

# Labor Storm Alert

Workforce Trends, Forecasts and Solutions from Success Performance Solutions

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## What the Government Isn't Telling You

### Have you ever hired an employee who didn't meet your expectations?

Did you know he (or she) wouldn't work out when you hired him?

If he's still employed, do you know if he's willing and motivated to change?

A carefully constructed assessment provides a manager and employee with four basic pieces of information.

1. Positive things you already knew.
2. Negative things you already knew.
3. Positive things you did not know.
4. Negative things you did not know.

Unfortunately, many managers are good at assessing the positive things and confirming the negative things they already knew. What separates the top performers from the non-performers though are the weaknesses and personality traits that you do not know - but wish you did.

If used properly, personality tests can identify both strengths and challenges. Reports like *Managing to Success*, *Insights to Success*, and *CoachView* fulfill two powerful management drivers: employee development and performance management.

Before hiring, coaching, training, or promoting another employee or manager, contact us today at 717.656.4632.

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Unemployment reached 6 percent in November 2002, but don't be misled. You need to read beyond the headlines and charts to get the real story.

What the government doesn't promote and the media doesn't publish is the following:

- ☑ 10 million more people are employed than just 7 years ago.
- ☑ The number of people employed is the same as 3 years ago, the height of the late 90's boom.
- ☑ The unemployment rate for 25 years and older workers is 4.8 percent.
- ☑ 600,000 more Whites are employed than just 12 months ago.
- ☑ The unemployment rate for women, 20 years-and-over, is only 4.2 percent.
- ☑ The unemployment rate for college graduates is a paltry 2.9 percent.
- ☑ The unemployment rate of managers and professionals is 3.1 percent.

The unemployment rate measures quantity, not quality. The labor pool for all but entry-level, low-skilled jobs is melting down.

To learn more about who is looking for jobs, turn to page 3.

**Warning: The following retention strategy is dangerous and should not be tried by inexperienced managers!**

Ellen is an outstanding employee - loyal, smart, and ambitious. She is manager of food services at a hospital.

Ellen sees a chance to move up when the top job at a larger hospital becomes available.



There's only one problem. Ellen's supervisor sabotaged her plans. Not because Ellen was not deserving and qualified. Au contraire.

Ellen, in the words of her supervisor, was "too valuable to lose". The supervisor refused to recommend her for the position.

Within two years Ellen landed a similar position with the competition. Ellen's supervisor not only lost an employee "too valuable to lose" but her former employer obviously lost a valuable employee as well.

Source: Washington Post

**The joke goes something like this:**

*Contractor: You need to replace your roof. It has a leak.*

*Homeowner: It's not that bad. It only leaks when it rains.*

And so goes the labor shortage. With the unemployment rate hitting six percent, the labor shortage doesn't seem so bad anymore for some employers. Admittedly hiring has slowed, but the shortage of qualified workers has not only not stopped but it worsens every day.

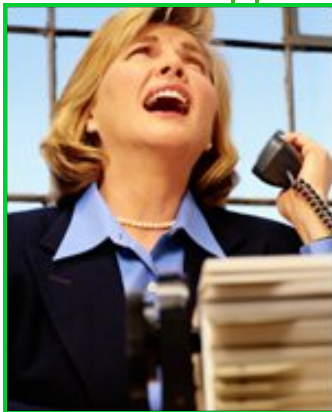
If the labor shortage had passed, why are checkout lines everywhere getting longer and longer? Why is fast food service not fast and telephone customer service and help lines all but helpless? And why is our entire health care system operating with vacancy rates an unhealthy 10 to 30 percent?

How can service be this bad and why are so many employers struggling to find qualified employees with the highest unemployment rate in 8 years?

Although the number of unemployed from November 2001 to November 2002 jumped 650,000, over 500,000 more individuals are going home each week with a paycheck than just 12 months ago.

The net effect is that despite all the layoffs, downsizing, closings, and re-deployments, the number of people looking for a job has increased by less than 2 one-hundredths of a percentage point over the total number of people employed.

For more information on why using the unemployment rate as the bellwether of the labor markets is misleading, turn to page 3.



**Talent Forecast:**

**How ready are you?**

Wringing the last ounce of productivity out of employees has left many organizations reaching the point of diminishing returns. While accepting less dedicated, higher risk employees from a smaller pool of qualified workers, your competition may be building a culture that acquires and develops the people that possess the interpersonal skills and technology to grow smarter and faster.

Once the economic picture improves, the demand for employees will explode. Employees will have more choices than ever before. With little or no skills they will be able to get any job they want. With just a few skills, they will write their own ticket.

What processes do you have in place to predict upcoming changes in the demand for talent and your ability to fill the demand? The following are a list of questions to follow in creating your Talent Forecast:

1. What are your company estimates for growth, productivity and revenues?
2. How many employees will you need to add to your workforce to manage your growth?
3. How many employees will you need to replace employees who leave or retire?
4. What types of employees will you need and when will they be needed?
5. What percentage of these positions can be filled from inside the organization?
6. What specific actions will you have to take to acquire, develop and retain the forecasted quantity and quality of employees in your future?

To learn more about how Success Performance Solutions can help you attract, manage and retain a competent and motivated workforce to grow your business, contact us today at 717.656.4632 or visit [www.super-solutions.com](http://www.super-solutions.com).

**Too Busy To Work**

*What type of manager are you?*

Many managers are so busy these days going to meetings, answering e-mails and voice mails, and scrambling to do the jobs of former co-workers who have quit or were downsized that they simply don't have the time to do what they are hired to do - manage their employees and activities to deliver products or services profitably.

In a 10-year study published earlier this year in the Harvard Business Review, only 10 percent of managers spend their time in a "committed, purposeful and reflective manner."

What are the other 90 percent doing?

- 40 percent are distracted. They confuse frenetic activity with constructive action. They take on multiple projects—often out of desperation, but give up on most. They are short-term goal oriented.
- 30 percent are procrastinators. They accept challenging projects to keep their jobs or be promoted but postpone them because they lack ability or time. They have difficulty focusing and fail to take initiative.
- 20 percent are disengaged. They are emotionally disconnected from their work and only half-heartedly make any effort. They are exhausted and have a hard time re-energizing.

An ineffective manager can bring a business to its knees. The trickle down effect from a manager to his employees and from the employees to customers is proven.

Effective managers attract and retain better employees. Good employees attract and retain better customers. An increase of as little as 5 percent in customer retention has been proven to increase profit margins by as much 25 to 95%.

# Stormy Labor Forecast Facts

## Stayin' Alive

The world's elderly population (over age 60) will reach 1 billion by 2020.

750 million will live in developed countries. The largest population of elderly are:

- ◆ China 231 million
- ◆ India 145 million
- ◆ United States 80 million
- ◆ Brazil 30 million
- ◆ Indonesia 29 million
- ◆ Pakistan 18 million

Older people are more vulnerable to under-nutrition, chronic diseases infections, and dementia—these are costly.

People over the age of 60 utilize health care services 15 to 20 times more than younger people.



## Perfect Labor Storm Upgraded to a Warning

Four million and seven hundred thousand people are looking for jobs. So why is it so hard to find "good" employees? Who are the people that account for 6 percent unemployment, the highest in 8 years?

The unemployment rate for :

- ◆ Teenagers, 16 to 19 years old, is 16.8 percent !
- ◆ B l a c k teenagers - 31.6 percent.
- ◆ Young adults, 20 to 24 years old, is 9.8 percent.

- ◆ Blacks (16 and older) - 11 percent.
- ◆ Hispanics (16 and older) - 7.8 percent.
- ◆ Less than H.S. diploma - 9.2 percent.
- ◆ H.S. graduate, no college- 5.2 percent.
- ◆ Women with families- 8.3 percent.

The unemployment rate measures the number of people looking for jobs. It does not measure the number of people qualified or flexible enough to fill the jobs available.

With vacancies increasing in health care, education, and retail, to name a few, and more skills required to perform even the most entry level job, the gap between jobs available and qualified employees to fill these jobs is widening.

The Perfect Labor Storm watch has been upgraded to a warning.

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## In The Meantime

- ◆ Nursing Homes will need 66 % more RNs, 69 % more nursing aides, and 71% more LPNs between 2000 and 2020

There will not be a sufficient workforce available in the coming years to maintain even the current staffing levels in skilled nursing facilities

## Ready, Aim, Aim, Aim....Fired

- ◆ 3 out of 4 Fortune 500 companies in 1970 are no longer on the list
- ◆ 1 out of 3 firms who went public since 1988 are out of business
- ◆ 1 out of 2 companies that remain on the list are trading below their offering price
- ◆ Failure to innovate fast enough is the single greatest challenge to business survival and success.

## Interviewing Tip

When you ask about a candidate's weakness, be aware that many applicants know they don't have to answer an interviewer's questions - only respond to them.

Many untrained interviewers and managers, in search of the right answer, ignore the fact that the candidate didn't answer the question.

For training on behavioral and competency-based interviewing, contact us today at 717.656.4632.

## Dentists have new hole to fill

- ◆ In 1991 less than 24% of dentists were over the age 54 and past their most productive years.
- ◆ By 2010 over 38% of practicing dentists will be older than 54, a 60% increase.



What you need to know to build a "whole person approach" selection and development process that is legally defensible, reliable and accurate.

**"Outstanding"**

**"There was not one minute that was not useful"**

CriteriaOne is a trademark program of Poised for the Future Company

**Speaking and Training Schedule  
December - February 2002**

**December 10, 2002**

Disciplining and Counseling  
The Lancaster Chamber  
8 AM to Noon

**Managing to Excel 2003 workshops  
Cluster #1—Managing Your Job  
January 8, 2003**

*Time Management and Prioritizing*

**January 22, 2003**

*Setting Goals And Standards*

**February 5, 2003**

*Planning and Scheduling Work*

**February 7- 8, 2003**

Criteria: The Whole Person Approach

**March 7, 2003**

Greater Fort Wayne Chamber of Commerce  
The Perfect Labor Storm

**Back in 2003 and twice as often  
at The Lancaster Chamber**

**Managing people has gotten a whole lot more complicated.**

**Managing to EXCEL™  
can make your job a whole lot easier.**

*"The Managing to Excel training has provided an excellent opportunity for RRTA staff to further develop efficient work habits, effective communication skills and sound problem-solving techniques."*

*Jim Lutz, Red Rose Transit Authority*

*"At the Managing to Excel seminars, I have been learning some unique, practical strategies and techniques. These sessions are perfectly timed, requiring only 1/2 day each month and then I'm back at the office, benefiting immediately, by applying what I've learned"*

*Larry Nissley, Clean Burn, Inc.*

**Begins January 8 and continuing every two weeks  
8 AM to Noon. Attend one session or all twelve.**

*Managing to Excel 2003 is a series of 12 half-day workshops. Each workshop focuses on one of 12 fundamental management competencies including:*



*Time Management and Prioritizing  
Setting Goals and Standards  
Planning and Scheduling Work*

*Getting Unbiased Information  
Listening and Organizing  
Giving Clear Information*

*Training, Coaching and Delegating  
Appraising People and Performance  
Disciplining and Counseling*

*Identifying and Solving Problems  
Making Decisions and Weighing Risks  
Thinking Analytically*

**For more information or to register, call 717.656.4632 or  
Susan Kauffman at The Lancaster Chamber, 717.397.3531**

**In the News**

**Central Penn Business Journal - Tending The Troops**

Cleo Weaver faced a tough decision this year: maintain the status quo at his business, Triangle Refrigeration Co., or go for growth. To read more visit our library at [www.super-solutions.com](http://www.super-solutions.com) or call us for a reprint.

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