HR and the Aging Workforce: Strategies and Best Practices

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Today’s Agenda

1) Aging Workforce: Cause for Concern?

2) Are HR and Organizations Preparing Sufficiently?

3) What HR strategy is needed?

4) Case Studies of Vita Needle Company and Scripps Health

5) How can SHRM, SHRM Foundation, and AARP help?
Aging Workforce: Cause for Concern?

4 Generations in the U.S. Workforce

**Challenge:** For the first time in history, four generations are working together in the U.S. workforce, each with different assumptions on how the world works.

- **Traditionalist**
  - Born pre-1945

- **Baby Boomer**
  - Born 1946-64

- **Generation X**
  - Born 1965-82

- **Generation Y**
  - Born 1983-99
Older workers are only segment of the US workforce with substantial projected growth

Aging Workforce: Cause for Concern?

10,000 Baby Boomers are turning 65 every day

In 2014, 17% of Baby Boomers had already retired—up from 10% in 2010
Skills gaps could get even worse

**US Labor Department**: US employers will need 30 million new college-educated workers by 2020

However, fewer than 23 million people will graduate from US colleges in the next 10 years
Aging Workforce: Cause for Concern?

Our students are falling behind

2012 OECD PISA Exam Results
Aging Workforce: Cause for Concern?

U.S. Competitiveness is at stake

Retaining and engaging older workers is crucial to US global competitiveness

Fast-growth developing countries, like China and India, have younger and increasingly well educated, skilled workforces

In spite of the economic slowdown, their economies are growing at double the US rate
68% of organizations consider boomer retirements a current or potential problem, but only 35% have done strategic workforce planning to analyze the impact on their business.
Are Organizations Preparing Sufficiently?

Top 5 steps taken to retain/recruit older workers:

- 48% -- Offered reduced hours or part-time jobs to older workers
- 40% -- Hired retired employees as consultants or temps
- 37% -- Started flexible scheduling/telework
- 30% -- Created positions that allow bridge employment
- 30% -- Offered phased/gradual retirement

Source: SHRM 2014 Aging Workforce Survey
Top 5 advantages of older workers vs. other workers:

77% -- More work experience/knowledge
71% -- More maturity/professionalism
70% -- Stronger work ethic
63% -- Ability to serve as mentors to younger workers
59% -- More reliability

Source: SHRM 2014 Aging Workforce Survey
**11 Older Worker Strategy Components**

**Goals:** Retain and engage older workers as long as possible, transfer their knowledge to younger employees, leverage their skills after they retire, and recruit older talent from outside.

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Strategic Workforce Planning

Planning ahead 5-10 years

SWP identifies the business-critical functions and determines the percentage of employees who may retire or leave at future intervals.

This data will be the basis for your ROI case to top management for support to retain, engage, and develop your older talent.
Strategic Workforce Planning 3 Steps

Step 1 – Conduct Age and Knowledge Audits

Step 2 – Identify Organization’s Work Needs

Step 3 – Gather Information from Workers
## Turnover Risk Map

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<th>Criticality to Mission</th>
<th>Low Risk</th>
<th>Medium</th>
<th>High Risk</th>
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**Likelihood of Departure**
Work Requirements Analysis

?? – Relative importance of requirements
?? – Bench strength and skills gaps
?? – Ways to redesign work
?? – Feasibility of flexible arrangements
Information on Worker Motivation

Percentage of Workers Citing Primary or Secondary Reason for Continuing to Work or Seeking Work

Source: AARP 2014 Staying Ahead of the Curve Survey
#2 - Top Management Buy-in

Make the business case for older worker ROI

Support from your top management will be key to the success of your strategy to avoid a boomer drain.

To get that support, you will need to make the business case for your older worker programs with examples of the bottom-line results.
Flexible Work Arrangements

Highly valued by older workers

Flexible work arrangements are one of the most powerful tools you can use to retain, engage, and recruit older workers.

Extensive research has shown that companies with flexible workplaces tend to have happier, healthier, more engaged, and more productive employees.
“We must change the structure of our workplaces... they must be flexible enough to give workers the ability to be productive.”

President Obama

Fortune Magazine’s 2010 Most Powerful Women Summit
#3 - Flexible Work Arrangements

SHRM Workplace Flexibility in the 21st Century Survey

The Top Five Positive Effects of Formal Flexible Work Arrangements

- Improves the quality of employees' personal/family lives: 68%
- Improves employee morale/job satisfaction/engagement: 67%
- Helps retain employees: 67%
- Increases the levels of employee commitment to organization: 53%
- Helps attract potential employees to the organization: 52%

(n = 230-312)
#4 - Phased Retirement

Can be an important benefit if properly implemented

Phased retirement offers employees nearing retirement age the possibility to work reduced hours to transition into full-time retirement.

Its use has been limited by the fact that the Pension Protection Act of 2006 regulations still have not been defined in sufficient detail.
Another Older Worker Retention Tool

A variety of classroom, online, and non-classroom development programs should be offered to help employees grow professionally.

These should include real-life learning and the “trial-by-fire” experiences that stretch employees’ capabilities, as well as the lessons they learn from peers, mentors, and others.
#5 - Targeted Training/Development

Career and leadership development programs can provide enriching opportunities to improve skills and knowledge.
#6 - Mentoring/Knowledge Transfer

Organizations need to focus more on this

You lose not only experienced employees when they walk out the door. You also lose their institutional knowledge

Mentoring, coaching, and job shadowing are three of the most common types of knowledge transfer programs

The sky is the limit, and creativity is essential to finding effective new ways to retain organizational knowledge
#7 - Wellness Programs

They benefit employees and your company

Wellness programs are especially attractive to older workers, who are concerned about their health.

They tend to lower company health care costs and reduce employee sick days, as well as boosting engagement, productivity, retention, and recruitment efforts.
#8 - Inclusive Inter-generational Culture

Four generations can work well together

Developing an inclusive inter-generational culture should be a key part of your efforts to retain, engage, and attract older workers

Diversity awareness and mentoring programs can increase understanding of the strengths each generation brings to your business
#9 - Mixed-age Workgroups

Bringing together employees of different ages on work teams can promote an inclusive culture and employee morale.

It can also help your organization find creative solutions to difficult problems and further your business objectives.

Both anecdotal evidence and international research have shown positive benefits at companies with mixed-age workgroups.
#10 - Older Worker Recruitment

Outside recruitment complements retention efforts

You should devise a recruitment strategy aimed specifically at attracting older workers looking to switch jobs, as well as those who are unemployed or retired.

As you cast your recruitment net, you should target senior employment agencies, publications and job boards targeting 50+ audiences, and social media sites.
Retirees are an often-forgotten resource

Retirees are ideal for part-time or consulting work, since they already know your organization and can hit the ground running.

The key to leveraging retirees is to keep in regular contact with them and have a staff person responsible for retiree relations.
Case Study #1 - Vita Needle Company

Manufacturer of Medical Needles, Tubing, Manufactured Parts
Based in Needham, Massachusetts
47 Employees – Average Age 74
Case Study #2- Scripps Health

Runs hospitals/health care Services
Based in San Diego, California
13,500 Employees – 1/3 over age 50
How can SHRM Help?

SHRM-SHRM Foundation Aging Workforce Initiative

Employing an Aging Workforce

ABOUT THIS PAGE

SHRM and the SHRM Foundation have launched a national initiative highlighting the value of older workers and identifying—through original research—the best practices for employing an aging workforce. This initiative is generously underwritten by a grant from the Alfred P. Sloan Foundation.

Read the Press Release ➔

A Joint Initiative With

SHRM Foundation
Shaping the future of HR

By 2050, the number of individuals in the labor force who are age 65 or older is expected to grow by 75% while those who are 25 to 54 is expected to grow by 2%. —Source: U.S. Department of Labor

This page offers a compilation of resources to assist HR professionals in working effectively with older workers. Look for more information throughout the year as additional resources are added.

Retaining and Engaging Older Workers

Additional Research

JUST RELEASED! Changing Our Perceptions of Older Workers
JUST RELEASED! Engaging Older Workers Strategically
Aging and America: Demographic Change and Its Consequences for Work and Retirement

www.shrm.org/hrdisciplines/diversity ©SHRM 2014
How can SHRM and AARP help?

SHRM-AARP Partnership:

Launched in 2010 and renewed in October, 2014, by CEOs Hank Jackson and Jo Ann Jenkins

Seeks to raise awareness on key older worker issues and provide resources and strategies to address these issues

View details and resources at: www.shrm.org/aarp
How can SHRM and AARP help?

Welcome!

This free, confidential tool can help your organization assess your current and future workforce needs.

The Workforce Assessment Tool is a resource for HR managers to:
- Assess how retiring workers will affect their organization
- Address skill shortage challenges due to staff attrition
- Create a work environment that attracts qualified workers of all ages
- Manage a multi-generational workforce
- Build an employer brand that attracts and retains top talent

The Workforce Assessment Tool takes about 30 minutes to complete. Once you complete the Tool, a customized Summary Report will automatically be generated based on your responses.

Getting started
To create a new account and access the assessment tool, please click here to Register. Already have an existing account? Log in above. You will have the ability to save any data entered and return to your account to change or complete the Workforce Assessment Tool.
1) Addressing the aging workforce should be a top HR priority

2) Organizations need to expand significantly programs to stem the loss of Boomer knowledge, experience, and skills

3) A comprehensive, eleven-part strategy is crucial to address key aspects of the aging workforce challenge

4) Best practices of organizations like Vita Needle Company and Scripps Health offer guidance and inspiration

5) A wealth of older worker resources are available through the SHRM-SHRM Foundation Aging Workforce Initiative and the SHRM- AARP partnership, so take advantage of them
“It is clear that HR leaders will play an increasingly critical role in addressing the challenges—and seizing the opportunities—of an aging workforce. I know HR is up to this daunting task. SHRM and its members are ready to lead.”

Hank Jackson, SHRM President & CEO
November, 2014, issue of HR Magazine
THANK YOU!
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