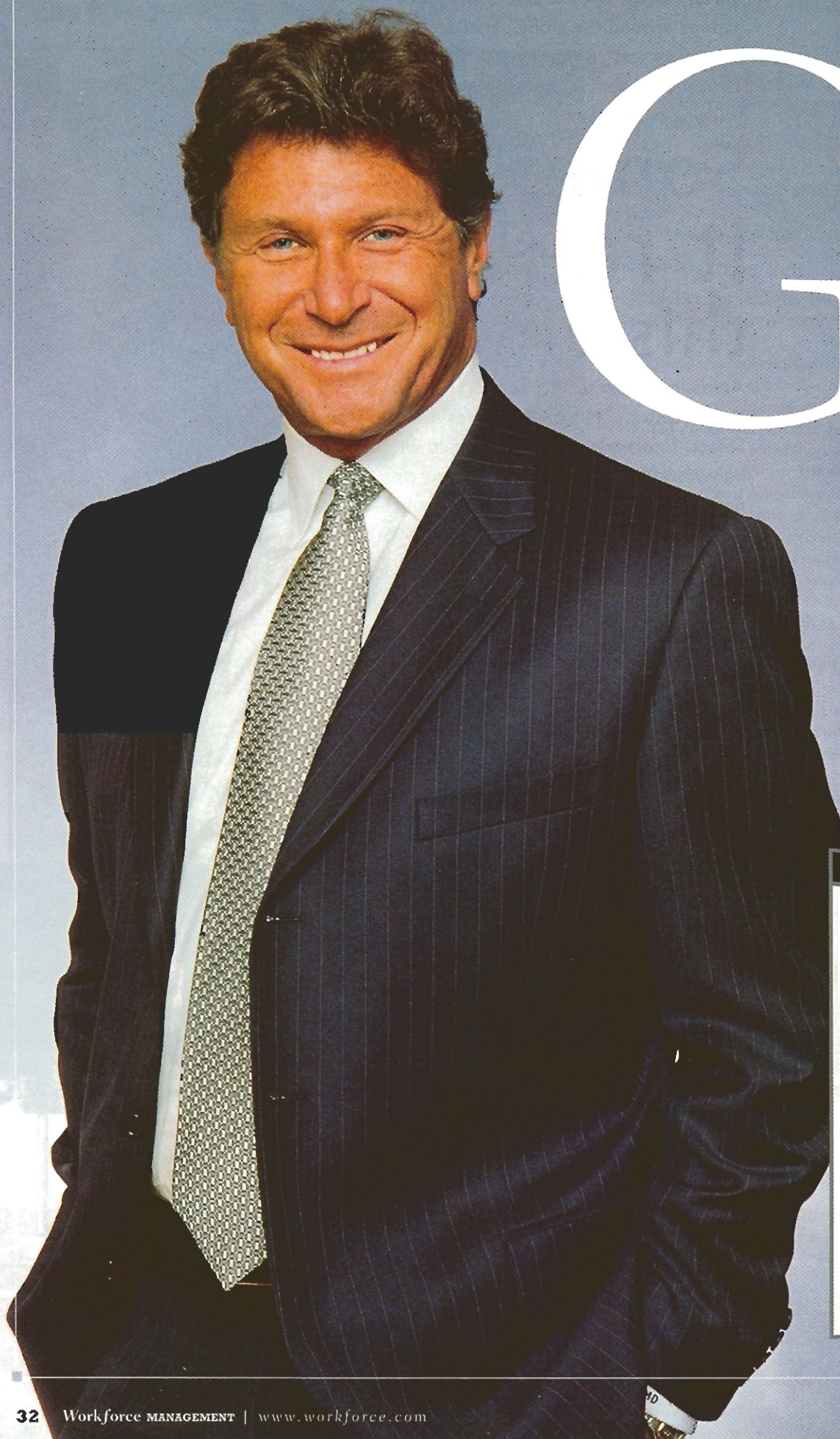


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AT A GLANCE

KEN DYCHTWALD

Company: Age Wave

Title: CEO

Age: 55

Background: Dychtwald earned a doctorate in psychology from Union Graduate School, a consortium of 30 universities that allowed him to create his own study program with professors at various institutes. In 1982 he was asked to join a panel assembled by the Office of Technology Assessment to study the aging population of America. Dychtwald continued his career researching the aging workforce until 1986, when he founded Age Wave, a firm that helps Fortune 500 companies and government groups develop products and services for baby boomers and mature adults. Dychtwald has written 12 books on aging-related issues, including *Workforce Crisis*, *The Power Years* and *Age Power*.

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Now let me respond to all three of these notions ..."

Eminence

The ranks of workers 55 and older are swelling, yet few employers have adjusted to meet the needs of this strategically important segment of the workforce. Researcher and author **KEN DYCHT WALD** says companies might want to start thinking about flexible schedules, ergonomics and enhanced opportunities for older workers before they lose vital expertise.

By Gina Ruiz

MOST EMPLOYERS ARE AWARE that the baby boom generation is getting older and inching closer to retirement, but few have implemented strategies to effectively handle the impending transformation. That's the assessment from Ken Dychtwald, author and CEO of Age Wave, a San Francisco company that focuses on the mature workforce.

By 2015, the number of workers 55 and older will hover around 30 million, or 20 percent of the total labor force. Today, this group constitutes just 12 percent of all workers, according to the Bureau of Labor Statistics. This strategically important segment will undoubtedly develop a host of specific needs

along the way, including more schedule flexibility, enhanced opportunities for newer challenges and improved workplace ergonomics. And if employers want to keep business running smoothly and profits strong, they will have to adjust accordingly.

Mature workers wield a lot of leverage, not only because they are among of the most experienced and well-trained employees in the workforce, but also because there aren't bountiful numbers of younger workers waiting in the wings to pick up the slack.

The good news is that persuading this group of workers to remain professionally active may not be too difficult. A Merrill Lynch survey reports

that about 76 percent of baby boomers say they want to continue working in some capacity after they reach retirement age—but it will have to be on their terms. Those most likely to continue working are the ones who have experienced a high degree of professional success in physically undemanding jobs, such as professors, attorneys and executives.

In his forthcoming book *Workforce Crisis*, Dychtwald gives specific examples of companies and best practices to manage the changes. He also dispels antiquated notions and myths about the mature worker. Dychtwald recently spoke to *Workforce Management* staff writer Gina Ruiz.

WORKFORCE MANAGEMENT: Experts warn of an impending shortage of workers caused, in part, by the aging of baby boomers. Should companies be worried?

KEN DYCHTWARD: It is difficult to pinpoint how severe the shortage will be. Estimates range from 4 million to 10 million, depending on the source. I think that 5 million is a reasonable number. But the shortage is going to be just as much about a loss of talent

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and skills as it is about numbers. Worker shortage simply implies the number of warm bodies that can get up and go to work.

What is happening is that the people who are going to be retiring—assuming that large numbers of the boomers migrate out—are some of the most gifted, brightest, skilled and well-educated group of men and women in the history of this country. Some industries are already feeling the pinch, like nursing and engineering.

WM: What will an aging workforce mean for productivity levels?

DYCHTWARD: The general myth is that young people are productive, older people are less so; young people are healthy, old people are less so; and that young people are a more worthy investment because they are younger and will be around for longer. Now let me respond to all three of these notions:

First of all, younger people tend to work more quickly, but they also make more mistakes than older people. In assignments that have to do with thoughtful conclusions and smart solutions, older people outperform younger people in almost every situation.

Secondly, it is true that older bodies are more inclined to have health problems, but younger people actually hurt themselves more on the job and miss more days of work due to illness than their elder counterparts. They are also more likely to show up to work intoxicated and are more likely to be distracted.

Third, young people may have more longevity ahead of them, but they hop jobs frequently. So (if) you invest in a 23-year-old, you are basically training them up for their next job. The average 20- to 30-year-old worker changes jobs every three years. The average 40-plus worker changes jobs up to about every 15 years. It sounds ironic, but you will get more years back by retraining and investing in a 45-year-old than a 25-year-old.

When you only look at speed or physical strength as measures of productivity, then you could probably conclude that older workers are less valuable than younger ones. But if you widen the equation to include experience, loyalty and being responsible, older workers fare very well.

WM: What are some of the most common health concerns affecting mature workers?

DYCHTWARD: Clearly, the body is inclined to certain kinds of chronic problems in larger percentages among older people—cardiovascular conditions, hypertension and high cholesterol. Osteoarthritis is also an issue. But many times these conditions don't have any negative effect on one's ability to produce because they can be managed through diet, exercise and medication.

In terms of physical capacity, 60-year-olds and 40-year-olds are not too drastically different. Employers should not focus on older workers as their only liability. There are a lot of 30-year-olds who are overweight or out of shape, which poses its own set of risks.

WM: Health care costs present a significant problem for employers. How can they manage this critical issue?

DYCHTWARD: Companies are going to have to be more proactive by encouraging informed decision-making among employees, launching wellness programs and promoting usage of generic drugs and mail-order refills. There are structures, like health savings accounts and retiree health ac-

counts, that are flexible and promote consumerism.

Helping employees understand their health-related needs and expenses is crucial.

Big employers, like Ford Motor Co., have other options. They can work with health services providers to bring down costs. Ford, for example, requires performance metrics from vendors, like hospitals, to ensure that its employees are getting the best price for quality care.

WM: Should companies try to usher employees into early retirement to reduce the cost of health care benefits?

DYCHTWARD: Early retirement is not the solution because, in many cases, it will create a shift in expenses from employee health care accounts to retiree health care accounts. If we were to evaluate the situation carefully, companies should really be trying to hire people over 65 because they already have health coverage—only it is provided by the government or, perhaps, by a former employer. This avenue has worked well for the Vita Needle Co., which actually lowered its cost structure by hiring mature employees.

Besides, we are not talking about hiring an 85-year-old. Most of the illnesses that we associate with older men and women tend to rise up in the mid- to late 70s and early 80s. The truth is, there is quite a number of 50-, 60- and even 70-year-olds who are still employable, talented and gifted. They may turn out to be some of your most valued workers.

If you look at the obesity and the drug dependency and the anxiety levels of young people, it is not easy to make the case that they are that much more physically fit than an elder worker. There are some additional health costs with older workers, but when you look at the equation in terms of their reliability, missed days at work, energy and capacity to make a contribution, it pretty much balances the scale.

WM: What can companies do to address the special physical needs of mature workers?

DYCHTWARD: This is an area where the Americans With Disabilities Act has led to enormous strides. Many employers have already modified public environments and won't have to make too many drastic changes to meet the

needs of mature workers. Some common-sense measures include turning doorknobs into door levers, building walkways which offer ramps as alternatives and improving lighting.

Certain companies give workers special keyboards to prevent carpal tunnel syndrome or larger screens that are easier on the eyes. The world of office design and public environment has

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been impacted by a movement toward universal design, which is not making things more orthopedic looking, but rather designing environments that people of different capacities can use.

WM: How can companies enhance their success in recruiting mature workers?

DYCHTWARD: CVS is strong when it comes to recruiting older workers. Some 17 percent of the company’s workforce is 50 or older, a figure that has more than doubled in the past 13 years. There are some common-sense measures that companies can adopt to be successful. For instance, they can be more sensitive when placing job wanted ads. Oftentimes the wording of job listings—high-energy, fast-paced, fresh-thinking—could be interpreted as being geared for younger employees. Companies need to be more aware. The words that are music to the mature workers’ ears are more along the lines of loyalty, maturity and experience.

Targeting mature workers can also be made easier by recruiting at places that draw this audience, such as senior centers or through the AARP. Other organizations that employ large numbers of mature workers are Home Depot and Wal-Mart.

WM: What will companies need to do to retain mature workers?

DYCHTWARD: Baby boomers like the idea of working after retirement. But they don’t want to work as many hours and they may not even want to be doing the same thing. This is where a new model—flexible retirement—comes into play. Scaling down to working four, three, maybe even two days per week could be a possibility. Another option is to allow workers to cycle back and forth between work and leisure. Maybe being on for six months, then off for six months.

Companies could also allow mature workers to switch positions. Maybe somebody has been in the bookkeeping department and now would like to try a hand in the training department. There are many configurations of flexible retirement.

WM: Is flexible retirement a feasible option considering that it is vastly different from the current model and could be considered too disruptive?

DYCHTWARD: Back in the 1970s, women began to migrate into the workforce. Eventually, they began asking companies for accommodations to cope with having children. Back then, employers said that this would be impossible because it was too disruptive. There was a standoff for a while. But eventually the value of these women became very apparent, and company after company began to change the game. Before you knew it, companies were offering child-care programs and even child-care centers on their campuses in some cases. Now it has become quite normal for companies to offer (parental leave) benefits for women and even men. When that transformation began everybody thought it was going to be very disruptive, but companies adjusted. I think we are about to see a similar transformation of work for older workers.

IBM, HP, CVS and Apple Computer are already creating the next generation of flexible retirement programs. They are figuring out how to reconfigure their benefits and pension programs to accommodate the aging segment of the workforce. The response from these older men and women has been tremendous—turnover rates are dropping and productivity is rising. This is the beginning of a

revolution. Ten years from now, what we consider radical and innovative will become standard.

WM: Aren’t there regulatory restrictions that hinder flexible retirement? What are these legal hurdles and how can companies navigate around them?

DYCHTWARD: There are rules from the Employee Retirement Income Security Act, the Internal Revenue Code and the Age Discrimination in Employment Act that make true flexible retirement impossible for most employees. But there are legal ways to get around these norms. Companies can introduce retiree-return programs, in which workers retire for a specified limit of time, a month or so, and then return to the company. Retirees can come back as contractors, but the glitch is that they can only work a maximum of 1,000 hours per year. To get around this restriction, companies can bring back retirees as independent consultants. There are ways to implement flexible retirement, but companies just need to be imaginative. Mitre and Monsanto have vibrant programs for their retirees.

WM: It seems that employers will be making a lot of concessions to accommodate the aging workforce. Will mature workers have to compromise on anything?

DYCHTWARD: Yes. Mature workers are going to have to struggle with the issue of compensation. One of the reasons that companies want to get rid of mature workers is because they cost more. Oftentimes, the more years a person has worked for a company, the higher their pay scale—especially for union workers. Companies are trying to keep their eye on the bottom line. Older workers may have to learn that they are in a competitive job marketplace where they will more likely be paid based on merit—what they do—versus tenure, how long they have been doing it. This is

going to be a tough bullet to bite for a lot of older people who have gotten used to the idea that just by being around longer they deserve more money and entitlements. I think that that is going to be washed away. **wfm**

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