



Cultivate your workforce!

Avoid the labor crunch – and ensure you have the skilled staff you need – by following these six steps

By Tim Smith, Principal

Everywhere I look these days, I see “Help Wanted” signs.

I see them at the local grocery store. The Starbucks near my office. And on the backs of 18-wheelers driving down the highway.

It's common for me to get e-mails from people I know who have job openings for skilled workers, but are having trouble filling them. The emails come complete with, “Please forward this job description to anyone you think would be interested in working with us!”

My clients tell me about positions they have trouble filling, and they ask me to keep an eye out for even remotely qualified candidates.

Why can't anyone find good help anymore? Are we in the midst of a labor shortage?

I don't know the exact answer, but I do know this: Many companies I know are looking for talented, skilled labor, and they are having a difficult time finding people who fit the bill.

It's not so much a lack of people as it is a shortage of people with the proper skills, education and experience. And as even our most basic, entry-level type jobs rely more and more on complex technology and require even greater decision-making, the gap will no doubt grow.

Predictions are scary

Indeed, government and policy groups alike are predicting a looming labor shortage, especially among

skilled labor – positions such as engineers, mechanics, technicians, nurses and accountants. The U.S. Bureau of Labor Statistics, for example, estimates the United States will face a shortage of 12 million qualified skilled workers by 2010 ... and a shortage of 20 million by 2020.

The reasons are varied:

- Slowing labor force growth rate
- Aging baby boomers who are heading into retirement
- Few skilled and/or educated workers backfilling the voids left by aging baby boomers
- Increased competition for foreign skilled labor



Like a farmer tending his fields, carefully cultivate your workforce -- minimizing the number of skilled positions you need and maximizing your ability to attract and retain good people.

The implications of this phenomenon are scary. Researchers at Pepperdine University, for example, predict that the looming labor shortage could reduce the growth in our standard of living, create inflation due to higher wages, decrease U.S. competitiveness and even erode future domestic production.

Of course, you are likely just worried about getting the day's work done. But all indications are that it will get tougher to find quality staff before it gets easier. Still, below are six steps you can take now to improve your ability to attract and retain the employees your business needs to be successful.

One step at a time

Step No. 1 – Reduce Your Need for Skilled Labor.

The first step to surviving a serious skilled labor shortage is to reduce your need for employees in the first place!

How? Redesign your production and business processes by streamlining or automating tasks wherever possible.

Changing workflow processes and employing money- and time-saving systems and tools eliminates the need for skilled or trained staff people to manage or perform manual tasks. This makes sense even when labor is plentiful; it is doubly important when employees are difficult to find.

But don't stop with process changes. Redesign jobs to reduce the amount of non-essential work your skilled staff must handle. Doing so reduces stress on your hardest-to-replace employees and creates lower-skilled jobs for which more people are qualified.

By redesigning both processes and related jobs, you can limit the number of skilled personnel required to carry out the company's mission.

Step No. 2 – Transfer Knowledge to New Staff.

While some organizations are beginning to see the value of knowledge transfer, most companies have no such plans in place. Much of what technical workers need to know can only be learned on the job. That is why there is no short-term solution to the shortage of skilled technical workers.

Make a concerted effort to integrate employees from the Baby Boom generation with Gen X or Gen Y workers. Set up mechanisms by which experienced, trained staff can share their knowledge and skills with younger co-

workers. Establish a plan that facilitates as much knowledge sharing as possible.

Firms that rely heavily on intellectual capital can assess their critical knowledge, record interviews with their expert staff, and document all essential information. Work teams, training programs, mentorship plans, manuals or guidelines, online databases and other tools can also facilitate knowledge transfer.

Step No. 3 – Do a Better Job of Attracting Workers

Develop expertise in attracting talent. In a competitive market, "employers of choice" get first pick of the available talent.

There are plenty of ways to attract new staff. Some companies offer referral bonuses to staff members who recommend candidates, or sign-on bonuses for new hires in specific positions. Others advertise in creative ways to attract prospective employees.

The key is to raise the profile of your company, ensuring that qualified candidates know about your organization and consider it a top place to work.

Step No. 4 – Do a Better Job of Retaining Workers

Attracting talent is only half of the battle. Employers must focus on retaining those employees, too. Just as you must take care of customers in order to keep them, you will need to work hard to keep skilled staff.

The keys to retaining younger employees include motivating opportunities for varied experience, good prospects for promotion and the right mix of working conditions. The "right mix" might include options such as flexible hours, maternity and paternity arrangements, and generous annual paid leave allowances, to create an acceptable work-life balance.

To keep more tenured employees, train those in redundant or obsolete jobs to prepare them to fill new or vacant positions. Change the job content of some positions to reduce the physical demands to preserve older workers' ability to stay productive as they age. Consider rehiring retirees on a part-time or contract basis.

Step No. 5 – Plan for Job Succession. Track your employees' ages and years of service to help predict retirement trends and associated job vacancies. Develop succession plans to identify and develop potential candidates for key leadership positions. Establish a fast-

track process for advancing younger talent along their career paths, including mentoring.

Step No. 6 – Invest in Training. Develop your workforce through formal training, cross-training and partnering with more experienced workers. Cross-training broadens your pool of qualified employees and encourages employees to consider new positions. Partnering with more experienced workers not only develops new employees more quickly, but it also facilitates knowledge transfer.

Don't wait until the employee joins your company to start training. Partner with schools at all levels – university, community college, and high school levels – that generate meaningful work-placement opportunities. These opportunities allow students to experience the real world skills they'll need for eventual employment. They also create a bond between the student and your company, making it easier to attract them after they graduate.

The choice is clear

It's clear that demographic trends are changing the landscape of the American labor force. You can either get caught in the trap, and struggle to find the people you need to maintain your competitiveness ...

Or you can take a few simple steps now to streamline your organization's processes and enhance your ability to attract and retain good employees.

Before you decide, call The Plaid Group for advice and assistance. We can help your organization respond properly to today's labor crunch, and tomorrow's.

More Information? If you'd like to learn more about preparing for the looming labor crunch, please send an E-mail to tim@plaidgroup.com, visit our web site at www.plaidgroup.com, or call us at 713-627-3569. The Plaid Group publishes a free bimonthly e-mail newsletter filled with insights and ideas you can use to enhance your company's operational performance, spur growth and increase bottom-line profits. To subscribe, change your e-mail address or unsubscribe, please visit www.plaidgroup.com/newsletters_subscribe.asp.

Author's Note: Tim Smith is a Principal with The Plaid Group. The Plaid Group helps companies simplify and stabilize their business operations to improve financial performance and gain a competitive edge.