

Labor Shortage - Can You Afford to Bet Against One

Articles and books have been published warning of a future American labor shortage. In addition to these publications, The Bureau of Labor Statistics has sized a 5 to 10 million worker shortage developing within the next ten years.

With every shortage projection there seems to be opposing views that the shortage projections are filled with flawed logic and cannot be validated. In discussions with human resource leaders, they likewise vary in their beliefs of a potential shortage.

In the book The Impending Crisis, Roger E. Herman, Thomas G. Oliva, and Joyce L. Gioia report companies are divided in their approach to a potential labor shortage.

- 5% are actively preparing for a shortage.
- 20% are considering taking actions.
- 50% are aware of the potential shortage and waiting for someone else to take actions.
- 25% are oblivious to a shortage potential.

No matter if you believe or do not believe a shortage will occur to the magnitude projected by The Bureau of Labor Statistics, actions must be taken now. Considering taking actions, waiting for someone else to do something, or sticking your head in the sand will only have you losing ground to the companies that are proactively addressing the potential.

We personally have not completed any formal studies or surveys, but we do routinely pose the question to business leaders, "can they find as dependable and skilled applicants as they could 10 years ago." The answer is a resounding, "no."

We have long contended America has a headcount surplus and a dependability/talent shortage. This is validated by a survey referred to in the May IMA Executive Memo. In the article Keeping America Competitive: Talent Shortage Threatens U. S. Manufacturing, they referred to a study by the National Association of Manufacturers that revealed 80% of manufacturers surveyed reported a moderate-to-serious shortage of qualified job applicants. This is reality today, not the future.

We likewise ask leaders how their companies are dealing with the lack of dependable skilled workers. The most common answer is "hire more and hope they stick."

One company relayed a recent hiring initiative where they hired 130 new production employees. At the end of four months only 26 of the original 130 remained. This type of a hiring to retention ratio is a costly drain on profits.

Companies must take actions now. If you are not in the 5% who are actively doing something about a shortage, you are already behind in recruiting the necessary talent you will require in the future.

Actions we see in progressive companies are:

- They are making changes in how they recruit; they are becoming more aggressive and taking actions into their own hands.

The future war for talent will be fought not here the jobs are, but where the talent is. A recent Indianapolis Star/WTHR poll asked "Have you considered moving out of state." 16% responded they have seriously considered and another 12% have thought about moving. Progressive companies are developing plans to capitalize on worker mobility, they plan go to the areas where they know talent exists or where job losses are announced, and recruit workers to move to their locations.

- They are focusing on creating an organization wide understanding of the reality of their organizational capability.

The Christian Science Monitor recently reported approximately 72% of people employed in the United States do not like their jobs. Progressive companies understand with 72% not liking their jobs, performance is going to suffer. Many are completing validated Performance Assessments. When completed these assessments identify what business results are achievable today and 2 to 3 years into the future. That is right; they can accurately predict future success. Accepting the true reality allows organizations to surgically identify needed actions, and developmental plans to insure high performance.

- They are focusing on retention.

Being able to retain their existing talent is more than competitive pay/salary rates. Focusing on improved supervisory skills is the key ingredient to higher company performance.

Human Resource professionals play a pivotal role in shaping a company's success. How you approach the future of attracting new talent and retaining existing will mean the difference between success or failure for your company. To be successful you must take actions NOW!

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