

# Special Alert 2011 Workplace/Workforce Forecast

## What's Coming, What It Means to You, and What to Do About It

December 2010  
Joyce L. Gioia, CMC, CSP  
The Herman Group  
336.210.3548

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## **Introduction**

The biggest single problem most people face today is that they don't know what they don't know. They are oblivious to the trends and forces swirling around them and wonder what happened when they find themselves at the mercy of what happened.

My fellow futurist Dan Burrus says, "It's not what you know that will hurt you, it's what's you don't know." The triple purpose of this white paper is to first, make you aware of what's coming, second, to give you insight into how what's coming will affect you—both personally and professionally, and finally to give you specific advice about what to do so that you will be successful—even in the face of less-than-optimal circumstances.

In other words, as Dan would say, to help you see what was to you "invisible" and with that enhanced knowledge, enable you to do the impossible. These insights will also help you reduce what you don't know, so that you can make better choices for yourself in the coming year.

Every year in December, we at The Herman Group issue a Workplace/Workforce Forecast for the coming year. This one-page of bulleted trends goes out to the subscribers to my Herman Trend Alert (all 29,000 of them). This Special Alert is a greatly expanded explanation of those just-released trends.

When you follow this advice and it works, please let me know at [www.hermangroup.com/specialalert\\_feedback.html](http://www.hermangroup.com/specialalert_feedback.html). I love to hear stories that I can use in my books and articles. Who knows? I may even be able to make you famous!

## **Trend #1: Recruiting will intensify.**

*We are already seeing large companies looking for increasing numbers of employees. Later in 2011, the small and medium-size companies will join the scrimmage. More companies that had eliminated their recruiting function will hire inside people to offset their expenses of headhunter fees.*

Many companies are in the hiring mode. Executives do not want to be caught without the talent they will need as the economy recovers. This expansion in the number of open jobs will create real opportunities for many. . . for some senior leaders, some real headaches.

### **How It Will Affect You**

**Unemployed.** Presuming that you have skills that companies are looking for, your prospects may improve soon. But before you go for the interview, be sure to *do your homework*! Find out everything you can about the company, its competitors, its products, its customers, and even research the person you will be meeting with. There is *a lot* of information on the Internet for the mining. However, you will probably have to lower your salary expectations from what you were making before, because of the competition.

**Employed.** If you have been unhappy for a while, and we know that many of you have been, now is your time to start looking. Companies, assembling their own dream teams, are particularly interested in hiring qualified people with experience and proven track records. You will soon, once again, be in the position to *choose* your next employer. To help you along, you might want to consider buying the electronic version of the book *How to Choose your Next Employer* (Oakhill Press) for only \$11.95

**According to recruiting guru Peter Weddle, companies, assembling their own dream teams, are particularly interested in hiring qualified people with experience and proven track records.**

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When you do begin looking around, be sure to consider *all* of the aspects of your compensation—financial *and* non-financial. Sometimes, it's well worth it to earn less when you have greater flexibility in where and how you work.

**Senior Leaders.** For you, "the honeymoon" is over. Welcome to your new normal; talented people will again be difficult to find, engage, and retain. Talent will see an improving economy as the opportunity it is. If you have made unreasonable demands on your people over the last few years, now is when you will "pay the piper". And make no mistake; your best people will be the first to leave.

Now is the time to pull out all the stops to engage your workforce. Begin by conducting an employee satisfaction survey. Don't wait for them to leave; schedule "stay interviews". Ask people what they think will work to keep their colleagues with you. Recognize that no one is "safe"; schedule re-orientation for your long-term employees to re-engage and re-energize them. You *are* vulnerable! Get help, if you need it?

## **Trend #2: Unemployment will remain relatively high.**

*We expect unemployment to remain over 8 percent for the coming year. The challenge for employers is that many of the unemployed do not have the skills they are looking for.*

All indications point to unemployment remaining high—over eight or perhaps even nine percent. With all of the jobs being created why is unemployment not falling more?

First we have hundreds of thousands of fresh faces being graduated every year. They are young and enthusiastic and ready to learn. True, they are Generation Yers (Millennials) with all of their challenges; however employers are not thinking about this aspect, when they replace long-tenured, high-salaried employees. They are clearly forgetting about tenure equity and will ultimately pay the price.

Second, employers considering costs associated with healthcare reform will refrain from hiring or even have to reduce their ranks. This problem is particularly true of small and medium-size employers who, in some cases, will have to reduce healthcare coverage to comply with the new regulations.

Third, economists tell us that the United States economy must grow consistently by at least five percent to create the jobs necessary to substantially reduce unemployment. We ended the year at 2.6 percent GDP growth and modest gains are expected next year.

Finally, more employers are embracing various technologies to reduce their people needs. See Trend #4 for more information.

**Double-check that your skills are still saleable. If they're not, go back to school and get the education and/or training you need to be marketable.**

### **How It Will Affect You**

**Unemployed.** Expect the US Congress to continue to extend your unemployment benefits. If you haven't already done so, look for volunteer work. The non-profits will be thrilled for your help and the track record will help you get a real job, as the economy improves. Double-check that your skills are still saleable. If they're not, go back to school—community college, probably—and get the education and/or training you need to be marketable. If you are in Information Technology, be certain you are familiar with the state of the art in your chosen field. If you have to, offer to "work for free" just to get your foot into the door. Once you have proved yourself, most employers will respond with a job eventually.

**Employed.** With the right marketable skills you *are* immune to this protracted period of high unemployment. However, now is not the time to overestimate your worth. With lots of people out there looking for work, employers may be lulled into a false sense of security. They may still believe that you are *dispensable*. Be careful that you do not take a risk in changing jobs. Thoroughly investigate new opportunities *before* jumping ship. And *please* be careful not to burn any bridges.

**Executives.** A high period of unemployment does not give you carte blanche to take advantage of your employees. If you do, you will be sorry, when they leave because they have other opportunities.

### **Trend #3: Workforce development will increase in importance.**

*As communities realize the disparity between desired skills and those people actually possess, the issue of workforce development will become more important. The federal government will pass legislation to assist in this process.*

Although many training programs already exist for the un- and under-employed, they are clearly not as effective as they could be. In addition, many of the people who need the

**The American Recovery and Reinvestment Act of 2009 allocated \$3.45 billion for job training.**

services most either do not know about them or do not have access to them. Moreover, most employers are not aware of these programs. There also needs to be a greater cooperation between local employers and the availability of funds, so that the trained skills match the skill needs of the employers.\*

**Unemployed.** Explore the opportunities available to you through your local workforce development board. Be sure to do your homework and discover what skills local employers are looking for by reviewing their online job openings. Then examine your own skills and consider how you might bridge the gap between the skills you possess and those that the local employers are seeking.

**Employed.** Just because you are employed doesn't necessarily mean that you can not take advantage of workforce development programs to gain greater skills and experience. You, too, can explore the training programs available to support your growth by contacting your local workforce development board. However, until there is an expansion of programs, you may discover that most of the money for training is earmarked for people who are not currently employed.

**Executives.** Workforce development dollars may already be available to you through the American Recovery and Reinvestment Act of 2009. This law allocated \$3.45 billion dollars for job training. Clearly, some of these dollars could be applied to assist you in training potential employees and upgrading the skills of your current staff.

We highly recommend that you contact your local high schools, community and technical colleges, and universities and engage the instructors and professors in a dialogue, so that they may provide the education and training you need in the employees you hire. Offer employment to local teachers to fill in for your vacationing employees; that way, you will expose them to the career opportunities in your company. Send your employees into the schools to talk about the value of studying the STEM (Science, Technology, Engineering, and Math) subjects and promote the careers you provide. Ignore these opportunities to cooperate with your local educational institutions at your peril. Your competition will not overlook these chances.

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\* At one time, enlightened Guilford Technical Community College president Don Cameron engaged The Herman Group to conduct such a needs assessment of local employers.

#### **Trend #4: More employers will embrace technology to manage processes and keep track of relationships.**

*Companies providing software to employers will see their businesses grow. Employers will face the challenges of training their people in these new systems.*

The companies supplying human resources process software and analytics are bracing for a major increase in business. As employers realize the imperative of automating processes and providing managers with structured opportunities to stay on top of recruiting, onboarding, performance management, and accountability, companies like Taleo, Talentsphere, Knowledge Infusion, SAP, and others will find themselves very busy trying to keep up. As an aside, we expect to see more consolidation in this still crowded field.

In the healthcare field, we are seeing a tidal wave of health systems choosing the relatively new, yet now proven software from Epic Systems. We are pleased that there is now a gold standard for healthcare that appears to be more user-friendly and more easily implementable than its predecessors.

**Take it as a personal challenge to learn the new technology, even if you have to invest your own time to do so.**

**Unemployed.** Your becoming familiar with these software systems couldn't hurt. The more you stay ahead of the curve, the better. Visit the websites of any suppliers whose products you may use in your new job. In the unlikely event that you are in healthcare, be sure to get familiar with Epic. By learning these systems ahead of time, you will have a leg up on your competition. You might even want to find out which companies in your area have the particular software installed, then approach them with your availability and level of expertise. You never know what may be your Unique Selling Proposition to get noticed by an employer.

**Employed.** Never miss an opportunity to learn a new system or technology. Every time you learn something new, it makes you more valuable to yourself and your employer. If you can become an expert in the software system, the "go-to" person in your department, so much the better. This investment will pay off handsomely, particularly because companies are constantly looking for which employees to trim from their ranks; with extra skills, you become a less likely candidate for re-engineering.

**Executives.** Recognize that learning new systems takes time. We know you want the benefits of having the new technology in place right away, but nobody wins when you make unreasonable demands. One of the challenges with your Baby Boomer and Mature employees is that it *will* take them a little longer to learn the new software. Be sure you allow ample time for everybody to catch on.

Explain to people "why" this new technology is so important and encourage them to get involved and help each other. You might even want to arrange some "reverse apprenticeships" where your Millennials (Generation Yers) can teach your older workers. With the right combinations of people, these groups can be very productive.

## **Trend #5: More companies will tap women for executive positions.**

*With increases in the percentage of women in colleges, universities, and graduate schools, the world is graduating more capable, qualified women who will move into positions of authority in corporations.*

Back in 2005, over 57 percent of all college students were women; now that number is even greater. At the public liberal arts *college* in South Carolina College of Charleston, their enrollment was a startling 66 percent women. In 2009, women graduated from high schools at a higher rate than men (74 versus 66 percent). Is it any wonder that more women than men are enrolled in colleges and universities?

In addition, more women than men received PhDs last year and there are increasing

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numbers of women in all of the graduate schools as well. For years, we have witnessed veterinary schools graduating very high percentages of women (over 95 percent) .

According to the sixth annual UC Davis Study of California Women Business Leaders, women hold just 9.5 percent of boardroom seats and the highest-paid executive positions. We believe, "Not for long!" Sometime between ten and fifteen years from now, there will be a major change in the balance of power, as educated women take their rightful places at the head of corporations and in boardrooms.

**Unemployed.** Consider starting a daycare center or work in one or open a business offering concierge services for busy women who don't have time to shop, pick up their clothes at the drycleaners, or plan their children's parties.

**Employed.** If you are the parent of a younger child, you may soon be the beneficiary of a new onsite childcare or eldercare facility. If these amenities are important to you, look around for employers who are offering these valuable extras.

**Senior Leaders.** Get ready now. Re-establish that daycare center you closed in the early 2000s. Set up your lactation rooms for nursing mothers who want to give their kids the right start. Engage a consultant to help you set up home offices for flex-place work. Start planning now, because these amenities can be your competitive advantage when the workforce crisis arrives.

The talent is coming and *many of your top people will be women*; also, most of them won't want to miss out on motherhood, just to keep working for you. The employers who make it easiest for these talented women to stay will be the winners in the talent wars of this decade. They may not be in the C-suite yet, but they will be. You can not afford to let these talented people go elsewhere.



## **Trend #6: The levels of corporate growth will depend on the region.**

*The United States and Europe will lag behind Asia and South America in job growth and profits. Linger high levels of unemployment and housing situations will hamper expansion.*

With fast-growing gross domestic products (GDPs), India (7.4 percent), China (8.7 percent), Laos, and Bangladesh lead the Asian countries in increases. Panama (2.4 percent) and Bolivia (2.8 percent) lead the Americas which were more affected by the delay of the continuing economic recovery. Moreover, recent studies indicate Brazil will be adding more jobs in the coming year than other countries in Latin America.

**This ... slow growth may have far-reaching consequences on the employment market.**

This almost global slow growth may have far-reaching consequences on the employment market. Slow growth often affects consumer confidence which, in turn, affects consumption. Consumption generates job creation, and around we go.

**Unemployed.** Hang in there; things *will* get better. In the meantime, use this downtime to hone your skills, make connections with people you want or need to link with. Go back to school or volunteer (yes, we know we said that already). The important thing is to "Get busy". Do not allow this Great Recession to ruin your life. Get into action. Ask people for help and be willing to give of yourself in return. That is what networking is all about—being *mutually* supportive.

**Employed.** The length of this recovery is not good news for anyone, except a precious few. Look at what you are doing now at work and ask your supervisor what else you might do to improve or be better at your job. The better you are at your job, the less likely you are to be the victim of downsizing.

**Senior Leaders.** Hire the talent you need to give your people the breathing space and time *they* need. Resist the temptation to hire legions of people, unless you know exactly where and when they will be required. Also, be advised that if you don't start hiring now, you may miss some of the best draft picks who will have been scooped up by the competition by the time you decide to hire.

**Trend #7: Any remaining companies that had not restored sales incentives will do so next year.**

*Recognizing the competitive disadvantage employers not only restore incentives to previous levels, but will also look for innovative ways to augment these programs with meaningful non-financial incentives keyed to the individuals' social circumstances.*

**It's all about perception; perception is everything, when it comes to creating incentives.**

Corporate incentives are back, but they are back with a new priority; now executives are asking for a Return On [their] Investments (ROI) . They want to be able to see *exactly* how their outlay in incentives will reap rewards. Fortunately, the research is there to support the investment. Check out the National Association for Employee Recognition (NAER) and one of its founders, Bob Nelson, <http://www.nelson-motivation.com> for data and statistics.

**Unemployed.** Once you rejoin the ranks of the employed, you will enjoy these benefits as well. For now, look at which non-financial incentives are most important to you. This inquiry will allow you to be more prepared when you go into job interviews.

**Employed.** Spend some time thinking about which non-financial incentives are really important to you. That way, when someone asks you, you will already have an answer. Always give your full effort to projects, because you never know when incentives will be reinstated and you wouldn't want to miss out.

**Executives.** The wisest organizations will look for non-financial incentives (to accompany the financial ones) that have a low- or no- cost to the company. The right way to find out what is *meaningful* to your employees is to ask them—either by survey or in a facilitated session. We suggest that attendance at this facilitated session *not be optional*. You don't necessarily have to have full participation from everyone, but their presence will be valuable. Remember, "People support what they help to create." We have literally seen a client's employee turnover plummet to almost zero, when this system and the ensuing incentives were offered.

Chances are, you will be pleasantly surprised at how many things you already have or can arrange for next-to-nothing that have a high-perceived value to your employees. It's all about perception; perception is everything, when it comes to creating incentives.

Also, you must recognize that what people value will depend on their wants and needs, but more importantly, their values and attitudes. Where people are in their lifecycle will play a major part. Empty nesters will have different desires, than your employees with small children. Keep this fact in mind, when you are designing incentive programs.

## **Trend #8: The repeal of the Don't-Ask-Don't-Tell law will have far-reaching repercussions.**

*This law, governing gays openly serving in the US military, will open the door to more recognition for domestic partners. More employers will acknowledge these partnerships as civil unions with attendant expenses and benefits.*

Whatever your political or religious persuasion, the fact that according to a Pew Foundation poll, 59 percent of US residents were in favor of allowing gays and lesbians enter the military is an important statistic. According to a *Military Times* poll of more than 2,000 active-duty servicemen and women, 71 percent said it would not affect their decision to stay in the military. Given these statistics and the difficulty that the US armed services have had recruiting and retaining people, it is not difficult to understand why the Joint Chiefs Admiral Mike Mullen supported this repeal.

The most interesting aspect lies in the repercussions we may expect in society at large. The younger generations have a much higher tolerance for non-traditional lifestyles. Based on this latest move by Congress, we may expect other regulations to follow suit. We may also expect many more corporations to recognize more civil unions and same-sex marriages; some already do.

**Young people today are looking for diversity in the population of people they work with. . . all kinds of diversity.**

**Unemployed.** When you are deciding where you will work, you may have a choice. Keep in mind that there are differences in these policies between employers. Particularly, if you are gay or lesbian, you will want to research the policies of your prospective employers—even if you are not currently in a relationship. You may be soon.

**Employed.** It may only be a matter of time until your employer recognizes civil unions and same-sex marriages. Those that offer domestic partner benefits to same-sex couples will lead the way. If this policy *is* important to you, spend some time researching point. You can probably find the information on the company's intranet or web site. Domestic Partner Benefits may already be offered. Invest some time to find out before you need them.

**Executives.** Young people today are looking for diversity in the population of people they work with. . . all kinds of diversity. There will be a growing popularity and tolerance for gays and lesbians who have come out of the closet. Like tattoo-covered arms and body armor, older executives will just have to "Get over it!"

## **Trend #9: Employers will pay increasing attention to retention.**

*Higher employee turnover and greater difficulty in recruiting will again challenge more employers. By necessity, employers will once again be forced to look at employee retention.*

Once the employment marketplace flips from being a buyers' to being a sellers' market, and it will, candidates with hard-to-find skills will once again be in the drivers' seat. This flip will create a renewed interest in engagement and retention. Employers will have little choice but to pay attention, because the consequences would be serious. Recognizing the high cost of losing employees, employers will begin to invest in the retention of their people.

**Unemployed.** Presuming you have marketable skills, your day will be here soon. Get yourself ready. Take care of yourself physically and mentally. Get enough sleep, eat a balanced diet, and schedule regular exercise into your day. Most people overlook the positive influence of daily exercise. It helps you to feel good about yourself, keeps you fit, and can even help you to get rid of weight.

**Employed.** If you are the top talent human resources people keep talking about, you will soon be approached by other employers wanting you to work with them. Use this offer to

**Executives, you are approaching a critical time when employees who have felt over-burdened will have other choices besides staying with you. Take action now to insure they will want to stay. . .**

negotiate with your current employer—presuming you want to stay. If you don't, then by all means, accept the new offer. Bottom line: you will soon be back in a very advantageous employment position. Plan now to take full advantage of it. Calculate the ROI your employer enjoys from your work. Keep it handy for negotiating raises and other job offers.

If you are bored with your job, but really do not want to leave your current employer, then consider asking for a lateral move. Lateral moves are part of "Hop-scotch Career Pathing" and they will broaden your experience and make you more valuable to your current employer.

**Executives.** Get ready to take out your corporate checkbook. Retention incentives are coming. In the meantime, think about your staff's level of engagement. If you have not conducted an employee satisfaction survey, you will want to *right away*. Conduct Exit Interviews to find out why people are leaving, but more importantly, schedule "Stay Interviews" to determine why people are staying. (We call that *re-recruiting*.)

Feedback the results to your people, and let them know what you are doing to address their issues. Create a plan and implement it. Failure to make these moves at this time could be fatal—and we are not kidding! You are approaching a critical time when employees who have felt over-burdened will have other choices besides staying with you. Take action now to insure they will want to stay or be prepared to suffer the consequences.

## **Trend #10: The escalating regulatory environment will cause employers to need employment lawyers more than ever.**

*With OFCCP (The US Department of Labor's Office of Federal Contract Compliance Programs) inspections and other onerous regulations, employers will have no choice but to engage their employment lawyers at higher levels.*

In the spirit of protecting the populace, the Obama administration has passed new regulations and enforced some old ones that are onerous for most employers and may be catastrophic for others. Healthcare reform will create incredible pressure on small- and medium-size employers. In order to comply, some will have to eliminate staff or cut back on perks.

**Your employer probably needs your great ideas now more than ever before.**

The current regulatory environment will create many problems for employers and more business for employment law attorneys. For more, see our Herman Trend Alert on "The Future of Employment Law", the largest employment law firm in the world.

[http://www.hermangroup.com/alert/archive\\_11-17-2010.html](http://www.hermangroup.com/alert/archive_11-17-2010.html)

**Unemployed.** The additional expenses involved in complying with all of these regulations may, in fact, prolong your time on the unemployment rolls. Look into these issues yourself. Make sure that you are getting a fair shake, when it comes to consideration for employment.

**Employed.** For you, healthcare reform may mean coverage you did not have before. We hope so. You can help your employer now by suggesting ideas for improvement. As an employee, you probably have a better perspective than "the bosses" about how to develop greater efficiency. Your employer probably needs your great ideas now more than ever before. Get creative and let us know what great ideas you've come up with?

**Executives.** Talk to your employment lawyer, so that you are informed about these new regulations and how they apply to you. "Any firm—not just federal contractors, but also subcontractors doing indirect business with the government—are subject to OFCCP assessments."<sup>1</sup> Be sure that you have systems in place to confirm OFCCP compliance; if you don't, put them in place *right away*. For more information about how to make this happen, visit <http://www.VetJobs.com> or call them at 770.993.5117.

Now is your chance to mine your employee population for their best ideas. It is your employees who know how to make your organization more efficient. Create cross-functional teams who will look at ways to reduce costs, increase sales, and increase productivity. Many enlightened entrepreneurs have grown exponentially by simply asking their employees for their best ideas. While you're at it, if you don't already have one, create a team of people who will come up with low-and no-cost entertaining activities to create more fun at work. These activities may not even cost you a penny and people will enjoy participation.

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<sup>1</sup> Workforce Management Online, "New OFCCP Regs Have Employers on Guard for Discrimination", July 7, 2007, <http://www.workforce.com/section/06/feature/25/01/77/250179.html>.

*Those who do not prepare for the future are destined to be its victim.*

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**The Herman Group**  
7112 Viridian Lane  
Austin, Texas 78739  
[hermangroup.com](http://hermangroup.com)  
336-210-3547