

Boom or bust

Solutions to address the ageing workforce crisis

As the impact of the ageing workforce takes hold, business leaders are seeking sustainable age management solutions to attract and retain mature employees in a rapidly shrinking labour market. This article explores ways to help business boom against the backdrop of the most radical demographic shift in history.

The ageing of the Australian population presents an unprecedented risk for organisations, as millions of baby boomers head into retirement. The social and economic ramifications of an ageing workforce are set to impact businesses at every level.

Mitigating the risks is a challenge that has landed squarely on the shoulders of CEOs and executives, providing a unique opportunity to implement solutions that align with business objectives and enhance organisational culture.

When Minister for Employment and Workplace Relations, Kevin Andrews, wrote to the Chairmen of Australia's top 500 companies in late 2004, the ageing workforce hit the corporate agenda. In his letter he urged employers to explore the age profile of their organisation, determine workforce projections for the coming five years and consider policies concerning the retention and recruitment of mature age workers.

Reiterating the economic risks, Minister Andrews encouraged employers to consider a workforce of varying ages that can "...deliver real benefits to businesses – providing ongoing skills and knowledge, continuity in periods of organisational change and reflecting the diversity of customers."

A wealth of research from around the globe supports the notion we are heading for the "demographic cliff" foretold by Treasurer Peter Costello and a slew of economic commentators over recent years. The combination of declining fertility rates, increased longevity and mass retirement of the baby boomer generation has the potential to wreak chaos for unwary organisations.

Whilst many companies have identified age management as a top three business priority, the challenge for leaders is to take the business past the identification of the problem to develop effective solutions.

Start with the facts

Understanding the business impact is the first step. Professor Louise Rolland, CEO of Business Work and Ageing at Swinburne University and alliance partner of SageCo Pty Ltd, carries out organisation-wide audits as the initial step in supporting businesses to address age management issues.

"Unless an organisation understands age in the context of the workforce structure and people dynamics it cannot effectively target age management approaches.

Strategic HR processes must be underpinned by an evidence-based approach," said Professor Rolland.

An age audit profiles the structure of age in an organisation and benchmarks it against industry and population profiles providing immediate insight to age groups that are over or underrepresented in an organisation.

Professor Rolland believes a thorough audit will indicate the challenges an organisation face as workforce growth slows and the proportion of older to younger workers increases.

“It establishes a base line so that any change can be measured over time and is a terrific tool to engage other stakeholders in considering the structure and cultures of age present in the organisation.

“It highlights age related trends in recruitment, retention, absenteeism, injury progression and participation in learning and development as well identifying any gaps in the reporting capabilities of the HRIS” she said.

Engage the business

Armed with the results of an age audit, the challenge of engaging the business becomes easier as the level of business risk and the financial imperatives can be more clearly articulated and quantified.

“A key challenge is to ensure that adequate resources flow to support the age analysis and development of an age management approach integrating the people management and workforce planning priorities of the organisation,” said Professor Rolland.

Successful education and awareness programs require more than a newsletter story or poster in the tea room. An integrated internal communication plan linked to business objectives is a powerful tool in helping create a culture that values maturity.

Raising awareness through education sessions and workshops such as SageCo’s “Making Maturity Matter” programs for senior leadership, HR and line management adds strength to the case for change.

For example, a company might uncover through their age audit and resulting workshops a need to attract more mature talent to a particular business area to remain sustainable in coming years.

This seemingly simple conclusion can impact multiple organisational layers leading to a review of recruitment practices, training, remuneration, OH&S, flexible work options, internal culture and even a company’s external image.

With time-poor executives to deal with, short, sharp structured workshops facilitated by subject matter experts can effectively educate and explore risks and challenges. Action planning workshops ensure appropriate stakeholders are involved and responsibilities, priorities and next steps in the age management journey are established.

Walk the talk

Efforts to position a company as “age friendly”, risk being met with scepticism if key stakeholders have not been engaged. Internal and external messages and activities need to be consistent and clear.

A critical step is to seek the feedback and opinions of existing mature age workers to give credibility and grassroots input to any age strategy.

Employee focus groups and surveys can uncover issues and prompt reviews of people management practices and highlight communication issues such as the language used in the organisation, the success of intergenerational communication or the portrayal of age e.g. marketing material and internet sites exclusively featuring 20 and 30 year olds.

Internally communicating the risks as well as profiling initiatives underway, lays the foundation for greater understanding of the business imperatives for action.

Continue the knowledge

As baby boomers retire and exit the workforce so too will a wealth of knowledge as the investment companies have made in years of professional training and development exits with them. A 2004 survey by mature age workforce consultancy SageCo showed an alarming 90.5% of retiring professionals exit organisations without transferring knowledge prior to leaving.

The most valuable corporate knowledge lives in the heads of employees – tacit knowledge such as lessons learned, successes, relationships and of course experience. This information does not sit in folders, business card holders or archive boxes and is rarely captured in oftentimes cumbersome knowledge management systems.

Exit interviews and the traditional baton approach of succession planning are not enough to mitigate the risk and stem the tide of knowledge loss. Key sages or “keepers of company wisdom” pose the greatest business risk as they exit.

Implementing systematic, customised knowledge continuity programs to transfer specialist and at times esoteric knowledge from these individuals back into the wider organisation can save time, money and reduce costly mistakes in the future.

The use of knowledge continuity experts serves to drive the process and ensures the project is positioned as recognition for the sage’s outstanding service to the company and public acknowledgement of the unique insights and wisdom held.

Create opportunities for mature age workers

For employees approaching retirement, the future can appear daunting. As the population lives longer and enjoys better health, the prospect of actively living a third of one’s life in retirement has become a reality.

Once the overseas holiday is done and rounds of golf played, a life of “fulltime leisure” can offer limited satisfaction for those who have not explored ways to successfully replace the function of work and the sense of accomplishment it provides.

Organisations that promote a culture where discussing retirement intention marks an employee as “on the shelf” may pay a high price. In such circumstances the choices made by an employee can be detrimental to the business including:

- To declare retirement intention as late as possible making impossible the successful transfer of knowledge and wisdom

- To leave the company without exploring flexible work options which could have resulted in retaining the employee longer
- Remaining in the company for fear of the “black hole” of retirement, leading to decreased motivation and decline in productivity.

Research by SageCo revealed 76% of employees approaching retirement would have embraced the option of a phased retirement and 81% of those already retired would have welcomed retirement transition assistance.

Providing employees with holistic retirement transition programs that explore not only third age career options and finances but also delve into health, relationships, dependent care, image and life goals can result in wins for companies.

In addition to addressing corporate social responsibility and potentially enhancing a company’s image as an employer of choice, the benefits of providing programs for mature employees include the attraction and retention of mature talent, increased productivity, and the sharing of vital skills, experience and knowledge.

Connect with the talent pool

As the competition for talent heats up, mature workers may well have the luxury of choice. Companies who have laid the groundwork through education, awareness and implementation of mature friendly practices will reap the benefits.

A challenge for organisations seeking to restore age balance is to find an effective way to tap into the mature talent not traditionally found on recruitment agency databases.

SageCo’s www.adage.com.au is a community of mature professionals and the organisations seeking to employ maturity. It provides organisations with a point of connection to the hidden pool of mature talent.

The risks of inaction

Professor Rolland’s warning to corporate Australia is a dire one. “Organisations who do nothing face the loss of people, knowledge and experience as the baby boomers retire.

“They will find it increasingly difficult to compete for the most skilled and appropriate workers as others target their employment offer to attract and retain people across age groups and have a focus on encouraging skill currency, motivation and attachment of people in the later stages of their working life, ” she said.

CEOs and senior executive are uniquely positioned to ensure the warnings to business are heeded. As Treasurer Peter Costello reminds us, “Demography is destiny – this is set in stone. The only question is how we deal with ageing of the population”.

Getting it right

An effective age management strategy might include:

- Comprehensive age audit of the organisation
- Development of an Age Management Plan
- Internal education and awareness campaign
- Knowledge continuity programs for key sages
- Redirection / Retention programs for mature staff
- Assessment of alignment of workforce with customer base
- Access to mature talent through www.adage.com.au

Margaret Seaberg is a founding Director of SageCo Pty Ltd, mature age workforce consultancy.

About SageCo

SageCo partners with organisations to address the risks, challenges and opportunities of an ageing workforce. SageCo provides business solutions to:

- **Continue** the transfer of wisdom between workforce generations by capturing the knowledge and expertise of company sages
- **Create** opportunities for retention and attraction of mature staff through redirection programs and coaching for mature employees
- **Connect** with the skills, experience and wisdom of the mature age workforce through the online community of mature job seekers at www.adage.com.au

SageCo can be contacted at info@sageco.com.au or through their website at www.sageco.com.au.