

## Has the Perfect Labor Storm Fizzled?

### Reaction to the layoffs:

They're like a bunch of sheep. It's like they all lack creativity, and when the market slows down they say, "let's lay people off". As soon as the economy picks up again, these companies will face tremendous costs because they will have paid for all of these severance packages only to hire people back.

Todd Bernier, Morningstar, Inc.

Even the most extensive program of corporate liposuction can't turn a sumo wrestler into a lithe gymnast.

Gary Hamel

**Focus:** What people need to do their job better:

1. Identify what the job requires.
2. Identify what's holding the people in the job back.
3. Remove the individual performance barriers.
4. Remove the work environment barriers.
5. Introduce performance-building skills

If you introduce motivational skills training before removing individual performance barriers, you will produce a short-term reward but likely will demotivate the employee and cause long term pain.



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### Dead Horse Riding

When you discover you are on a dead horse, the best strategy is to dismount. Of course, there are other strategies. You can change riders. You can get a committee to study the dead horse. You can benchmark how other companies ride dead horses. You can declare that it's cheaper to feed a dead horse. You can harness several dead horses together. But after you've tried all these things, you're still going to have to dismount.

**Leading the Revolution**

Translation:

When you discover you have the wrong or de-motivated employee, the best strategy is to move on. Of course, there are other strategies. You can shift their job or change supervisors. You can send them to a course or have a sit-down with them. You can try team-building exercises or even hiring another employee to take the load off. But after you've tried all these things, you're still going to have to discharge the employee (or hope he or she quits.)

The temptation to stay on a dead horse can be overwhelming.

Will managers tell themselves little lies to avoid having to deal with reality?

Our forecast of The Perfect Storm, Why This Labor Shortage Will Not Blow Over, goes unfettered. The dot-bomb layoffs, a slowing economy, and a crashing stock market have altered the course or intensity of merely one, maybe two, of the eight conditions we have identified that will irrevocably transform tomorrow's workforce.

Yes, condition number one was unprecedented economic expansion. While the economists and media debate recession vs. slow-down, the daily announcements of massive layoffs should have all but eradicated the burgeoning crop of "help wanted" signs. Look around – it hasn't. Just ask any non-dot-com technology company, health care administrator, school superintendent or retail store manager how easy it must be now to find skilled engineers or analysts, nurses, teachers or salespeople. These industries are on life support when it comes to recruitment and the real labor crisis won't hit hard until the latter half of this decade.

Condition number two was strong job creation, resulting in unprecedented low unemployment. Unemployment is still well below

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## What Drives Top Talent

The engine is racing but there is no forward progress. Hiring highly energetic people with the wrong skills and behaviors is like buying a race car with no tires. You sense enormous possibility with each new hire, then devote a mountain of time and resources to achieve a molehill of performance.

Let's try and replace each of the required four tires. The first tire we call Soft Skill Competency. One soft skill competency for a leadership, management, or sales position might be persuasion.

Persuasion is described in the DNA of Performance™ as convincing others to change the way they think, believe or behave, to influence others, sell your ideas to others, convince others to take action.

But **how** an individual persuades someone ultimately impacts their effectiveness at influencing someone. Voila—the Behavior Wheel.

Behaviors come in four styles:

Direct—this individual will likely just tell you why you should do it.

Influencing—this individual will use talking and gestures in their efforts to win your favor.

Steady—this individual will demonstrate logic, patience and a soft-sell.

Compliant—this individual will try to convince you with facts and data.

Which is the most effective for your company and the position?

What drives an individual to persuade you is the third tire—the Attitude Wheel. Attitudes are the internal rewards and motivators—why people do the things they do.

The fourth tire is the easiest to assess—technical skills.

To learn more about getting your employees moving or to identify employees who can win the talent race, call SPS at 717-656-4632.

## Perfect Storm (continued)

what we considered full employment just a few years ago. Despite the layoffs, the unemployment rate still indicates new jobs are being created, just not at the previous record highs. Even trees don't grow to the sky.

We predicted during the past year in articles and speeches that the unemployment rate might rise in 2001 or 2002 to approximately five percent, before it dips permanently below four percent. We also predicted that this would be a good time for companies to adjust their workforces—in other words, layoff the under-skilled, unmotivated employees they should not have hired in the first place. According to an American Management Association Survey, over 38 percent of job applicants tested for basic skills by U.S. corporations in 1999 lacked the necessary reading, writing and math skills to do the jobs they sought. Many were hired anyway.

Before terminating employees like this, we recommend identifying your top talent and retaining them. When the economy picks up again, acquiring new talent or re-acquiring old employees will be more difficult and more costly than ever before. We also recommended identifying measurable competencies and skills of your top performers and taking advantage of the layoffs. Other companies, your competitors included, are not always so smart. They lay-off by tenure, not talent. Being prepared to snap up talent when you have the chance, not waiting until you have the opening, is your "secret weapon" of competitive differentiation.

## The Rest of the Storm

You caught the break in the clouds and hope the forecaster blew another one. But don't pack the picnic lunch and put the family in the van yet.

The Perfect Labor Storm is the result of eight converging conditions. The remaining eight (see "Is The Perfect Storm Over?" for the first two) remain as full borne systems and continue to grow momentum.

**Low Birth Rate**—the birth rate for nearly all developed countries continues to decline below the fertility replacement rate of 2.1.

**Increasing Life Expectancy**—the number of people living beyond 100 years is expected to increase 500% or more by 2020.

**Lack of job and life skills**—skill requirements are not only increasing, but changing as well. Employees of today are woefully unprepared for the jobs of tomorrow.

**Nontraditional Work Arrangements**—about 10 percent of the US workforce telecommutes. Gen X and Gen Y—the emergent workforce—demand flexible work environments.

**Collapse of Career Ladders**—A life time career with a single employer is being replaced with life-time learning that might cross employers, industries, and geography for a single person.

**Diversity**—companies have barely scratched the surface. Whether described as managing, accepting, tolerating, or accommodating people of different ages, genders, generations, ethnicity, cultures, color, diversity will be the Achilles heel or the missile marked opportunity for reducing turnover and promoting retention in the 21st century.

**Transient Success**

One-third of the Fortune 500 identified in 1970 had disappeared by 1983. Today only 13 of the original top 50 companies remain.

Since 1985, 91 companies of America's 100 most valuable companies were pushed off the list—24 from 1985–1990, 26 from 1991-1995, and 41 from 1995-2000.

**Working Population Squeezed**

Of the country's 281 million Americans:

- 76.9 million Americans were 50 and older, up 21 percent from 1990.
- 85.8 million were between 30 and 49, up 17 percent.
- 46.5 million were between 18 and 29, down 4 percent.
- 72.3 million were under-18, up 13 percent.

**Generation Y**

- One-quarter of new immigrants to the United States in the 1990's were under the age of 19.
- Four in ten (39 percent) teens attend school in which many other students have different racial or ethnic backgrounds from their own.
- One in four lives in a single parent household.
- Three of four have working mothers.

Workplace Visions, NO.2-2001

**A Youth Explosion**

52.5 million students in the nation's schools are the most since 1971.

- The number will peak in 2005 at nearly 54 million.
- One in five students has at least one foreign-born parent.
- 5 percent were born abroad.
- Between 1993 and 1997, Asian students increased 47 percent, Hispanic students by 28 percent.
- In Iowa, one small district of under 2,000 students has more than 700 pupils from various ethnic groups; 60 percent of kindergarten and first grade are from different ethnic groups.
- In Dearborn, Michigan 35 percent of the 17,000 students are Muslims.
- In Kentucky PTA meetings are conducted in English, Spanish and Laotian.

**Dropouts Plaque Hispanics**

- 31 percent of Hispanic boys drop out of high school, compared with 12.1 percent of black boys and 7.7 percent of white boys.
- 26 percent of Hispanic girls drop out of high school, far greater rate than any other high group of girls in the United States, compared to 13 percent of black girls and 6.9 percent of white girls.

U.S. companies spend close to \$250 billion annually for medical care related to unhealthy habits and modifiable health risks.

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**The Coloring of America**

- The Hispanic population surged 57.9 percent since 1990, from 22.3 million to 35.3 million.
- The non-Hispanic black population increased 21.1 percent, to 35.4 million.
- The non-Hispanic Asian population grew by 74.3 percent, to 11.5 million.

**Do you know where your employees were?**

Over 63% of survey respondents (preliminary results) at the **The Rose/The Eagle Spring Job Fair** held on March 8 were employed. What did they have to say about working for YOUR company and why are they looking for another job? **To request a full survey report, call us at 717-656-4632**

***Motivational Mistakes  
Managers Make***

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**Your MAIL has arrived!**

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