

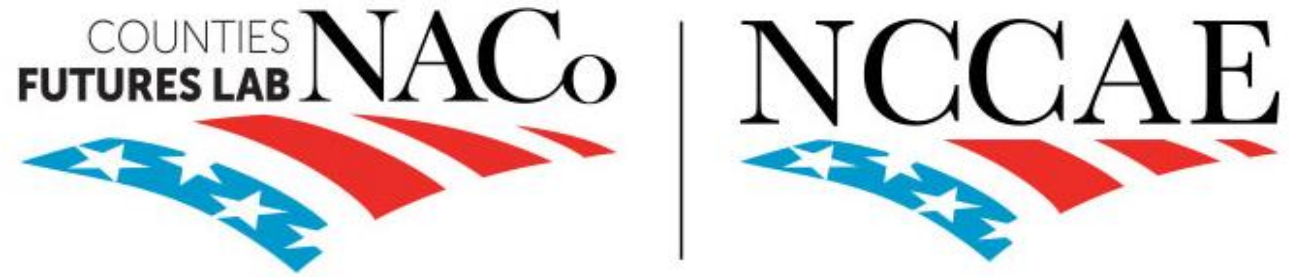


NATIONAL COUNCIL
of COUNTY ASSOCIATION
EXECUTIVES

NACo-NCCAE Knowledge Management Forum

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NACo-NLC Conference Center



Managing a Retiring Workforce

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First the Facts . . .

- Baby boomers born before 1964 – 75 million
- Generation X to 1981 – 55 million
- Millennials born by 1998 – 66 million
 - ✓ Two workers exit the workforce for each new worker who begins his/her career

First the Facts . . .

- Total employed workforce – 151.4 million

Government workforce

- Federal – 2,654.7 million (excluding USPS)
- State – 2,187.4 million
- Local – 5,380.0 million (excluding schools and hospitals)
 - Public hospitals – 654.9 thousand
 - Public education – 6,120.7 million

First the Facts . . .

- The government workforce is older.
 - 44% of the nongovernment workforce is over age 45
 - 51% of the public school workforce is over age 45
 - 53% of the public administration workforce is over age 45
 - ✓ But when the “justice, public order, and safety activities” workers are backed out – the percentage jumps to 59%.
- The total public administration workforce includes almost 1.2 million workers age 55 or older.

First the Facts . . .

- Its been reported that “about three quarters of individuals approaching retirement . . . would like to keep working in some capacity . . .”
- The age 65 -- initially it was age 70 -- was introduced by Bismarck in the late 1800s.
- Studies show people who find work satisfying and continue working live longer.
 - ✓ It’s the money plus socialization, sense of achievement, and identity as a valued individual.

Using the Facts in Planning

- Workforce planning should be done annually.
- Its easy to identify employees approaching the age when they can retire.
 - ✓ It might be somewhat more difficult to identify those management wants to retain.
- The planning should include projecting the skills that will be needed over the next 3 – 5 years.
- The final step is determining if the skills are available locally.

Plus Its Costly to Replace a Solid Contributor

Direct costs, including:

- Separation costs such as exit interviews, severance pay, and higher unemployment taxes
- The cost to temporarily cover an employee's duties such as overtime for other staff or temporary staffing
- Replacement costs such as advertising, search and agency fees, screening applicants, including physicals or drug testing, interviewing and selecting candidates, background verification, employment testing, hiring bonuses, and applicant travel and relocation costs
- Training costs such as orientation, classroom training, certifications, on-the-job training, uniforms, and informational literature
- HR staff involved in recruiting, hiring and onboarding

Indirect costs, including:

- Lost productivity by managers and employees for time devoted to discussing job requirements with HR, interviewing candidates
- Lost productivity for the departing employee who may spend their last days on the job writing exit memos or with reduced morale
- Lost productivity for temporary, less productive replacements and for the immediate supervisor and individuals who work with replacements
- Coping with a vacancy or giving additional work to other employees
- Costs incurred as the new employee reaches competence in his or her job, including reduced productivity, lower quality, errors, and waste
- Reduced morale among co-workers
- Lost clients / lost institutional knowledge

So Where Do We Go From Here?

Here are a few ideas . . .

- Create a culture of knowledge sharing.
 - Regular sessions for executives, managers and co-workers to meet with in-house experts provide opportunities for everyone to increase knowledge of newer practices and methods.
 - The sessions can also include vendors as well as organizations/individuals served by government.
 - Session leaders enjoy the recognition

Here are a few ideas . . .

- Engage employees in focus groups to discuss how their work experience can be improved.
 - This is consistent with an empowered workforce and with the idea of shared governance .
 - It will raise engagement levels and independent of the ideas that surface raise performance levels.
 - Creating a more positive work experience benefits both the organization and employees.

Here are a few ideas . . .

- Review the employee performance management system to confirm criteria and competencies are job specific and required for good performance.
 - Those old systems with vague, almost abstract performance criteria cannot be defended and serve no useful purpose.
 - High performers in a job family know what's required for successful performance.

Here are a few ideas . . .

- Analyze personnel actions – ratings, promotions, pay increases, bonus awards and disciplinary actions – for evidence of bias or discrimination.
 - It starts with communication from leaders making fairness a priority.
 - HR needs to have top management's commitment.
 - Review of supporting information is typically the answer.
 - A possible new practice is use of calibration committees.

Here are a few ideas . . .

- Provide training for managers and supervisors to help them understand and deal with issues related to an aging workforce.
 - Managers should be trained to understand and deal effectively with differences in demographic groups.
 - The sessions give managers a chance to share experience and seek advice.
 - Input for planning the sessions should be invited from older workers.

Here are a few ideas . . .

- Review and give new emphasis to practices to recognize and reward accomplishments.
 - Everyone wants to have their value recognized.
 - The book, *1000 Ways to Reward Employees*, has been popular since it was published in 1993. Now its 1500!
 - Most reward recognition practices have minimal cost.
 - Employee groups can take the lead.

Here are a few ideas . . .

- Review job descriptions to eliminate words or phrases that suggest age is relevant.
 - The older format for job descriptions with statements like “minimum 10 years of experience” cannot” be defended and should be rewritten to focus on required knowledge and skills.
 - Education requirements are also suspect and difficult to validate.

Here are a few ideas . . .

- Offer older workers the time to develop proposals for ideas to improve unit performance.
 - Allowing workers to take an hour or two to develop a proposal is generally a worthwhile investment.
 - Providing the opportunity sends the message they are valued.
 - If it results in savings or increased productivity, the developed should be rewarded (as with gain sharing).

Here are a few ideas . . .

- Allow older workers to retire, start their pensions, and return to work part-time.
 - This may not be possible or practical with some jobs or under some public pensions but it's a simple solution.
 - Its likely to be less costly than recruiting, hiring and training replacements.

Here are a few ideas . . .

- Adopt a deferred retirement option plan (DROP)
 - DROP plans are an incentive to keep working for employees who have reached the maximum under the qualified pension.
 - Providing a deferred pension supplement can make sense but it experts argue it should be planned to be actuarially neutral. That is the cost should be the same as added years under a qualified pension.
 - There are better ways to retain valued employees.

Here are a few ideas . . .

- Define formal mentoring and coaching roles to give older workers a reason to share what they have learned.
 - There is heightened emphasis on mentoring and coaching
 - Older workers generally enjoy the opportunities.
 - It recognizes their expertise and provides learning opportunities for younger workers.

Here are a few ideas . . .

- Create groups that involve older and younger workers to discuss operating problems.
 - Both groups can benefit since younger workers are often more comfortable and proficient in using new technology and methods.
 - Younger workers develop a better appreciation for the knowledge of their older co-workers.

Here are a few ideas . . .

- Offer caregiver support for employees who are struggling with problems related to young as well as older family members.
 - Caregiving can be a burden that distracts employees and can become a serious barrier to good performance.
 - Giving them time off, flexible hours or allowing them work at home can alleviate the stress.
 - Most workers have to deal with the issue at some point.

Here are a few ideas . . .

- Create a wellness program that benefits all employees.
 - The program could provide for health screenings, health risk appraisals, smoking cessation programs, weight loss programs or counseling, health coaches and stress management counseling.
 - Public health specialists can play an obvious role.
 - It will reduce health care costs.

Here are a few ideas . . .

- For workers who have a disability, consider modifying their job and work environment to enable them to remain productive.
 - Generally employees who develop a disability will be grateful for the opportunity and become the most committed workers.

Here are a few ideas . . .

- Create a group of retired workers with recognized expertise and use them as consultants.
 - The group is best kept small to retain credibility.
 - If they are true experts, its best to retain them as full time or part time employees.
 - The rate of compensation should be fair relative to other consultants and agreed at retirement.

Final Thought

- The best performing companies rely on a still new employee relations philosophy –
 - Employees and their job knowledge are assets, not costs, and the goal should be encourage full use of the assets.
- Public employers need to rethink employment practices to compete for talent.
- For the near term retaining proven talent in productive roles should be the goal.



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