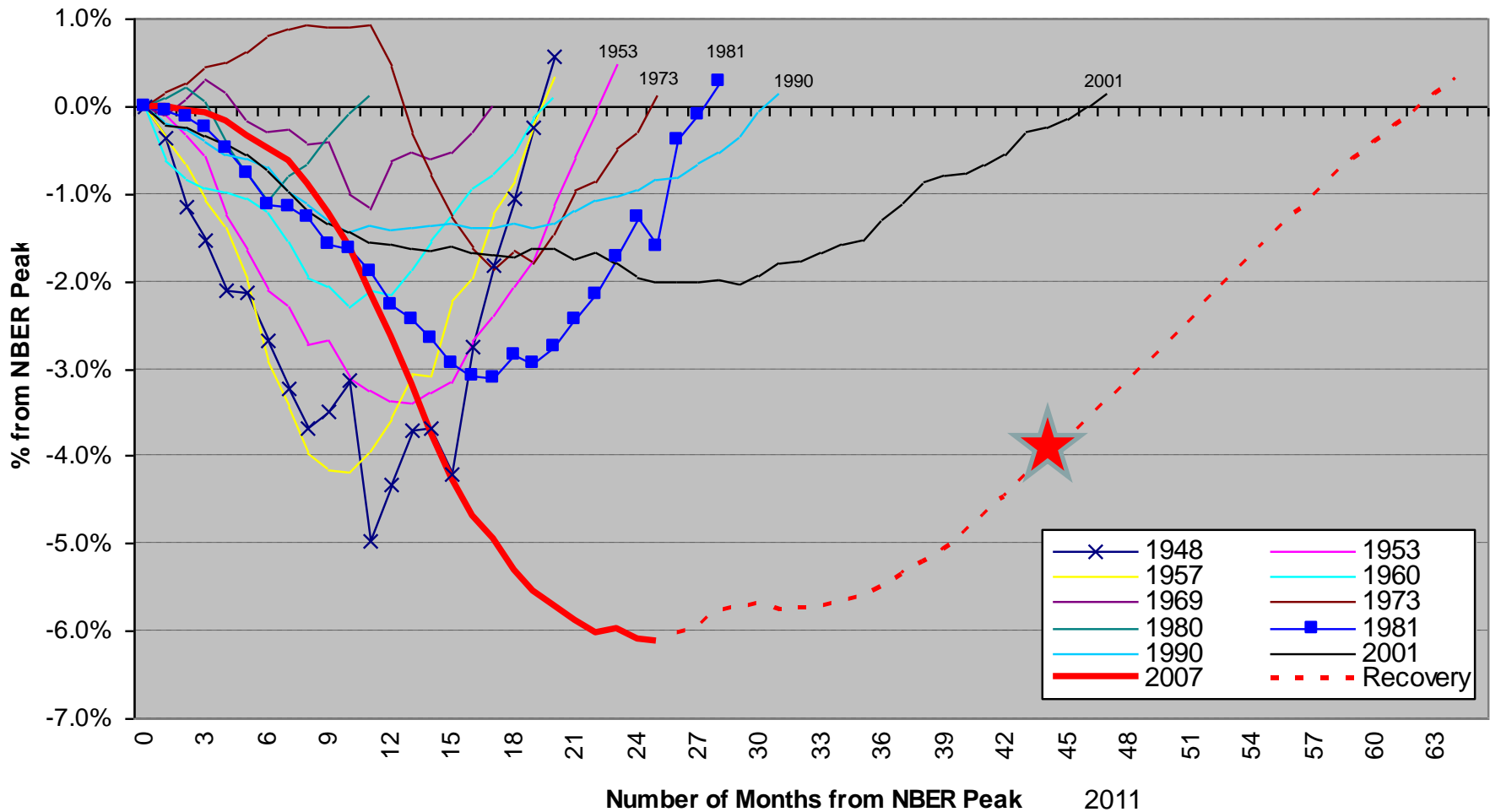


- The economic recovery has begun, but is forecasted to take several years (2014 or later) to return to pre-recession levels
- Unemployment will remain +/- 9% range through at least 2011-12
- Gains in new jobs will be offset by short term population growth, followed by labor shortages
- Recession created lull in global talent war
- Retirees are delaying decisions

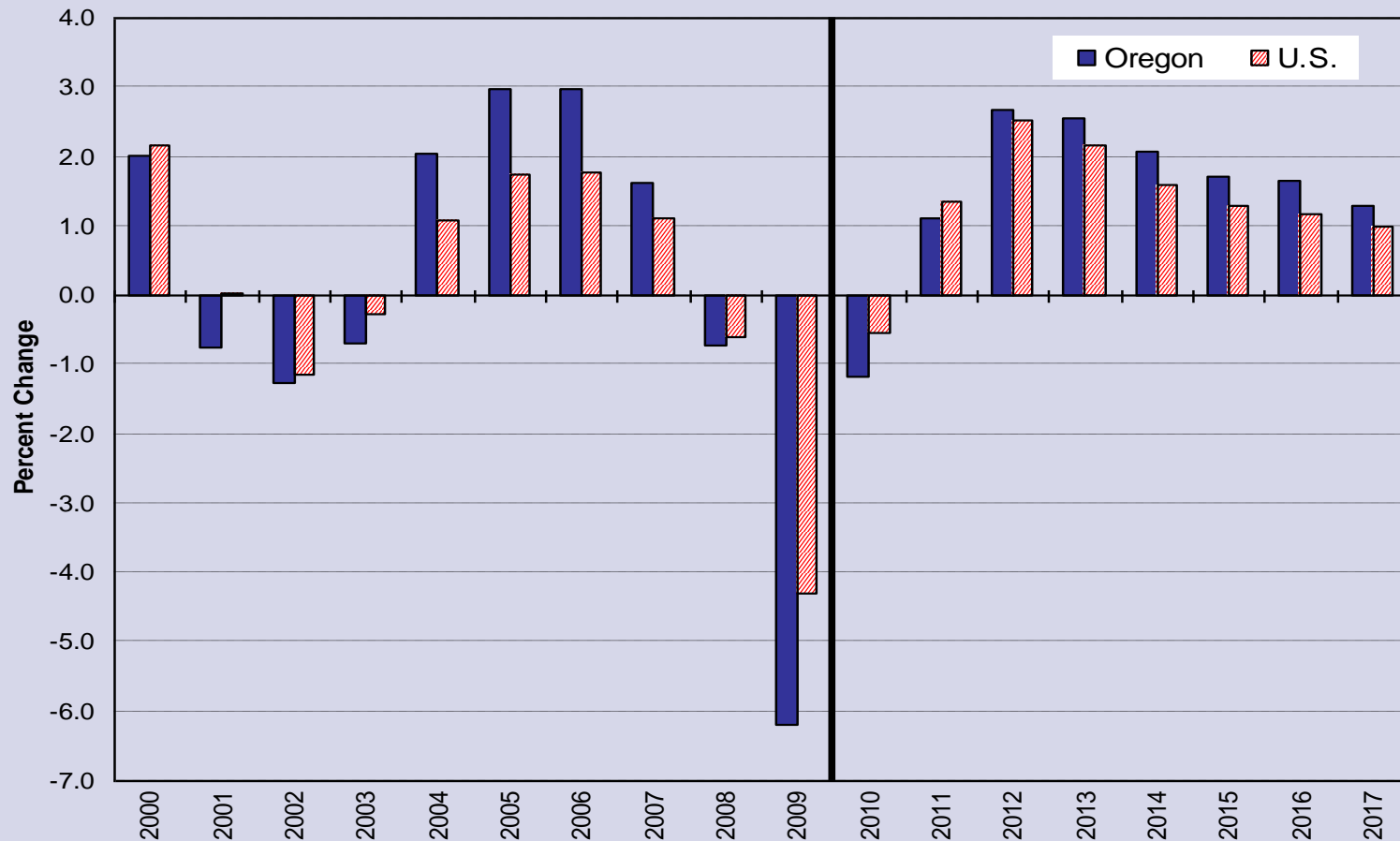
\* US Department of Labor, August 2010

# Employment Losses

## U.S. Recession Employment Losses



# Total Non-farm Employment (Annual Percent Change)



# Today...the intangibles

Here is some of the recent research

## EDUCATION:

- 80% of today's jobs require post-secondary education\*
- 40% of today's applicants possess an Associate degree or higher\*\*\*
- 20% of today's applicant possess a Bachelor's degree or higher\*\*\*
- 70% of today's high school graduates are graduating on time\*



Walker Information, Indianapolis research firm April 2010

\*\*\* Oregon Department of Economic Analysis

# Today...the intangibles

**Here is some of the recent research**

## **AGING WORKFORCE POPULATION:**

- 77 Million “Baby Boomer’s” will make career decisions over the next 15 years (translates to 10K daily)
- By 2020, almost 19% of the population will be over 65
- Downshift vs. retirement, the question of the day!
- Older workers are deferring retirement today, but economists warn deferral will create “bunching”

# Today...the intangibles

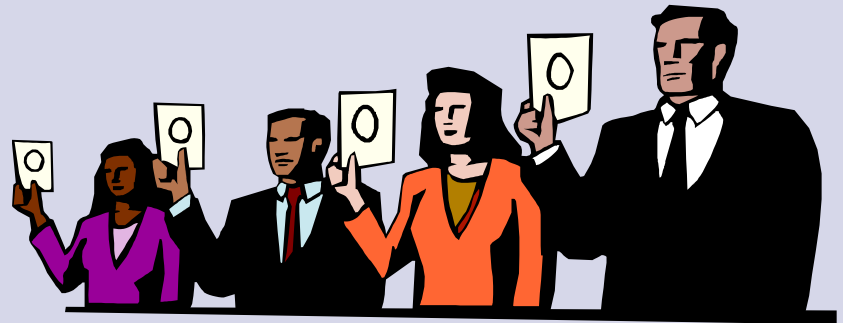
**Here is some of the recent research...**

## **EMPLOYEE SATISFACTION:**

- 25% of today's workers indicate they feel a strong attachment to employers
- 40% of workers indicate they feel "trapped" in current jobs
- Nearly 80% of have expressed feelings of being overworked, unappreciated, or underpaid for what they do
- 45% of workers indicate they are looking at job ads

# How will this impact your organization today?

- Short term profit vs. long term cost
- Employee burnout,
- Compliance issues
- Corporate cocooning
- Rising health issues
- Skills gap



# And in the immediate future?

- Increased labor costs (hiring, salary)
- Increased HR operational costs
- Reliance on contingency workforce
- Profitability
- Survivability



## Did You Know? 3.0 (Official Video) - 2009 Edition

[http://www.youtube.com/watch?v=PHmwZ96\\_Gos&feature=related](http://www.youtube.com/watch?v=PHmwZ96_Gos&feature=related)

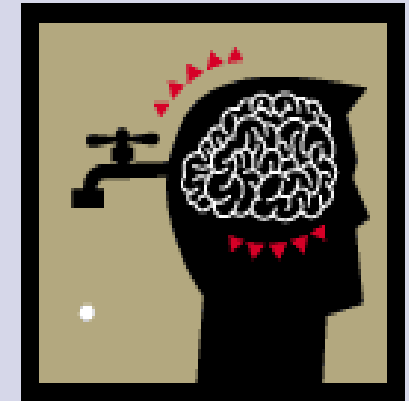
# Looking Ahead...Do the Math

## **Challenge –**

***Rapidly aging population will trigger a decline in workforce availability over the next 15 years***

Here's the math:

Baby Boomer's	77 million
Gen X'ers	<u>43 million</u>
<b>GAP</b>	<b>&lt;34 million&gt;</b>
Gen Y/Millennial's	60 million



Conclusion:

- Significant labor shortage, escalating over the next 15 years,
- Increased demand and pressures for global resources
- Brain drain – Experienced workers replaced by less experienced workers

# Looking Ahead...Talent

## ***Challenge –***

***Demand will exceed supply of trained, available talent***

- Decline in the availability of a trained, skilled, domestic workforce
- Increased job growth by 3-4% annually by 2011-12
- Increased complexity in connecting with talent
- Increased need for active succession planning
- Increased difficulty in finding “A” talent
- “A” talent will be actively recruited by competition

# Looking Ahead...Skills Gap

“Without a massive overhaul in our education-to-employment system, we predict that by 2020 the U.S. labor market will be significantly out of balance.

High-pay/high-skill jobs will rise to 74 percent of the U.S. labor market; 123 million people will be needed, but only 50 million are likely to be qualified.

On the other hand, low-pay/low-skill jobs will shrink to 26 percent of the total; 44 million people will be needed, but over 150 million will be available.”

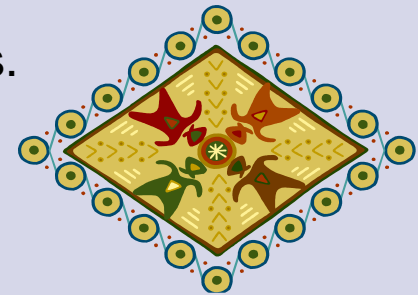
Edward Gordon, president of Imperial Consulting Corp. and author of “Winning the Global Talent Showdown”

# Looking Ahead...Diverse Workplace

## **Challenge –**

***Diversity has become a primary and critical competency***

- Estimated by 2015, diversity becomes the workforce majority
- Unemployment rate for people with disabilities is almost double national average
- Generational issues
- Veterans included as part of diverse landscape
- Contingent workforce may account for 25% of our hires.
- Alternative workforce options
- Cross-cultural, religious – “concurrent validity”
- Changing accommodation requirements



# Looking Ahead...Quality of Workplace

## **Challenge –**

***Applicants will demand a business culture that is sensitive and committed to maintaining qualitative/quantitative differentiators.***

## **Talent will differentiate organizations by:**

- Responsiveness to employee environmental needs
- Commitment to workplace flexibility
- Access to development, education and training opportunities
- Commitment to a sustainable, healthy and green workplace
- Virtualization will become a standard option

***Compensation will be a major, but not singular, factor in capturing “A” talent. Direct correlation between engagement and retention intensifies.***

# Looking Ahead...Sustainability

*“...Workers today want purpose and meaning in their work; younger workers, in particular, know a great deal about sustainability. Amidst a talent shortage, individuals are looking for employers that “get it” and care about sustainability. Thus, an organization’s approach to sustainability will make a difference in its ability to attract, engage and retain employees.”*

# Looking Ahead...Technology

## ***Challenge:***

***Incorporating innovation into the organizational DNA will be a key driver of future competitive advantage.***

- Technology adaption = speed of skills acquisition
- Global collaboration in a virtual world will become standard
- Business process transformation
- Virtualization – work anywhere
- Personalization – personalize and adapt technology tools

# Looking Ahead...Globalized Talent

## ***Challenge:***

***A global war for educated, skilled and experienced employees talent***

Demand will exceed supply for workers who are:

- Adaptive
- Resilient
- Technically savvy
- Collaborative

Contingent, virtual and alternative talent sources

Global workers require integration strategies

Developing/keeping bench strength





**HR Needs a Plan!**

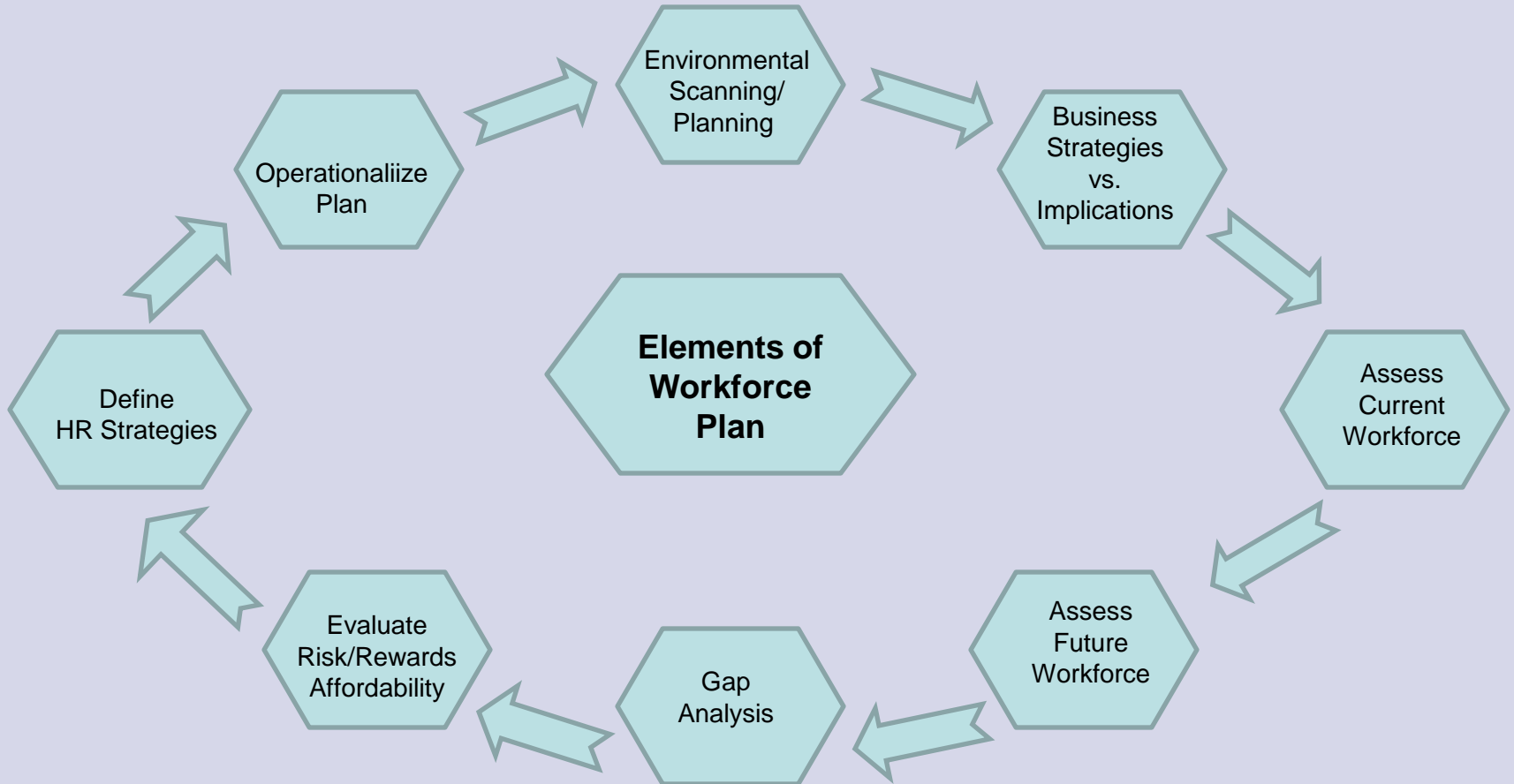
# Workforce Planning Basics

## Definition:

Refers to talent management planning activities, as part of an overall HR business plan, that focus on creating recruitment, retention and development strategies to provide an organization with available, skilled, and suitable workforce.

**Typically forecasts in 12-24 month cycles**

# Workforce Plan - Elements



# Workforce Planning

**Demand Planning** – Defined as...number and composition of employees/skills that will be required over the planning horizon of the business plan.

$$\begin{array}{l} \text{Current number/composition of employees/skills} \\ +/- \text{ vacancies/overages} \\ +/- \text{ projected workload changes} \\ \hline = \text{ Required staffing level} \end{array}$$

Evaluates: workload drivers, work activities, productive and non-productive time, current productivity levels, baseline staffing requirements, budget constraints, discretionary and non-discretionary components

# Workforce Planning

**Supply Planning** – Defined as... number and composition of current staffing levels in the targeted job classification(s).

$$\begin{array}{r} \text{Current workforce number} \\ + \text{ Current workforce competency composition} \\ - \text{ Attrition of number and competencies} \\ \hline = \text{ Projected internal supply} \end{array}$$

# Workforce Planning

**Gap Analysis** = difference between demand and supply.

- Identify staffing gaps – either the surpluses or shortages – in the targeted classifications.
- Assess the staffing gaps between different time periods.
- Identify the gaps between the competencies currently possessed and those needed now and in the future.
- Prioritize gaps based on organizational capabilities/needs

# Looking Ahead...

## ***HR STRATEGIES...Recruit***

Workforce planning

Social technologies

Talent sourcing – radical shifts

Talent mapping -- competencies & skills

Identifying community-based partnerships for future labor needs

Alternative, contingent workforce capabilities

***Others??***

# Looking Ahead...

## ***HR STRATEGIES...Retain***

- Rewards & recognition (financial and non-financial)
- Individual retention plans
- Succession planning
- Effective onboarding strategies
- Open, transparent, two-way communication
- On-going commitment to continuous improvement
- Flexible workplace

***Others??***

# Looking Ahead...

## ***HR STRATEGIES: Develop...***

- Succession Planning
- Community-based partnerships
  - ✓ skills development,
  - ✓ competency building
  - ✓ leadership strategies
- Individual development plans
- 360 feedback

***Others??***

***Luck is where preparation  
meets opportunity...***

***Oprah Winfrey***