

Baby boomer exodus

As millions retire, their skills and knowledge will be gone, too

By Michael Kinsman
UNION-TRIBUNE STAFF WRITER

April 23, 2006

Just as they have for 60 years, baby boomers are throwing their weight around again.

This time, though, it's not a matter of how to educate, house and employ the mass of 78 million Americans in that generation, but rather how to replace their skills and knowledge in the workplace as they begin to retire.

The oldest of the baby boomers turn 60 this year, on the verge of traditional retirement age.

The percentage of workers older than 65 will increase from 14.4 percent of the work force in 2004 to 19.7 percent by 2014, meaning the fastest-growing part of the U.S. work force will be retirement age, according to the U.S. Bureau of Labor Statistics.

Yet few companies welcome older workers.

It's more common to find businesses offering early retirement to shuttle older workers out the door, relieving themselves of expensive salary and benefit packages. And little is being done to offer workplace adjustments that would entice employees to work longer.

“The baby boomers are going to be leaving the workplace soon, and they are going to take all their knowledge with them,” said Sandra Timmerman, a gerontologist who heads MetLife's Mature Market Institute. “If you ignore that, you're going to make the problem worse than it has to be.”

Despite that, the U.S. workplace is anything but hospitable to most older workers.

“America is enamored with youth, and a lot of businesses don't look favorably on older workers,” said Miriam Rothman, a professor of management at the University of San Diego. “Most employers want to hire young people, fresh people. They don't want to deal with older people. But they are going to find very soon that they need these older workers.”

A Federal Reserve study to be released in July warns that retirements by baby boomers may have a profound impact on the nation's economic growth, perhaps slowing it dramatically because there aren't



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enough workers to fill key jobs.

The Fed study projects that annual economic growth over the next decade will fall to less than 3 percent annually, down from 3.3 percent annual gains through the 1990s.

A survey by the Society for Human Resources Management shows that two-thirds of companies think they will lose talent when baby boomers retire, although there is little evidence that companies are doing much to try to keep them working.

“It's a little like the chicken and the egg,” said MetLife's Timmerman. “Companies seem to acknowledge the problem, but everyone is standing around waiting for someone else to find a solution. It's a little frustrating because that means we may have a crisis before most companies do anything about it.”

The issue has not gone unnoticed in some quarters.

Last fall, IBM organized a discussion of community leaders, business people and academics at the University of San Diego to discuss how the aging work force will affect the workplace in the years ahead.

It was one of several that IBM has held around the county to call attention to the impending loss of institutional knowledge, said Eric Lesser, leader of IBM's West Coast human capital management group.

“We know that there are a lot of older workers who will be leaving in the next few years, but we wanted to make sure that we didn't lose their expertise and knowledge,” Lesser said. “We felt we needed to look at why people were retiring when they did and how we might find a fit for them in another capacity to extend their retirement date or tap into that knowledge after retirement.”

IBM, which maintains a stable of retirees who mentor and pass on knowledge to younger workers, also has a consulting service to help companies assess how they will be affected by baby boomer retirements.

“This will have severe consequences for some companies unless they prepare for it,” Lesser said.

Last fall, IBM also introduced a program to help shore up the shortage of science and math teachers by providing up to \$15,000 in tuition and stipends to some of its most experienced workers who want to transition into teaching.

IBM employees who've worked for the company for at least 10 years are eligible to study for the new career while still on IBM's payroll. They then leave the company to become math or science teachers.

“We have a lot of people who have always wanted to teach, and this is an opportunity to do that,” said IBM's Robin Wilner.

One unknown is how many baby boomers will postpone retirement beyond the traditional age of 65.

Older people are driven today to extend their working lives by a variety of factors: economic uncertainties, poor retirement planning, collapsing pension plans and longer life spans.



DON KOHLBAUER / Union-Tribune
At 82, Walter Spain still reports to work several times a week at Home Depot in Carmel Mountain Ranch. Spain thinks employers tend to take a dim view of older workers, overlooking their value.

MetLife, for example, reports that 54 percent of baby boomers are concerned they will have to work either part time or full time after age 65 to have a comfortable retirement.

“I think there are a lot of workers who are getting older who want to continue working, but not necessarily in the same careers,” USD's Rothman said. “These baby boomers want to stay involved, and work is one of the ways they will do that.”

But as Timmerman points out, employers will be motivated to find ways to keep employees longer only when they witness firsthand the shrinking pool of experienced talent.

San Diego-based Sharp HealthCare, for instance, got its indoctrination under fire.

A nationwide shortage of nurses has caused the health care company to look at how it could accommodate nurses rather than seeing them bolt the company or the profession, said senior recruiter Joyce Stewart.

“The bulk of the health care work force is in nursing, and everyone knows there is a shortage of nurses,” Stewart said, noting that the average age of a Sharp nurse is now 45. “So we began to look at ways we could make the job more attractive and keep people from leaving.”

Sharp instituted an in-house registry for nurses, clerical help, information technology workers and others in its 13,000-employee work force. Many Sharp employees can shape their own work schedules in medical clinics, labs and hospitals around the county.

Instead of forcing workers into highly structured jobs, the registry allows them to work fewer than 40 hours a week if they want, and to bid on work schedules they find most compatible with their lifestyles and personal needs.

“If they only want to work four shifts a month, we'll do that,” Stewart said.

Sharp also found that one of the primary workplace complaints of older nurses is the physical nature of the work. Stewart said Sharp has investigated ways to reduce those demands to prevent nurses from leaving.

“These are valuable employees to us, and anything we can do shape the job around their needs will help keep them from leaving,” she said. “We know that we can't solve everyone's concerns, but we are looking at ways we can change to make our jobs more attractive and retain these individuals.”

Another company that recognized the shortfall of experienced workers in the labor pool is Home Depot, which formed a partnership with AARP to hire workers 50 and older for some of the 35,000 annual openings at the home-improvement chain.

Home Depot allows workers wide latitude in setting work hours and has trained managers on dealing with older employees.

One of those workers is Walter Spain, a Sabre Springs resident who first retired as a contract administrator from Rockwell International in 1991 at the age of 67. After a brief retirement, Spain worked for a decade at a Poway hardware store until it closed last year.

Now 82, Spain is working in the hardware department at the Home Depot store in Carmel Mountain Ranch. He works 24 to 32 hours a week, or as many hours as he wants.

“Companies are scared to death to hire old people,” he said. “It's like they expect you to fall over dead on the spot. The truth is that a lot of us want to work and enjoy it. I'm thankful I found somewhere that will welcome me.”

But most companies don't seem to feel the need to change how they handle aging workers – at least not yet.

Cubic Corp., a San Diego defense contractor and maker of automatic fare collection systems for mass transit, has no formal mentoring program, nor does it worry about a shrinking labor pool even though the average age of its work force is about 48, said Bernie Kulchin, Cubic's vice president of human resources.

“We believe that there is no substitute for experience,” he said. “We have always coached, counseled and guided younger workers, but we've never had a formal program.”

Like other companies – particularly technology and firms with specialized personnel – Cubic often brings back retired workers to work on short-term projects because of their expertise.

MetLife's Timmerman said a major obstacle to keeping older workers on the job is the reluctance of companies to invest in training them for new tasks.

“As a person gets older, most employers don't want to train them,” she said. “Of course they don't say that, but there is a powerful message that is sent to older workers that they aren't worth the investment.

“I think that's a mistake,” Timmerman said. “We need to realize that training will keep these people in the work force doing work we need done.”

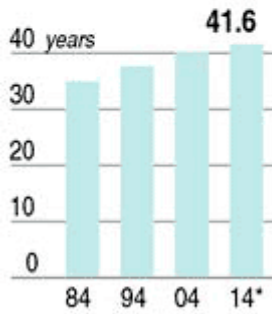
USD management professor Rothman said companies and older workers need to change their attitudes about older workers.

“Competence has nothing to do with age,” she said. “But we seem to have built this barrier that once you cross it, your work life is done. That's wrong. But I really think it is going to take a crisis, such as a labor shortage, for it to sink in that there are workers there who can do the job.”

■ Michael Kinsman: (619) 293-1370; michael.kinsman@uniontrib.com

U.S. MEDIAN WORKER AGE

The median age of the U.S. labor force the point at which half the workers are younger and half older will increase as the baby boom generation ages...

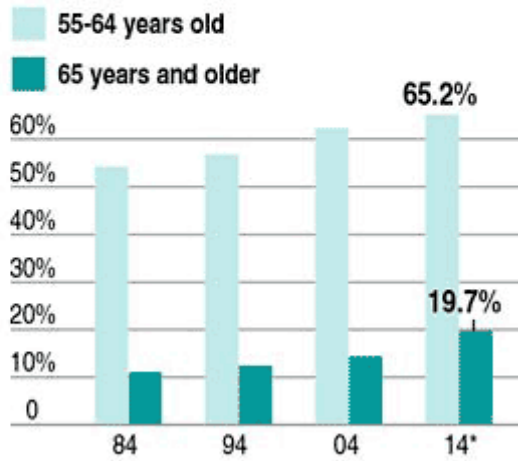


*Projected

SOURCE: U.S. Bureau of Labor Statistics

PERCENTAGE OF WORK FORCE

... but new attitudes toward retirement and changes in Social Security and pensions could cause Americans to continue a trend of retiring later.



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