

Reprinted from *Future of Work Agenda*  
December 2006

## **Workforce Crisis: How to Beat the Coming Shortage of Skills and Talent**

By Ken Dychtwald, Tamara Erickson, and Robert Morison

Reviewed by Margaret King

*Editors Note: Every once in a while a really important book comes along that provides insightful guidance about the future of work. We've long believed that demographics in general, and the aging of the workforce in particular, will have a far bigger impact on the future of work than most of us realize. And Jim had the privilege and pleasure of working closely with Ken Dychtwald, Tammy Erickson, and Bob Morrison in an earlier life. So although we [first mentioned Workforce Crisis as a book well worth reading back in June](#), we are delighted to share with you this thoughtful review written by Margaret King.*

### [Workforce Crisis: How to Beat the Coming Shortage of Skills and Talent](#)

by Ken Dychtwald, Tamara J. Erickson, and Robert Morison. Boston: Harvard Business School Press, 2006.

“In the developed countries, the dominant factor in the next society will be something to which most people are only beginning to pay attention: the rapid growth in the older population and the rapid shrinking of the younger generation.” - Peter F. Drucker

The impending workforce crisis is the outcome of three relentless facts: the sheer size of the baby boom (eighty million plus), increasing longevity (life expectancy heading into the 80s), and a declining birth rate (below replacement). The inescapable projection is a rapidly-aging population and workforce. But this is not only a crisis. Properly considered and framed, this problem is a great opportunity for business to benefit from the talents of the older worker. The question is how quickly management will be able to retool its operating assumptions in order to take stock and take advantage of these cultural issues for the benefit of business.

A future-vision orientation to these problems and opportunities means understanding where the workforce is now, what's happening to it, where it's heading, and what this means for strategy. This is more than trouble-shooting – it is preparing to take advantage of the age wave already well underway. Making the most of a world where the median age is 40 (and rising) means in effect creating a new world of work. The opportunities offered are many, but they require a rethinking of assumptions: both about the terms of employment and the mature employee.

*Workforce Crisis* is yet another in Ken Dychtwald's series on the aging of America that began with [Age Wave](#) in 1989 (link to 1989 paperback edition at Amazon.com). In that book, America's leading expert on aging illuminated the vast implications of the longer lifespan as focused on the still-largest cohort of Americans: the 80 million baby boomers.

A third of the population—those over 50, and the fastest-growing—are discovering that they have (if they want it) a second working life ahead of them. This is because so many will spend just as many years “unretired”--post-career--as they did on the job. In this latest foresighted study, the facts of an aging society are focused on issues of human potential. These include the

economy, the brain drain, ethnic and gender diversity, skill and education shortages, and a general tightening of the talent supply. The impact of this age revolution will be wide-ranging as it drives social policy, lifestyle, health, and relationships. These will all have their effects at work, or in the “ergosphere”—my term for the dispersed time- and-space universe that defines the new workplace.

Dychtwald et al. take on this question by means of a systematic strategy that defines the demographics of the “mature” workforce: (55 and older), the young (under 35) and midcareer (35-54) cohorts. They identify the differences between these working generations: what motivates or de-motivates each, how they want to work be rewarded.

The authors clearly hold that the whole workforce picture must be understood in its past, present, and future dimensions in order to anticipate the situation coming straight at us – and not be caught unprepared. Chapter 12, “Meaningful Work and Engaged Workers,” examines the driving force behind why we work – what drives people to give their best efforts to work that is engaging, enlightening, rewarding, and provides value. The correlation between work that can inspire passion and the successful business is very high. A workforce assessment is outlined to emphasize new segmentations: by age, generation, lifestage, and lifestyle. The approach starts and ends in an applied practice of understanding the needs and aspirations of the worker. An action guide at the end poses questions based on each chapter to assess needs and set goals and plans.

The outcome is the “employment deal” customized (“flexed up”) to offer win-win terms for business and workers. Three chapters cover working arrangements, learning, and compensation and benefits. These domains include discussion of what “engaging work” is and the evolution of the employment deal over time to accommodate changing needs.

“Few large organizations are really preparing for this transformation of the workforce.” This realization is the starting point of the issue. The leading effect will be the replacement of the coming shortages in skill and labor with older workers and the new demands under which to manage this new old workforce. The book sets out a strategic business plan (not just tactics and fixes) to show in detail how this can be done and more important, why, citing examples such as IBM’s work/life flexibility, Hewlett-Packard’s flextime, and AT&T’s telework.

Using the three worker-age stages as a guideline. the authors address the myths and realities of the older worker, clarifying misconceptions about performance, dedication, and learning ability. The ability landscape to come will be considerably flattened, meaning that every age can accomplish virtually every job. If anything, older workers will be advantaged by virtue of experience and judgment. This renewable human resource (as Gen X and Y pour into the over-55 age stages) will be cycling through a new working stage: “unretirement” – one more likely to be spent on a third or fourth career as in leisure. Given the numbers who say they do not intend to leave the workforce at all – motivated by the money or the personal rewards – a ready-made supply is in production by the day as the 55-64 workforce grows over 50% by 2010. Others are already “rewiring,” at 55 and earlier.

To lead this higher-median-age workforce, management is posed as a far more thoughtful proposition, involving foresight, cultural logic, and long-term strategies rather than simply quarter-to-quarter tactics in search of younger workers who can be molded. Going forward, the savvy manager will be connecting the dots between business success and population data, age psychology, the value set at each age stage, innovative logistics, information systems, and social outcomes.

The authors thus present business with a new management theory needed to engage and reward each cohort—with techniques to analyze, anticipate, and strategize to make the most of age-diverse employees, especially the “biggest untapped resource,” older employees. Very far from becoming obsolete, this is the group in fact poised for recognition as most valuable players on the work team. The sooner business can recognize and master the reality of the age wave and its implications, the faster the mutual rewards can be realized

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