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## Older and Wiser

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**by Thomas A. Stewart**

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Demography is the very air that business breathes. The rate of population growth underlies every economic statistic, for example; until the Industrial Revolution, it was practically the only determinant of economic growth. Even today, population growth (actually, the lack of it) is a major reason that the economies of Western Europe and Japan struggle to expand. Demographic change is almost always visible for years before it hits. There was no excuse for the high school I attended to have been caught so unaware by the baby boom that it had to set up temporary classrooms in reconfigured mobile homes while a new, second campus was being built. The school district should also have known to design that campus so it could easily be converted to a community center when the baby bust arrived. The necessary information had been baked into the demographic pie long before.

And so it is now, as the oldest boomers near 60 years of age. Investors and marketers are starting to recognize the opportunities the boomers' old age presents—greater demand for cosmetic and knee surgery, for health care and insurance products, for new or redesigned products that are friendly to arthritic fingers, for geezer-friendly holiday resorts, and so on. But the acuity with which foresighted companies have scanned the market has not been matched by a similar introspection.

An aging population means an aging workforce, in all developed economies. Unless companies anticipate the change, they will face enormous problems—ones that are entirely foreseeable and preventable. The transformation of workplace demographics may force wrenching changes in government labor regulations and pension policies, but more than that. Workplace environments; management styles; hiring, training, and promotion practices; outsourcing and the use of part-time and contingent workers—nearly every aspect of the people side of running a business will be affected by the aging workforce.

That's the message of "It's Time to Retire Retirement" in this issue of HBR. The surprising fact is that most training, leadership-development, and other HR policies are steeply skewed to benefit the young. Fifty-somethings are more likely to be offered an early-retirement package than a stretch assignment. Companies that continue along that road will, as the article argues, be driving themselves right over a demographic cliff.

The article is the result of collaboration between demographer Ken Dychtwald and consultants Tamara Erickson and Bob Morison. Dychtwald's studies of baby boomers have already won him recognition from *American Demographics* as one of the 25 people who have made the most important contributions to the field in the last quarter-century. Erickson is an executive officer and a member of the board of directors at the Concours Group, a management-consulting, research, and education

firm. And Morison is an executive vice president and the director of research at the Concours Group. The consultancy, in partnership with Dychtwald, led a research consortium of executives from 30 major public and private organizations in a comprehensive, yearlong study of the business implications of population change. "It's Time to Retire Retirement" is the first fruit of that study. We're pleased to bring it to you.

Back when boomers were young, some of them said, "Never trust anybody over 30." They've changed that song as they've aged, of course, but Saj-nicole Joni's article, "The Geography of Trust," suggests that senior executives may need to rediscover a little healthy paranoia about whom they trust. Trust comes from different wellsprings. One is personal integrity: We trust someone's ethics. Or we trust someone's expertise—something we do with surgeons and automobile mechanics and others. But there's also what Joni provocatively calls "structural trust." Structural trust changes depending on where you stand in relation to someone else. The comrade-in-arms who shared every secret with you back when you were new hires may be unable to offer you the same kind of total trust now that you're both running divisions and competing for capital, for example. The wise manager—one who has grown wise with age, perhaps—knows that it is as important to read the map of structural trust as it is to understand integrity and expertise.

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