



Are Aging Boomers Your Biggest Liability...or Most Precious Asset?

Another in a series of thought pieces produced and distributed by the executive search and human resource professionals of Carlsen Resources, Inc.

As you may know, our model for these thought pieces is to ask one basic yet compelling question – one that has resulted from a recent trend or critical issue in the American workplace – then mine deeply until that question is considered from a number of different perspectives.

That idea of only one question, however, seems inadequate when discussing the workplace implications of the massive bubble of men and women born between 1946 and 1964 – the so-called Baby Boom Generation. And the reason asking just one question seems inadequate is because Boomers, if only for the magnitude of their ranks, impact the American economy like no generation has ever done, or no generation ever will for the foreseeable future.

For example, while Boomers represent just 26.3 percent of this country's total population, they control a disproportionate chunk of our consumer spending. According to the MetLife Mature Market Institute they represent \$2.1 trillion in annual buying power - which, to put that into perspective, is more than seven times the two generations behind them (Gen X and Gen Y) combined.

And in the workplace their impact is just as great, if not greater. Consider:

- Boomers possess very different values and have clashed openly with members of Gen X – and in doing so have helped to create a generation gap in the American workplace, one that has made the task of managing today's age-diverse workforce an even more difficult one.
- The Boomers have started to grey, with the very first of them (Kathleen Casey-Kirschling) turning 62 on January 1, 2008 (which is, of course, the age at which one can apply for Social Security.) This option, which many Boomers may or may not take (Ms. Casey-Kirschling did; applying online in a public ceremony, just after midnight) would not only tax an already strained Social Security system, it might also create what some experts are calling a "brain drain" of institutional knowledge in corporate America.
- In addition, the average aging Boomer is far more likely to require health care, far more costly to employ, far more in need of sick days and far less capable of physically taxing work than a younger co-worker.
- And, of course, the Boomers are like no generation on earth – an overly indulgent, self-obsessed lot constantly in search of meaning and deeper truths – yet a group of men and women who have proven to be far more capable and inclined to provide quality customer service than the two generations that followed them into the workplace.

So, while there may be any number of questions to ponder about this topic, this one appears to trump all others...are Baby Boomers an increasingly expensive liability for corporate America, or one of its increasingly precious assets?

Looming Brain Drain?

As a whole, America's 78 million Boomers represent a staggering 40% of the workforce. And the generation immediately after the Boomers, Generation X, is only 50 million strong. That's a monumental difference, which in real terms means that for every three jobs currently being held by a Boomer, there will only be two Gen X'ers to fill them.

But raw numbers aside, the Boomer impact on corporate America has proven to be, perhaps, even more qualitative and, therefore, cannot be overstated. A Business Week survey, conducted in conjunction with AARP, polled over 1,000 "C-level" executives from companies with at least 100 employees (with a majority having over 1,000). Among other things, those executives offered the following:

- 83% "strongly" or "somewhat" agreed that workers who are approaching traditional retirement age will play a greater role in the U.S. workforce over the next decade than those of previous decades.
- 74% "strongly" or "somewhat" agreed that the U.S. economy will experience a shortage of skilled workers over the next decade.
- 79% "strongly" or "somewhat" agreed that the knowledge and experience that older employees take with them when they retire or leave can hurt a business financially.

But as they continue to retire and leave the workforce, their impact promises to become increasingly profound, particularly as corporate America attempts to compete globally. To that end, when asked about their impact, the same C-level executives said this:

- A staggering 93% "strongly" or "somewhat" agreed that it is challenging to find qualified workers with the skills they need.
- 74% "strongly" or "somewhat" agreed that it has become more difficult to find and retain talented and qualified employees.
- 65% were "very" or "somewhat" concerned that their company may lose valuable knowledge and/or hard-to-replace skills over the next ten years as employees retire.

The same survey went on to uncover the fact that there are distinct advantages to hiring and keeping older workers, with the majority of C-level execs citing their experience (91%), knowledge (78%), ability to mentor others (71%) and insight into customer or corporate needs (63%).

What is confounding about these findings, and others like them, is that they fly in the face of many long-held stereotypes, including those painting older workers as being inflexible and unwilling and/or unable to adapt to technology and the rigor of the daily grind.

However, there is a deeper, darker area for concern as the nation's Baby Boomers slide toward retirement like the proverbial pig through a python; corporate America seems completely unprepared for the inevitable.

Consider this additional data the Business Week/AARP survey also determined:

- Only 37% "strongly" or "somewhat" agreed that their organization has formal practices in place to extract important business knowledge from employees who retire.
- Less than one in three (32%) said their company had attempted to quantify the costs associated with employee turnover.
- Only 16% reported they had any policies or formal programs to encourage retiring employees to continue working.

What this means, of course, is that while many companies see the value of older employees – and by that we mean value in a qualitative sense – most seem to let stereotypes and line-item thinking rule the day when it comes to corporate policy-making. To many C-level execs, Boomers are not fonts of institutional wisdom, not mentors-in-waiting, not even would-be difference-makers as contract or part-time employees. They are simply costly health risks whose greatest gift to their employer would be to retire and take with them the inherent liability they represent.

Ringling out the Old (Stereotypes); Ringling in the New (Strategies)

We mentioned earlier the fact that there remain many stereotypes about Boomers and other aging workers. Interestingly, Eileen Marcus and Carol Orsborn, in an expansive report for Fleischman Hillard, *Boomer Wanted: The Next Great Workplace Revolution*, take four of those stereotypes and contend that not only are they untrue, but that the opposite is often true.

Among those stereotypes:

Older Workers Don't Perform

"We noted research...showing that, except for strenuous physical labor, older workers can perform better, especially in jobs that require advanced skills, training, experience and knowledge."

Older Workers "Check Out" as they Count Down to Retirement

"A 2003 Towers Perrin study of about 35,000 employees at midsize and large U.S. companies found that employees over 50 were more motivated to exceed expectations on the job than the younger workers."

Older Workers Aren't Creative

"...a University of Chicago study shows that older workers are better at experimental innovation, finding new ideas that are drawn from current practice."

Older Workers Cost More

"At first glance this would seem obvious...But a Towers Perrin report points out that there are high costs associated with letting more experienced workers go; the loss of advanced skill, training, experience and knowledge. The study argues that the additional costs of retaining older workers was balanced and often outweighed by the benefits of retention."

As Melanie Holmes, VP of corporate affairs at Manpower, Inc. told Marcus and Orsborn: "There's an education that has to take place to make sure companies understand the great benefit and great positive impact older workers can have. They show up on time, they get the work done, and they're emotionally mature. Those far outweigh the marginal costs older workers might bring."

A number of companies have already adopted policies and created processes to allow older workers to mentor younger ones and pass on their experience and institutional knowledge. Bank of America helped spawn Seniors4Hire.org, a Web site where companies seeking older workers can go to post jobs, and Eli Lilly and Procter & Gamble were among the companies that vigorously supported the creation of a network of older executives that companies could tap for wisdom.

As a result of their efforts, YourEncore, a for-profit firm which connects retirees with companies on a contract basis, was created. In January of this year, when asked about a pending brain drain and what it might mean to corporate America, YourEncore CEO Brad Lawson told the *Wall Street Journal*, "Companies are just starting to realize the potential magnitude of the problem," adding, "Acceptance is starting, but it's starting slowly."

Next Steps

The Fleishman-Hillard report suggests a “four R’s and an S” strategy in dealing with retiring Boomers and the looming corporate brain drain. The five building blocks of this strategy are retention, redeployment, recruitment, retirement and succession, and the role of each is as follows:

- **Retention:** Once organizations realize the extent of their pending talent void, they must do the research necessary to find out what their employees are planning on doing after age 60 and what factors might encourage them to stay on.
- **Redeployment:** Although many Boomers changed jobs often in their lives, by the time they reach age 60 most will have been in one job for some time. Many will be ready for a change; to some it will mean doing something meaningful; to others it may simply mean trying a new way of working – as an independent, a part-timer, a telecommuter, etc.
- **Recruitment:** The pool of Boomers will be big, and while some will be grateful for the opportunity to work again, the best (and most in-demand) of them will pick and choose. As a result, companies who wish to avail themselves of the best Boomers will have to recruit them, just as they would the best younger workers – and that will require a deep understanding of what motivates them.
- **Retirement:** Although most Boomers are rejecting the traditional concept of retirement, the simple fact is many will eventually do just that, and the sooner a company can accept that fact and start planning for the transition of leadership, the better off it will be.
- **Succession:** Generations X and Y will each have their chance to lead. Until then, the most forward-thinking companies will use the decades ahead to seek ways for Boomers to share their knowledge with their younger colleagues and to prepare the men and women of Generation X for the day when the torch will be passed to them once and for all.

Conclusion

It hardly seems possible to many who watched them as young men and women, full of hope and innocence and certain they could change the world for the better, but the generation that once trumpeted the dawning of the Age of Aquarius is now preparing itself to rage against the dying of the day. The sun is setting on the Baby Boomer generation, but like they have done their whole lives, they refuse to go quietly into that good night.

Even as their eyesight falters, their waistlines expand and their hairlines recede, the influence of this still-vital group of Americans continues to resonate across all walks of life. And, perhaps, their influence is no more profound than in the American workplace.

The most short-sighted of companies continue to look only at the liabilities of older workers; including the sharp increases in health care that they will eventually bring to the table. Others still embrace old stereotypes that, to the Boomers’ credit, they consistently continue to debunk.

The most aggressive and long-range-thinking executives, however, have taken to holding the prism of aging workers at a slightly different angle; viewing them not so much as a liability, but an asset. Many have begun to develop creative ways to transition older workers out of the job market, while retaining or transferring their institutional knowledge. Others have begun mentoring programs and brought retirees back on a contract and/or part-time basis.

In either case, this much is clear: as richly populated countries like China and India continue to develop, if America is to remain the single most dominant economy in the world in the two decades ahead, it will be because of its generation of Baby Boomers, not despite them.

We welcome your comments and suggestions.

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