

## The coming labor crisis

Finding good staff is hard now. Here are the three reasons why it's about to get much harder — and what you can do about it

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One of the most challenging issues that you will face through the next decade will be an increasing inability to access the staff and skills necessary to effectively run your business. Blame it on retiring baby-boomers, Generation Y and hyper-innovation.

### Bye-bye, baby boomers

In the coming years, baby boomers and their specialized expertise will retire and it will affect nearly every industry and profession.

In the area of health care, for example, there will be a shortage of up to 400,000 nurses in the U.S. by 2010. The U.S. Bureau of Labor Statistics estimates that over the next 10 years, demand for electricians will outstrip supply by 23% (or 154,000 workers).

Take a look into any industry and you can see similar estimates being bandied about. What this means is that entrepreneurs will soon find they are unable to find the talent they need to get the job done. **Hello, Gen-Y**

If you can find young, capable staff, don't expect them to stick around more than a few years.

Generation Y is the generation born between 1977 and 1999, which today makes up nearly one-quarter of the population. Having grown up with computers, the Internet, video games and hundreds of TV channels, the members of Gen-Y can become extremely bored, extremely quickly — which could prove a unique challenge to the corporate sector.

Because they are used to doing multiple things at once, they'll expect the same degree of heightened stimulation in the workplace. They'll have to be provided with a regular stream of new projects and varied assignments and responsibilities. Not only that, but they will have to be provided a career path that allows for multiple different careers throughout their lifetime. Fact is, new grads these days consider a job lasting two to five years as long term.

### Specialized skills

We live in a world of rapid knowledge growth and hyper-innovation, which is leading to a big increase in the specialization of skills.

According to a study from the University of California (Berkeley), we now produce as much new information every six months as was produced in the first 300,000 years of human existence. Medical knowledge is doubling every eight years, and family physicians can barely keep up. Half of what students learn in their freshman year about science and technology is obsolete or revised by their senior year. The half-life of an engineer's knowledge is about five years, and for a computer professional, as low as two or three years.

How are people impacted? The fact is, no one can be expected to know everything that is required

of them — and everyone is becoming a specialist.

The result: every job is being sliced and diced into multiple subcategories. The days in which you could hire one person and expect him or her to be able to do everything in a department are over. Instead, you will find you will have to access ever more rarified and specialized talent, probably on a part-time, contractual basis.

## Staffing solutions

If the skills shortage is set to become your biggest challenge, what should you do today?

1. **Recognize the importance of the issue.** Start watching your industry or marketplace for signs of emerging shortages, and take the time to understand how you might be impacted.
2. **Watch how other firms are dealing with staff shortages.** For example, Home Depot recently formed a partnership with the American Association of Retired People to recruit and hire workers for 1,700 stores.
3. **Recognize that your own baby boomers might want to continue working** beyond their official retirement date, which could help you ease a potential skills issue. A Towers Perrin survey of 2,000 workers found that 78% want to continue working in some form in their retirement years. Start a dialogue with your own staff.
4. **Work with Gen-Y's inclinations.** For example, this generation understands the benefit of workplace connectivity, and will be looking for organizations that will support unique work models involving telework, time-shifting and other location-insensitive working arrangements. Start adjusting your corporate culture now so that you can support new work models in the future.
5. **Know that the very nature of your organization will likely change.** Today, if you need particular skills or capabilities, you hire an employee. Tomorrow, with increasing specialization, you will find that you are hiring an increasing number of specialized skills on a contractual, itinerant, temporary basis. You'll also learn that it really doesn't matter, for many situations, where this talent is located. This too involves a corporate cultural shift, which you'd better begin planning for now.

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