

conversation

Needed: Experienced Workers

In recent years, 20-somethings with business plans and VCs' checks have gotten all the attention. It's time to shift the focus to a forgotten generation of older workers.



Companies of all kinds face a constant struggle to fill positions at all skill levels. And despite the layoffs that many companies are now carrying out, the problem could get a lot worse if a neglected part of the workforce doesn't get more attention: workers who are age 55 and over. As baby boomers begin to retire, skill

*shortages at all levels will be exacerbated unless companies take steps to retain and retrain them. Most executives haven't yet faced up to the problem of changing demographics. A few companies are out in front on this issue, however, as HBR's Roberta Fusaro learned in a recent interview with **Beverly Goldberg**, a vice president of The Century Foundation in New York and the author of *Age Works: What Corporate America Must Do to Survive the Graying of the Workforce* (Free Press, 2000).*

What will the aging workforce mean for organizations?

Within the next few years, companies may have a tough time finding enough workers, particularly skilled workers, if they don't accept the need to employ and retain older workers and to establish programs that train workers regardless of their age. According to the Organisation for Economic Co-operation and Development, from 2005 on, labor force participation by those over 55 will have to increase by about 25% if industrialized countries are to maintain current employment-to-population ratios. And yet we face a situation in which many older workers will drop out of the workforce because of a lack of skills; many other highly skilled workers may

retire early because of career burnout. Meanwhile, the generation that will replace them—the so-called baby busters—is smaller than the boomer generation by about 10 million people.

What can executives and managers do to turn this demographic shift into a competitive advantage?

Companies need to rethink the way they train employees. In all too many companies, training is offered primarily to workers under 55. Studies show that a worker over 55 receives about one-third the hours of formal training that a younger worker gets. When people tended to stay with one company for most of their careers, this made sense. Companies got bigger returns on their

investments by providing training to 25-year-old managers who would be with them for the long haul than by offering it to those much closer to retirement. But younger people move around more today; older workers, who get fewer offers to move, are more likely to stay on. What's more, technology skills no longer have a very long shelf life, so it doesn't make sense to withhold training from anyone based on age.

Companies also need to think differently about retirement. They should realize that many people would be happy to postpone retirement (for personal or financial reasons) if they were offered alternative arrangements. For burned-out baby boomers who are considering career changes, alternatives like part-time permanent work and job sharing may be very attractive. Contract or consulting arrangements also will hold people.

Are there companies that have recognized the need to keep older workers?

Yes, and they are striving to retain or employ older workers at all skill levels. Days Inn, for instance, has realized that older workers are valuable on the front line. Turnover rates at the chain were approaching 100% among younger employees working in the call center that handled reservations. Most would stay one year, tops. When older workers were hired for those jobs and were trained to handle the electronic reservation systems, the retention rate grew to three

trend

Untethered Data

Contracts and the data they cover were once kept in the same filing cabinet. Today, the contract remains in the cabinet, but the data fly around the world. And that can be dangerous.

by Tara Lemmey

years. Retention isn't the only benefit. Days Inn found that although older workers take longer to book phone reservations—30 to 45 seconds longer, at least, than their younger counterparts—they book more rooms, because they engage potential customers in personal conversations and collect important sales information in the process.

Some companies have pushed to educate older workers about technology. For example, Microsoft has supported Green Thumb, a nonprofit training organization, in its efforts to develop programs that prepare older workers to obtain jobs at computer-related companies. Such hiring frees up younger workers with more advanced IT skills to move on to other projects, reducing the risk that they will be lured away by competitors.

Companies like Quaker Oats and GTE have retained senior executives considering retirement by assigning them to foreign offices. A six-month assignment to help set up a satellite office in China, to take just one example, may be quite appealing to an executive near the end of a career. The company retains a valued executive, preserves its institutional memory, and avoids having to uproot a younger worker.

As workforce demographics and society change, it's in companies' interests to keep valuable people in the fold—no matter what their age. And that can be done with a bit of creativity and insight.

Reprint FO107B

In the past few years, businesses have seen a fundamental change in the number and nature of contractual relationships surrounding the data they transmit or receive daily. Combine the monumental increase in data flow made possible by the Internet, the important role that contracts play as facilitators of commerce, and the potential liabilities from the misuse of contracted information and you've got one big management task on your hands.

Whether in paper or digital form, a contract is a binding arrangement between two or more parties to conduct transactions under set terms. It can be as formal as a 100-page service agreement or as informal as clicking through a company's Web site. Typically, some contract governs almost every piece of data in a company: implied and explicit agreements with customers for service delivery, promotional deals with third parties, employment contracts, sets of rules for complying with corporate policies or government regulations. And market intelligence, sales information, and human resource data all usually entail certain contractual obligations.

In the days before distributed computing, corporate information and its governing

contract were bound together on paper and filed away in the same drawer. Then some of the information was digitized and ported to a database; authorization to access those files was limited to those inside the company. Now, the contract is often in the filing cabinet but the related data are untethered on the Net.

A well-publicized example is the free on-line distribution of copyrighted music files through peer-to-peer file-sharing services; the artists' royalty contracts are in a drawer somewhere, while the songs are available for free downloading off the Web. But also consider what happens each time your company shares customer data with a business partner

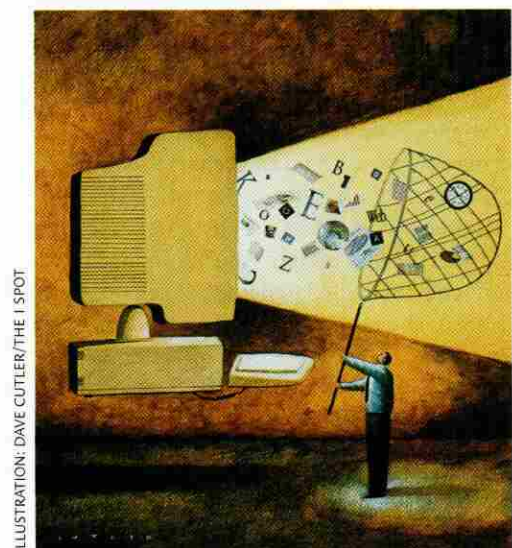


ILLUSTRATION: DAVE CUTLER/THE I SPOT