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FORTUNE

Making Full Use of the Maturing Workforce

By Marian Stoltz-Loike, PhD
With David Madison, PhD

In the decades following World War II, the nation experienced one of the greatest population explosions in U.S. history. There are 76 million 'baby boomers,' i.e., people born between 1945 and 1964, and the impact of this growth stretches far beyond the middle decades of the last century. The swelling of the ranks of 'older workers' is inexorable: in the U.S. today, every 7 seconds, someone turns 50. According to the Bureau of Labor Statistics, 22% of the workforce was over 50 in 1998, but this will grow to almost 27% by 2008—in fact, it will probably be even higher because of the dot.com bust and the sagging economy in general. Older workers will be staying in—or returning to—the workforce, because retirement savings have eroded.

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But attitudes about 'looking forward to retirement' appear to have shifted dramatically. A whopping 80% of baby boomers say they plan to work 'forever,' although 75% of these look forward to working on a part-time basis. The classic image of retirement seems to hold less appeal. Years of an 8.a.m. to 8 p.m. routine,

followed abruptly by years on the golf course—supported by pension and Social Security dollars—isn't as compelling or as practical as it once may have been.

In other words, the 'maturing workforce' is simply a *demographic reality*.

The Demand for Older Workers

Mixing old and young in the workplace—as never before—will not be easy, but the truth is, *we won't be able to manage* if the baby boomers retire in their 50's and early 60's.

Notwithstanding the stressed job market that we face at the beginning of 2003, the projections for just a few years out present a different picture. By 2006, the number of jobs in the U.S. will stand at about 151 million, but there will be only 141 million people in the workforce. Increased immigration can help erase this shortfall in some arenas, but people *not* making their exits in their 50's will also help.

The need to retain mature employees—those millions of seasoned workers with knowledge, skills and expertise—is, in fact, *the critical business*



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challenge in the early years of the 21st century. The industries most at risk for severe labor shortfalls are government, energy, manufacturing and health care. Consider, for example, the thresholds we are about to reach in select industries and sectors: in some divisions of the Federal government, between 50 and 60% of employees are eligible for retirement in five years. At the Nuclear Regulatory Commission, fully 78% fall into this category!

Older workers represent the talent pool; younger workers are the talent pipeline. The latter depends on the former.

But numbers alone don't really represent the most critical aspect of this shortfall: successful *knowledge transfer* is just as big a worry as not being able to find people to fill jobs. If 78% of the current workforce at the Nuclear Regulatory Commission is out in five years, who'll be left running the shop and passing on knowledge about how things work? Of course, any organization wants 'new blood' to replenish the ranks—the younger generation taking over from the older generation has been the standard for millennia. But such a high proportion of the older generation departing precipitously poses dangers to any organization—let alone a body concerned with public safety on nuclear policy issues. No matter how smart younger workers may be, no matter how many advanced degrees they may have, they can't be expected to 'run the shop' if knowledge transfer has been neglected. Such neglect may happen of course, but the quality of products and services will suffer. Older workers represent the *talent pool*, younger workers are the *talent pipeline*. *The latter depends on the former*. Older employees staying in the workforce longer can facilitate knowledge transfer.

An especially dramatic—and extreme—example of a knowledge transfer crisis is the New York City Fire Department. Many veteran firefighters were killed on September 11th and others opted for

retirement in the months that followed. As a result, far too many rookies enter burning building without seasoned colleagues at their sides.

Knowledge workers who have the most interesting jobs might be easier to induce to postpone retirement. In fact, doctors, lawyers, and other professionals are more likely to postpone retirement until they are in their 70's or older. However, other critical employees whom we depend on to make things work—including bus drivers, health care workers, teachers, police officers—are often eligible for retirement in their 40's or 50's and can receive pensions at that time. It may be much more difficult to encourage these employees to postpone their retirements. Yet their disengagement from these vital roles poses critical challenges.

In many industries, the rule of thumb is that employees will retire at 55, if not younger. Many corporate employees in diverse industries are eligible for retirement and full benefits in their late 50's. Except for some senior executives, most investment bankers for example, retire or move on to other careers by the time they are in their 50's. If large segments of employees in various industries, with their technical knowledge, expertise, and institutional memory were to retire within the next five years, many organizations would find it difficult to conduct business effectively. In many cases, it takes years to transfer the intricate knowledge at the core of business. Unfortunately, for many companies succession planning is inadequate or non-existent.

But How Do We Get It to Work?

Despite the fact that 'early retirement' is no longer realistic, desirable or even workable in America today, entrenched attitudes, assumptions and stereotypes don't die easily. The welcoming of older employees—those who 'should have retired'—won't just happen. There are major obstacles to be addressed and overcome, and many of these remain unacknowledged. When I arrive at a company on a consulting assignment—generally related to helping the firm deal with



succession planning or strategic planning related to changing demographics—I am usually met with a blank stare when I ask:

What does your workforce look like? How many people are over 50? How many people are getting ready for retirement and how will their departure impact your company's ability to deliver its products and services?

Understanding what your workforce looks like now is imperative for continuing success throughout the 21st century. And there is a lot that business can—and must—do to get ready for these changing demographics. These include:

- ♦ changing attitudes and perceptions about mature workers.
- ♦ developing more effective structures to recruit and retain older workers.
- ♦ creating training and development initiatives to create a level playing field for all employees.
- ♦ building effective succession planning to enable knowledge transfer.

Succession plans that capitalize on the knowledge, talents and abilities of both mature and younger workers will be essential.

Creating intelligent and effective succession plans that capitalize on the knowledge, talents and abilities of both mature and younger employees will be essential. This integration of cross-generational talent won't just happen. It requires dealing

with a number of issues.

Attitudes Toward Older Workers

Notwithstanding laws that ban age discrimination against mature employees (nationally, the Age Discrimination in Employment Act, or ADEA, applies to anyone over age 40), if there is a bias tolerated more than others, it is that based on age. This is reflected in the widespread fear that job-hunting 'after 50' will always be an uphill battle. "Who's going to hire me at this age?" Those who are in their late 50's or early 60's are especially anxious about a job market in which, it is assumed, youth is favored—indeed, where most of the interviewers seem to be 10 or 20 years younger than the interviewee!

Interviewers may need to be trained about how their interview styles may bias their selections. Behavioral interviews, as compared with functional interviews, may bias their selection toward younger employees more familiar with this interview technique. Their stereotypes about mature employees may even influence their review of applications and decisions about who to interview.

Hiring 'young' guarantees nothing! All data on mature employees indicates that they are likely to stay with companies much longer than their younger colleagues.

Hiring managers in pursuit of 'stability' who assume that older job applicants—say, those in their late 50's or early 60's—will be short-timers, need to remember that younger workers may have a job-hopping mentality. They too might be short-timers, though for very different reasons. Hiring 'young' guar-

antees nothing! In fact, all data on mature employees indicates that they are likely to stay with their companies much longer than their younger colleagues.

In the coming era of labor and talent shortages, age discrimination is a luxury of the past. Corporate America will have to come to terms with this particular form of discrimination. Companies will need to re-educate HR, staff and management about realities relating to mature employees in the workforce. Stereotypes about the inability of older employees to learn or apply new information, knowledge, or skills can impact interviewing and hiring. In fact, employees in their 50's and 60's master new knowledge readily and effectively even if some things take longer to learn.

Everyone must be 'up-to-speed' in accessing data and communicating desk-to-desk and continent-to-continent.

Technology Generation Gap

Most of the employees whom we hope will remain on the job beyond age 55—in some cases, well beyond—began their careers when typewriters were high tech. Of course, most of these people have adapted very well to the sweeping changes in workplace technology. Although people over age 35 didn't played with PCs when they were youngsters, all studies show that mature employees can master the same information as their younger colleagues, and apply this knowledge equally well. In some cases, mature employees can actually get extra mileage by applying new information more effectively *because* of their experience.

It could be argued that there are huge generational differences in how

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people learn, but techno-literacy at all levels must be the goal. It is up to management to make training available to older workers and encourage it—as a condition for full participation in corporate life. Everyone must be ‘up to speed’ in accessing data and communicating desk-to-desk and continent-to-continent. Mature workers who are hesitant to adapt, and assume that they can ‘get by,’ or are content to remain out of the technology loop, will be perceived as dinosaurs. Their value as part of the *talent pool* will be diminished.

Changing Patterns of Employment

Talented older workers, who are eager to remain a vital part of the labor force, *may want a different pace*—or at least a modified level of commitment as they move through their 50’s and 60’s. To retain the talent pool of workers aged 55, 65 and older, a very diverse pattern of work is likely to evolve. There will be those working part-time or on an as-needed basis, and some will come to the office on special or seasonal projects. Some will be happy with a two- or three-day-a-week arrangement. “Come to the office” won’t even have the same meaning as telecommuting becomes more common, allowing people to work from home and on the road.

In the past, companies have offered incentives for early retirement. A new challenge for businesses is to develop incentives to encourage employees to delay departures.

Of course, much of the pressure to make the workplace more flexible and accommodating will come from older workers who want to blend work and ‘retirement.’ But employees can’t be treated *inequitably*—flexible patterns offered to older workers will apply also to younger workers, who have their own priorities and agendas. Much has been made of the

impatience of younger workers—for example, they tend to job-hop to ‘get what they want’—but their impatience extends as well to work patterns that simply don’t make sense any more. A senior manager was distrustful of an employee who had been assigned to complete assignments from his home office: “How do I know he won’t sleep late and only get down to work at 11 o’clock?” A younger colleague responded: “If he turns in the project on time, on budget and done well, why would you care?” The mindset of previous decades, that face-time is critical to working effectively, will lose more ground as younger and mature workers alike lobby for flexibility in the workplace.

Meeting the needs of workers in their 50’s, 60’s, and 70’s is only part of



the reason for this. In the post 9/11 world, in the post overheated-1990s world, people seem less inclined to view 12-hour work days as healthy, appropriate or necessary. The old mode of thinking is reflected in the assumption that you’re not really serious about your job unless you stay until 8. The new mode of thinking is more concerned about work-life balance, and urges that work be done *efficiently*—so that you’re on the way home by 6 or 7, even if you can’t leave by 5.

The traditional pecking order is likely to be modified as well. As mentioned earlier, older job-hunters face the job-market anxiously because age discrimination does exist, and because the

competition commonly is younger. But older job hunters also can have misgivings because, strolling from the receptionist area to the hiring manager’s office, they can see that no one else has gray hair. “Would I really want to work here? I’d be the oldest one.” Will someone 55 do well being managed by someone 35? Recent studies suggest that the resounding answer to this question, from both younger and older workers, is “yes.” The changing patterns of the workplace—and the business of *knowledge transfer*—will increasingly require that the ‘old order’ be turned on its head. Older workers will report to younger workers, or find themselves on equal footing.

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Furthermore, older workers need to realize that, while their experience, knowledge and accomplishments are highly valued, older ‘mindsets’ may not be. Too much discussion of ‘the way things were,’ reluctance to embrace advancing technology or disdain for younger lifestyles (e.g., with respect to preferences in music, food, entertainment and recreation) will undermine a collegial atmosphere. Cross-generational marriages are rare, but in the workplace, cross-generational *collaboration and knowledge transfer will be a necessity*. Management will need to play a proactive role in training employees that age discrimination *aimed in either direction* benefits no one. Companies can lose their competitive advantages if they don’t effectively use and manage the talents of employees of *all* ages.

Changing Patterns of Retirement

As indicated above, there will be different patterns of work, many of which will be woven into different patterns of retirement. Taking on special projects,

troubleshooting as an emeritus expert, working a few days a week, even volunteering will be part of the picture. “Phased retirement” may become a more popular option. At age 55, 60 or 65, an employee may choose to begin working four days a week, then a year later move to two or three days a week, and so on. This could be a winning formula for companies critically impacted by too many retirements in a short period—with *knowledge transfer* in jeopardy. While tax and legal implications and internal benefits structures make this a challenge for many companies today, every indication is that companies, with support from government, will help make this a possible future option for work transition. Whereas in the past companies have offered incentives for early retirement, a new challenge is for businesses to develop incentives to encourage employees to *delay* departure—so that companies can ensure that critical knowledge is transferred, that strategic business goals are met, and that the bottom line is achieved.

It Won't Be Easy

An ‘age for retirement’ is so much a part of our thinking that we might even think of it as part of the natural order: supposedly bodies and minds go into such decline that the workplace will benefit from their departure. But, in fact, neither nature nor logic had anything to do with the rule that people should stop working when they reach their mid-50s or 60s. We actually owe the age 65 cut-off to Otto von Bismarck, who, at least for PR purposes, wanted to offer state pensions to old soldiers. But ‘retirement at 65’ was a joke then—in the 1880’s—because very few people lived that long (Otto had one eye on the budget), and it’s a joke now, because...

- ♦ most people today live well beyond 65.
- ♦ many mature workers are in ‘full bloom’ in terms of knowledge and creativity.
- ♦ most *want to keep working*, even if ‘work’ is redefined for people as they move through their 50’s, 60’s and, in

some cases, 70’s.

- ♦ for many, giving up the paycheck at age 65 or even earlier simply isn’t an option.
- ♦ the country can’t afford it either: we will go bankrupt if mature workers don’t remain contributors to the tax base in the decades to come.

Millions of boomers are ready, willing and able to get up and go to work, share their knowledge and earn their paychecks.

The fact remains, however, that ‘retirement at 65’ remains entrenched in law, corporate policy and attitudes. I know from my own experience that far too few companies have begun to grapple with the problems posed by maturing employees, some of whom want to retire, some of whom can’t, and most of whom want to do it in a way that fits their goals and ideals.

And I haven’t even touched here on the immense issue of how our laws and pension rules will need to be modified to fit new realities. ‘Phased retirement,’ to cite but one example, will have to be carefully plotted by anyone contemplating it. An employee needing 25 full years of service to qualify for pension will face calendar issues in choosing a year to start phasing out. And if the pension amount is formulated on the basis of the last five years of *full* service—how do you navigate *that*?

But the challenge remains and will have to be met. Millions of ‘boomers’ are passing the 50-year mark—as they will pass the 55, 60 and 65-year marks. In many cases, they’re ready, willing and able to get up and go to work, share their knowledge and earn their paychecks. The word ‘golden’ commonly comes to mind when discussing people ‘of retirement age,’ but here’s perhaps the best use of the word: the aging boomers represent an unprecedented *golden* opportunity for our nation to enrich itself—and to acknowledge the

vital role that ‘mature employees’ will play in this century. ●

This article is based on a presentation Dr. Stoltz-Loike made recently to her fellow members of The Employment Roundtable. She is the Chief Executive Officer of Senior Thinking, a consulting company focusing on the concerns of mature employees and their organizations. Marian is the author of two books: *Managing a Global Work Force: A Cross-Cultural Guide* and *Dual Career Couples: New Perspectives in Counseling*, and numerous articles. She is a frequent speaker at professional and industry conferences. Marian received a BA from Harvard University and a PhD from New York University.

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