

IMPENDING CRISIS

Book Title: Impending Crisis – Too Many Jobs; Too Few People
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It's 2003. The economy, by most everyone's assessment, is not stellar. We all know someone that is unemployed – and has been for more than a few months. The term 'jobless recovery' has been uttered in the press more than once. The title of this book is in stark contrast to the reality we see each day.

Impending Crisis – Too Many Jobs; Too Few People is very real.

Statistically – by 2010 – the Bureau of Labor Statistics predicts a shortage of just over 10,000,000 workers in the U.S. This is a very raw number; it doesn't reflect a growing skills gap in this country. It also doesn't reflect the new and changing attitudes in today's workplace.

The authors state that employers are not at all prepared for this upcoming crisis. Even though the labor shortage of the late 1990's gave people a taste of things to come, the current economy brought people to new, more immediate issues. The long-term predictions (and the problems of the late 1990's) have been all but forgotten.

Even conservative estimates predict strong consumer spending through the end of this decade. With just a slight improvement in the economy, an unprecedented churning of the labor marketplace will take place. The baby-boomers will be retiring; there are reduced numbers of 'X-ers' coming in behind them. The 'X-ers' and those after them will be looking out for themselves. Job tenure is already on the decrease – it will continue (average tenure in 1990 was 4.6 years; in 2002, it was 3.5 years). (Society has blessed the relatively frequent movement of workers from one job to another.)

Skills are the next issue – not even addressed in the raw numbers. Our public schools are not doing an adequate job. We need people with specific skills, expertise, background, training, education and attitudes. At a more basic level, we need people who can write a decent memo, add a column of figures and keep basic records. We need people who can reason, think, solve problems, and who can communicate effectively.

Healthcare conditions today (nursing is the most notable area) are indicative of where most employers will be starting in the 2006 – 2008 timeframe. With a tight economy, every payor is squeezing the healthcare system to lower (or at least not increase) their charges. This pressure causes management to focus on cost cutting. Layoffs, reductions in training budgets, and salary freezes or decreases have an 80% failure rate in achieving their desired objectives. People are less motivated; they move to greener pastures OR they quit but stay on the job. Research has proved that there is a strong and direct relationship between employee turnover and patient cost. (Wall Street firms are now looking at turnover in hospital systems as a new factor for rating investments in these organizations.)

Solutions: The senior leader and his/her direct reports set the tone for the entire organization. Research has found that there are certain key practices that can make organizations more effective overall. These include a combination of critical leadership, management, business and ethical practices.

Certain business practices are associated with longer employee tenure – and better, more motivated employees. These include:

- **Leadership Practices**
 - Values
 - Vision & Planning
 - Accountability
 - Learning
- **Business Practices**
 - Engagement
 - Rewards & Recognition
 - Recruiting & Retention
 - Process Effectiveness
- **Management Practices**
 - Coaching & Mentoring
 - Feedback
 - Communication
 - Flexibility/Collaboration
- **External Practices**
 - Customer Focus
 - Marketplace Awareness
 - Supply Chain Management
 - Climate Versatility

A final word: If people are your greatest asset, organizations need to be sure that the human support processes are strong. Attracting, hiring AND retaining top talent will differentiate your organization from your competition.

The further we move into the decade, the more critical the crisis will be. This situation is not just an opportunity to gain a strategic advantage over your competition; action is necessary for each leader/each business to stay viable.

