

Preparing for T Are You

Kathleen Casey-Kirschling is the first baby boomer, having been born in Philadelphia just one second after midnight on January 1, 1946.

She announced her retirement last October. The significance of this is tremendous, as she is the first drop in the baby boomer retiree tsunami coming your way.

Recent studies of local government employees' plans for retirement indicate there will be a mass exodus of experienced workers over the next two decades. An estimated 40 percent of state and local government employees will be eligible to retire in the next 15 years.

Consequently, governmental employers face a perfect storm of risk and opportunity with the following components:

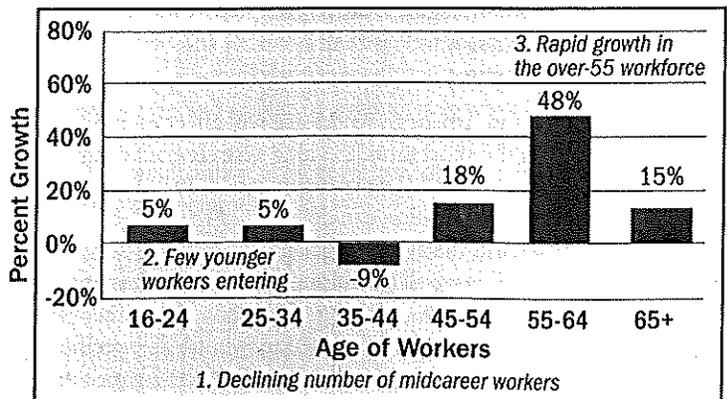
- The retirement of experienced baby boomers who occupy key management and professional positions.
- The shortage of experienced, talented individuals interested in government careers as replacements.

By Ron Komers and Steve Mendelsohn

This is the first in a series of four articles designed to help you position your organization to compete effectively in finding, retaining and engaging highly qualified employees. Other articles will cover how to win the talent wars by understanding critical factors and planning for your needs and by creating a workforce brand that is aligned with all of your HR systems, policies and programs, and how to measure your talent war results.

The Perfect Storm

Percent Growth In U.S. Population by Age, 2000-2010



Source: US Census Bureau International

A labor shortfall, which has been predicted by the U.S. Bureau of Labor Statistics to be more than 2.3 million by 2013, will be caused by a mass exodus of retiring employees and will lead to a massive brain drain that will be felt for decades. Organizations will face the potential loss of program, content or technical knowledge; process knowledge; and social knowledge, which is the insider knowledge of

The Talent Wars: Ready?

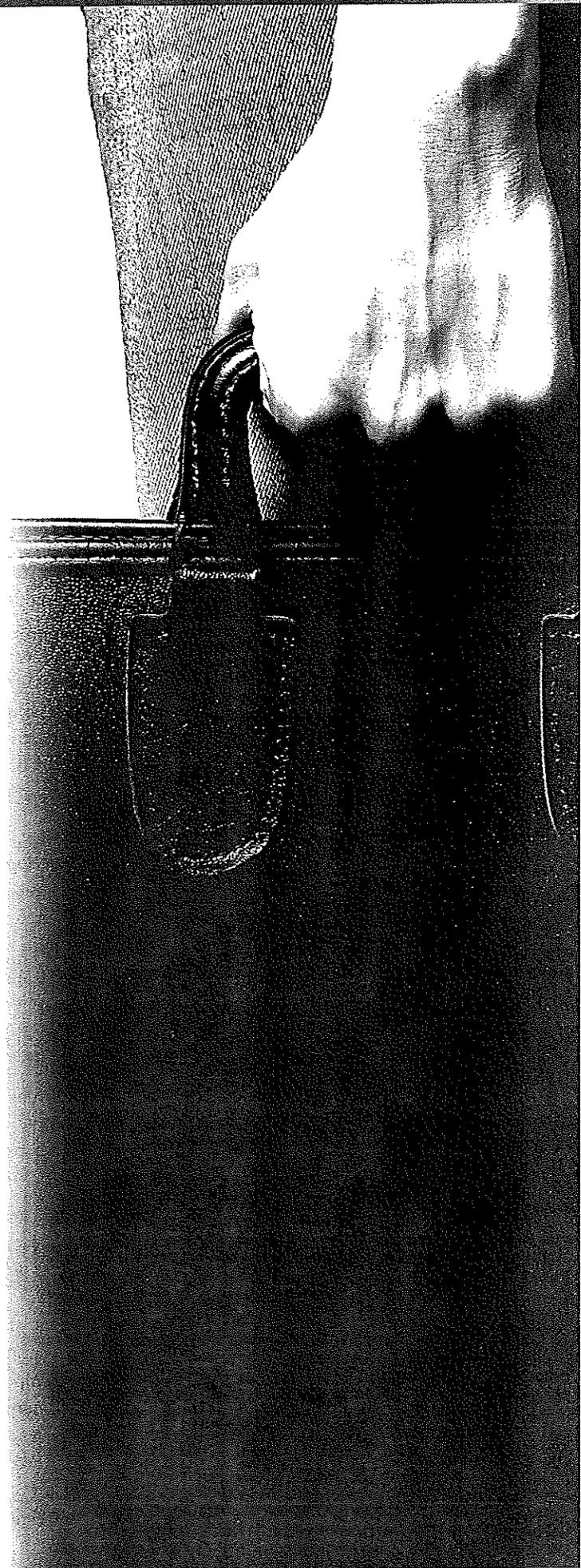
how the organization gets things done through key people when all the systems fail.

The Los Angeles Department of Water and Power (DWP), whose aging electrical system left thousands of residents in the dark during a weeklong summer 2007 heat wave, is bracing for yet another crisis—the exodus of older skilled workers. Half of the DWP's 8,100 employees, many of whom are veterans who hold front-line jobs that require years of training, will be eligible to retire within a decade. Efforts to replace the departing baby boomers and fill other vacancies are proceeding at a glacial pace. That troubles the DWP's commissioners, who predict that the nation's largest municipal utility will be unprepared, once again, next summer to manage the type of electricity demands that left as many as 75,000 Los Angeles residents without power at some points last summer.

The brain drain will not be felt only by governmental employers. Other industries, including retail, privately owned utilities, manufacturing and health care, also have a concentration of older employees. Stacey Wagner, managing director of the research and education arm of the National Association of Manufacturers, was quoted in a Feb. 22, 2006 CFO article as saying, "This can be viewed as a crisis. But it's a skills crisis versus a simple loss of bodies."

That article also highlighted the results of a survey of senior financial executives that found that "63 percent of respondents are concerned about the loss of human capital due to impending retirements." The article continues, "Given the potential loss of workers, many companies are starting to make an effort to protect against such a skills drain. They are offering more training to younger workers, developing formal mentoring programs and enticing older workers to stay on the job past retirement age by embracing partial retirement, telecommuting and job-sharing arrangements."

Finding new employees from college recruitment has also become more difficult. According to a September 17, 2007 *Wall Street Journal* article, almost 75 percent of the respondents to a *Wall Street Journal*/Harris Interactive survey of corporate recruiters conducted in the first quarter of 2007 "said their companies are trying new tactics to boost hiring rates. About 44 percent said ... they are simply trekking to more schools. Others said they are recruiting earlier in the school year and staying on campuses longer, sending more senior managers to formal presentations and social events at the schools,



CONTINUED ON PAGE 12

Talent Wars

CONTINUED FROM PAGE 11

and paying employees to refer promising M.B.A. students. Some companies are assigning 'buddy' employees to top prospects to help woo them and are making a bigger effort to convert summer interns into full-time hires. They are also emphasizing flexible work-life balance policies in interviews." Increased starting pay was a recruiting tool for about 69 percent of the surveyed recruiters.

Having a limited pool of potential highly qualified employees interested in working for government will lead to talent wars and increased wages for the few employees who are available. Why isn't there a reasonable pool of replacements? Beyond the shortage caused by demographics, the image projected by public employers that they offer poor opportunities for career advancement and professional development limits the pool.

There may be some good news in all this for some organizations. Charles Fay, who is a professor at the Rutgers University School of Management and Labor Relations, told *CFO* magazine that "the government sector, higher education and highly unionized industries that still operate on seniority could see some benefits from large-scale retirements because their older workers are more costly. ... However, those benefits could be a long time coming. The impending retirement wave has inaugurated a protracted graying of the workforce that will increase the average age in most industries for some years before it starts to drop again. The youngest baby boomers won't generally start retiring until 2026."

What should be done to prepare for the talent wars? Some are doing nothing. Thirty-six percent of public organizations have developed comprehensive workforce plans for the future, according to an IPMA-HR survey. Others have developed or are working on formal succession plans. However, none of these efforts are enough to take advantage of the opportunity to recruit, retain and engage an unfair share of the best employees.

To take advantage of the opportunity, an organization needs to take a two-pronged, integrated approach that facilitates talent management and aligns and communicates HR policies and programs through workplace branding.

Talent Management

Talent management goes well beyond traditional recruiting and succession planning. It is a continuous, evolving process in which HR professionals monitor the heart of the organization and constantly define and promote the employer so that an unfair share of the best talent can be acquired. Essentially, one should plan to develop and maintain both the hard and soft skills among employees that great success requires. This is accomplished by making sure staff at all levels are prepared to face future challenges by applying knowledge of the organization's rich and unique past experiences. In addition, instead of simply filling positions, one should select organization-defining employees who possess the skills that are most

critical to the organization's business model. These are those rare individuals whose contributions significantly exceed the norm and raise the performance of others.

In a monograph accompanying *Good to Great*, Jim Collins wrote that building "greatness to last" requires simultaneous "clock building, not time telling," preservation of core knowledge and experience, and stimulation of progress. To put it another way, an organization will only become great if it can endure and adapt.

For organizations, clock building now requires aligning multiple inputs, including the lifecycle of the talent pool, multiple-generation workforces; a variety of ethnicities that can be changing rapidly; and a mix of ethnicities and age groups. If you want your organization to be great and accomplish its mission in the face of considerable challenges—even when hit with setbacks such as insufficient funding, voter apathy or natural disaster—here are the steps you should be taking.

Step 1: Understand the consequences of inaction. Frequently, the demands on our time lead us to hope for the best and do nothing. Given the magnitude of this issue, it is important to determine the consequences of inaction on our ability to perform our mission.

Step 2: Believe and act as if people are the key to your success or failure. They are. Recognize that the competencies needed in the future will be different from those needed in the past.

Step 3: Determine your needs by conducting the following analyses:

- A demand analysis of your organization's needs for the future expressed in terms of numbers of employees and their competencies.
- An analysis of supply, including
 - A catalog of your current organizational competencies that lists your organization's strengths and weaknesses with regard to key competencies.
 - A supply analysis of your local workforce based on a hard look at the skill sets and competencies available locally or in your recruitment area that fit your organization's current and future needs.
- A demand/supply gap analysis.

Step 4: Assess the leadership culture and begin to change or strengthen policies, practices and norms as necessary to match the workforce's current and emerging needs, assuring that you will be able to attract, retain and challenge the best and brightest employees for the important work to be done.

Step 5: Create a solution. This is your workforce plan that shows how you are going to meet your workforce needs now and in the future, both in terms of competencies and numbers. Specifically, the workforce plan should answer the questions of what initiatives (e.g., a local training program to increase the number of available and qualified nurses and specialized health care personnel) should be undertaken to reduce gaps between demand and supply and to spell out how your organization is going to enhance its image in the eyes

of current and prospective employees.

Step 6: Involve the HR team and a cross-section of managers to develop a talent management plan that identifies key competencies workers, supervisors, middle managers and executives must possess in order to have a great organization that can make seamless transitions and meet future challenges. Prioritize the threats to your organization's ability to perform. Determine how to select, develop and maintain key competencies for each sector of your workforce.

Workplace Branding

We have all experienced the efforts of sponsors to spur us to purchase their products or services. The quality of the presentation and our experiences with and perceptions of their product ultimately determines whether we make the initial purchase or any future purchases. The time has come for us to incorporate marketing skills into our efforts to attract, retain and engage great employees.

Many employers are already using branding as a tool in recruitment. They are working to establish an image of themselves as good places to work. To create such an image, they may tout job security, good pay, great benefits, important work and opportunities for career advancement.

Which company would you want to work for?



These branding efforts are good first steps, but they are not nearly enough. If a new employee does not experience what the recruiter promised, he or she is likely to be one of the 50 percent who change employers within the first three years in the workforce and will not be a positive spokesperson for the organization's brand.

Not every organization thinks about its brand as an employer, of course, but every organization does have at least one predominant image in the eyes of potential employees. Look at the two company logos here and tell us which of the organizations you would rather work for.

Even if you haven't consciously created an idea of what working for Wal-Mart or Google would be like, you probably have at least one image in your mind of each organization. Some of those images are external and others are internal. Do you know what they are regarding Wal-Mart and Google? As an HR professional, do you know what images employees of your organization have formed about your organization? Your employees do, and their perceptions can positively or negatively affect your organization's ability to compete for new employees and retain top talent.

Consciously building a workplace brand requires integrating traditional market branding techniques with HR systems design. HR

and organization leaders must develop and support an internal workplace brand image that engages and inspires employees, potential employees, constituents and other stakeholders.

For example, we all know the Nike tagline "Just do it!" This is geared toward the external marketplace and is intended to make Nike's customers think they have a better chance of success if they buy the company's products. Think about what the tagline would mean to employees who were not allowed to take the initiative to innovate in order to do their jobs.

Take the example a step further and picture an environment in which the projected image of the organization is aligned with its culture and leadership style, as well as its HR policies, procedures and programs. Employees in such an organization would understand how they fit into the organization, what is expected of them, and how what they do keeps the organization moving in the desired direction.

To the extent that the organization employs people who function well in the well-defined environment, the organization will be one that is able to create extraordinary levels of employee engagement.

By using talent management and workplace branding techniques together, you can create a unique brand that ensures your organization is able to

- Attract an unfair share of the best candidates.
- Retain your best and brightest employees.
- Achieve higher customer satisfaction.
- Benefit from above-average levels of productivity, as engaged employees are willing to work harder and longer to accomplish the organization's goals.
- Create a clear link between employee performance and constituent outcomes.

The integration of talent management and workplace branding efforts will allow your organization to strike the right balance of coherence, challenge, control and connection. This will play out in the following manner:

- **Coherence.** The work makes sense, the mission is understood, the vision is shared, and all is in alignment.
- **Challenge.** Employees will be allowed to stretch within known limits, the organization's tolerance for risk will be understood, and employees will know the importance of innovation.
- **Control.** Employees will know where they can make choices on the job, what their level of involvement is supposed to be, and how participative the organization is and how important collaboration is to the success of the mission.
- **Connection.** The levels of social contact will be defined, and the organization will determine what level or sense of community is desired.

CONTINUED ON PAGE 27

whether a certain level of correlation—for example, a correlation of $r = .30$ —should be required to demonstrate significance. In the October 2007 issue of IPMAAC's *Assessment Council News*, Mike Aamodt took an in-depth look at the question of whether there should be or is a minimum value required for the validity of a test.

My own view in evaluating the practical significance of correlation coefficients is that it depends on one's perspective. From a purely scientific or expert point of view, the issue is really one of the validity of the test combined with its utility for the particular selection decision. The reality, however, is that validity must be evaluated in a social or public policy context in which levels of adverse impact must be considered. Although the significance of significance is a highly technical issue, it does tie into debates over personality tests, as personality tests in particular will have lower validities than more cognitively based tests. The significance debate also ties into the issue of the search for tests with less adverse impact than traditional cognitive tests.

I have combined the search for alternatives with the question of adequate levels of significance. The search for the alternatives has arisen mostly out of high-stakes testing cases such as those involving candidates for police and fire positions. Basically, plaintiffs now argue that that even if the cognitive test used was valid, it was still discriminatory because an alternative existed that would have less of an adverse impact. One alternative frequently proposed is personality testing. This has led to a debate in the professional literature, and in the courts, over correct legal and professional standards. Two excellent articles on this issue appeared in the October 2007 issue of *The Industrial-Organizational Psychologist*.

Future Trends

As I acknowledged previously, I am a very poor prognosticator. Nevertheless, I believe that at least two of the issues above will continue to generate a lot of discussion. These are older workers and the accompanying topics of succession planning and knowledge transfer, and the use of personality tests and

other similar measures, including training and experience measures, as alternative to cognitive ability tests.

As for my prediction for an important new issue in employee selection, I will go with what I call "universal testing" (and also "universal training"). An issue for selection in U.S. organizations is the increasing number of people for whom English is not a first language. In addition, more students are coming through the education system with diagnosed disabilities that require accommodation during testing. These two trends will put pressure on test publishers and training providers to develop tests and lessons that can be given to all individuals without accommodation. Designing prod-

ucts to permit their maximum use is the essence of universal testing. That is my pick for the new hot topic for 2008.

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Talent

CONTINUED FROM PAGE 13

In short, you will create a compelling employee experience for a highly productive, appropriately skilled workforce that is envied by competitors and sought out by job seekers.

Ron Komers is currently assistant county executive officer/human resources director for Riverside County, Calif., which has more than 20,000 employees. Komers has implemented numerous state-of-the-art programs focusing on talent management and health care cost containment that emphasize becoming a strategic partner. He has given numerous talks and written articles on HR-related issues such as talent management, breakthrough thinking, succession management, merit systems and reengineering of recruitment and retention systems. Komers has served on the IPMA-HR Workforce Planning Taskforce and has been president of the County Personnel Administrators Association of California. He currently serves on the California State Association of Counties' and on the National Association of Counties' Deferred Compensation Committees, and he is a member of the Nationwide Retirement Education Institute.

Steve Mendelsohn began his career with California's State Personnel Board, where he was an analyst working on the design of new programs aimed at the retention and motivation of the state's workforce. After his civil service experience, Mendelsohn spent 17 years as a consultant and practice leader with two large international HR consulting firms, where he successfully implemented large change projects for public and private organizations. For the past 15 years, Mendelsohn has served as managing director of the Pasadena, Calif.-based Valere Consulting, which specializes in reinforcing an organization's strategy and objectives with sound compensation plans. More recently, Mendelsohn was a founding member of Human Asset Advisors, a consulting firm that blends marketing and HR expertise to attract, retain and engage top talent. —N