Workforce Planning Holds the Key to Managing the Realities of Shifting Demographics in the 21st Century

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ABSTRACT

The utility industry is about to undergo a dramatic transformation. Thanks to the realities of an aging Baby Boomer workforce and shifting demographics in the North American population, utilities are going to change significantly in the years ahead. Over the next 10-15 years, there will be a mass exodus of Baby Boomers to retirement and the private sector. In their place, utilities must embrace the new American workforce that is more likely to be younger, non-white, and female. This presentation will address the workforce challenges facing utility leaders and explore effective strategies and tactics to embrace these changes.

KEYWORDS

Workforce Planning, demographics, succession planning

INTRODUCTION

For most utility managers – indeed managers in all industries – their tenure has been primarily in an employer's market. A utility job has long been considered safe and secure. The salary and benefits have been more than competitive. As a result, our industry has stagnated in its development of recruiting and retention strategies and tactics. Ten years out, things will be very different as industries compete for a smaller and smaller pool of qualified employees. Without these strategies and tactics, utilities may not be able to compete.

Of course, this phenomenon is not unique to our industry. Many industries – particularly those in the public sector – will soon feel the effects of losing large numbers of talented individuals to retirement and some utilities will lose 30-50 percent of their current workforce to retirement within 10 years. Consider the fact (from a recent AwwaRF study) that half of today's water utility workers are over age 44 (four years older than the average US worker); the average retirement age for utility employees is 56; and retiring utility workers have worked an average of 24 years in the same utility.

The other major shift coming in the North American workforce is its growing diversity, as the number of Asian and Hispanic workers continues to grow rapidly. The percentage of Caucasians in the workforce will shrink from 74% to 52% while the percentage of Hispanic workers will grow from 10% to 25%. More than a fourth of the available workforce will be members of a minority group. In 2010, female candidates for employment will surpass male candidates by 6 million with 80% of women participating in the workforce outside of the home. Clearly, those organizations that adapt to these new realities – through more flexible,

more worker-focused policies such as parental leave and flex hours – will prosper while those that are slow to change may not survive.

Even the so-called 'traditional' workforce isn't going to be the same. Baby Boomers have always been work-oriented while Gen Xers have other priorities. They want visibility within the organization, seek involvement, and are concerned with being treated properly. This creates some obvious challenges for the utility industry. Driven by an entirely different set of values, Gen X will be drawn to the utility environment only if utilities are willing to alter their approach to hiring, managing, and retention. Do it right and the utility industry will thrive. Get it wrong and we will become a revolving door through which employees come and go.

UTILITIES' CHALLENGES ARE UGENT

It is not an exaggeration to say utilities are nearing a state of emergency in the areas of recruiting, training, and retaining the human resources they need to run their organizations. The urgent requirement to address these workforce issues is more critical now than it was three to five years ago.

- Utility demographics are more extreme than the general population trend and therefore the "people gap" will be more extreme than in other industries. In the 1970's, the EPA construction grants program provided funding for wastewater treatment plant construction. This funding has kept many operators and engineers employed for 25 to 30 years who are now reaching retirement age. This labor gap is already being felt by a number of both large and small utilities in the United States and Canada where the average age of the utility workforce exceeds that of the general workforce.
- The "people gap" is exacerbated by the utility industry not being as attractive to college students and young professionals as other industries. For example, the utility industry does not have the same attraction as working for NASA. Preliminary survey results of college students as part of the AwwaRF research project on recruiting, training, and retaining engineers and operators show that the culture and type of work prevalent in utilities is not viewed as interesting to them.
- The demands on the industry are growing simultaneously with this decline in potential workers. The need for utilities to meet more stringent regulations and address major infrastructure rehabilitation projects impacts the demand for skilled and technical workers. These issues require a workforce with higher technical skills and

knowledge and fewer physical skills appropriate to field laborers. The demand is for "knowledge workers."

An era of "lean operating" has left utilities with outdated recruiting and selection practices. As a rule, utilities have been filling very few positions over the last ten years. Due to financial constraints, many utilities have dropped their programs for employee selection and development. Using outdated methods of "crowd control hiring" from the days of having an abundant number of applicants will not result in hiring staff with the technical skills and knowledge required by utilities today.

UTILITIES ACTION REQUIRED

Many utilities continue to talk about and acknowledge the necessity of taking action to address this impending crisis for knowledge workers, yet few are taking concrete steps to actually meet the crisis. This inaction is due in large part to not being sure which actions will best begin to address their particular situation.

How, then, do we adapt? What strategies can be employed that will truly make a difference in our ability to attract and retain the best talent available from Gen X and Gen Y to our industry? This presentation will explore the answers and available strategies, including:

- Recruiting and outreach
- Selecting and "on-boarding" of new workers
- Training and development
- Internships and apprenticeships
- Retaining and re-recruiting employees
- Compensation and rewards
- Coaching and mentoring
- Performance management
- Knowledge management and retention
- Work process review and redesign

- Career pathing
- Workforce flexibility
- Culture adaptability and diversity
- Leadership and accountability
- Talent development

Utilities will gain an understanding of how the practices of today differ from past practices in making these strategies successful.