

NACWA 2007

Winter Conference

The Perfect Labor Storm

Alan Manning
Chairman of the Board



*This
presentation
has 6 sections*

- 1. Background – Times They are a Changing!**
- 2. The Perfect Labor Storm**
- 3. Engaged Employees Deal With the Perfect Storm Naturally, Reducing Organizational Risk**
- 4. What to Do and How to Create a Culture of Engagement**
- 5. Taking Action Now Will Yield Great Benefits for Your Organization**
- 6. Conclusion**

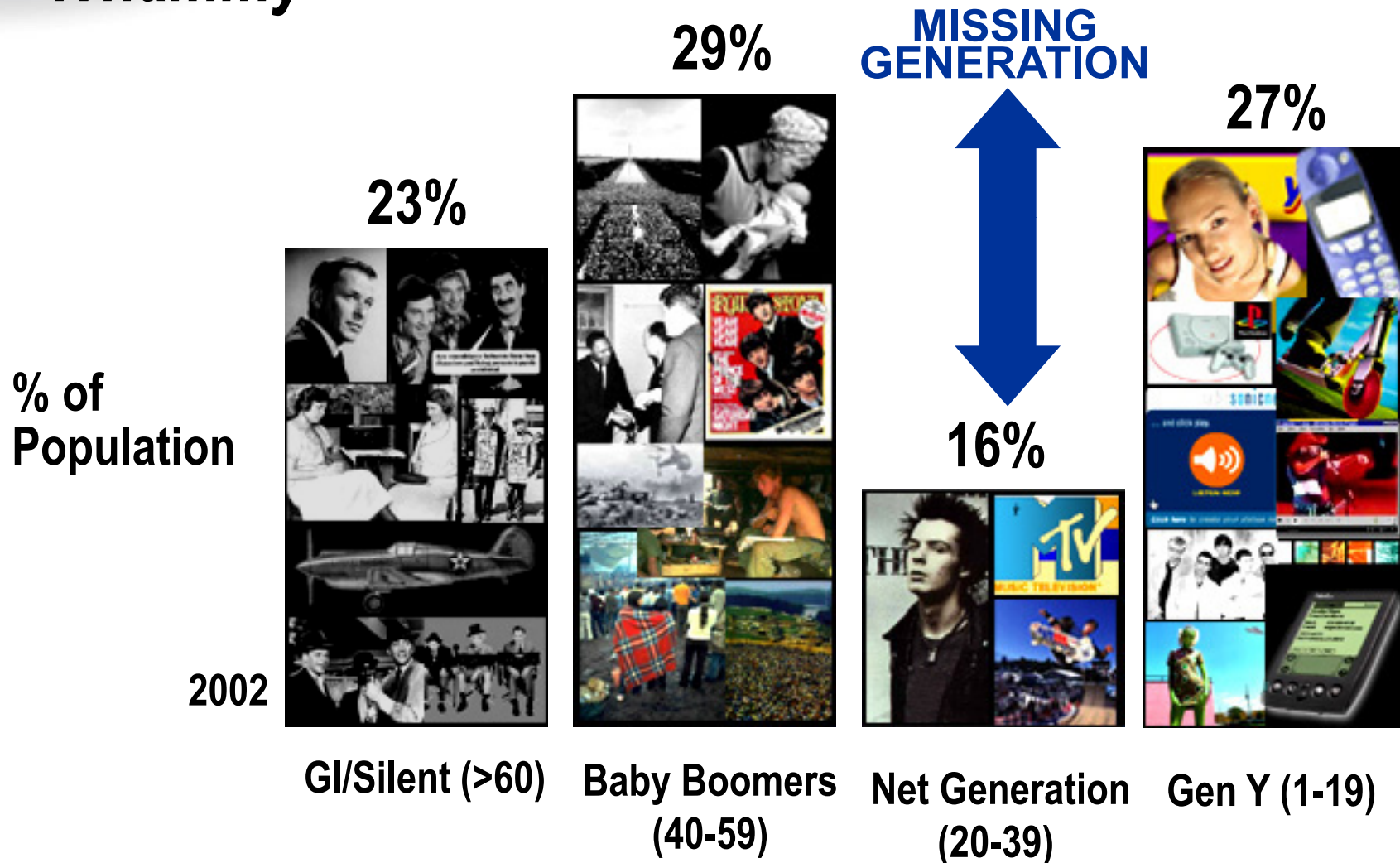


**SECTION
1**

Background

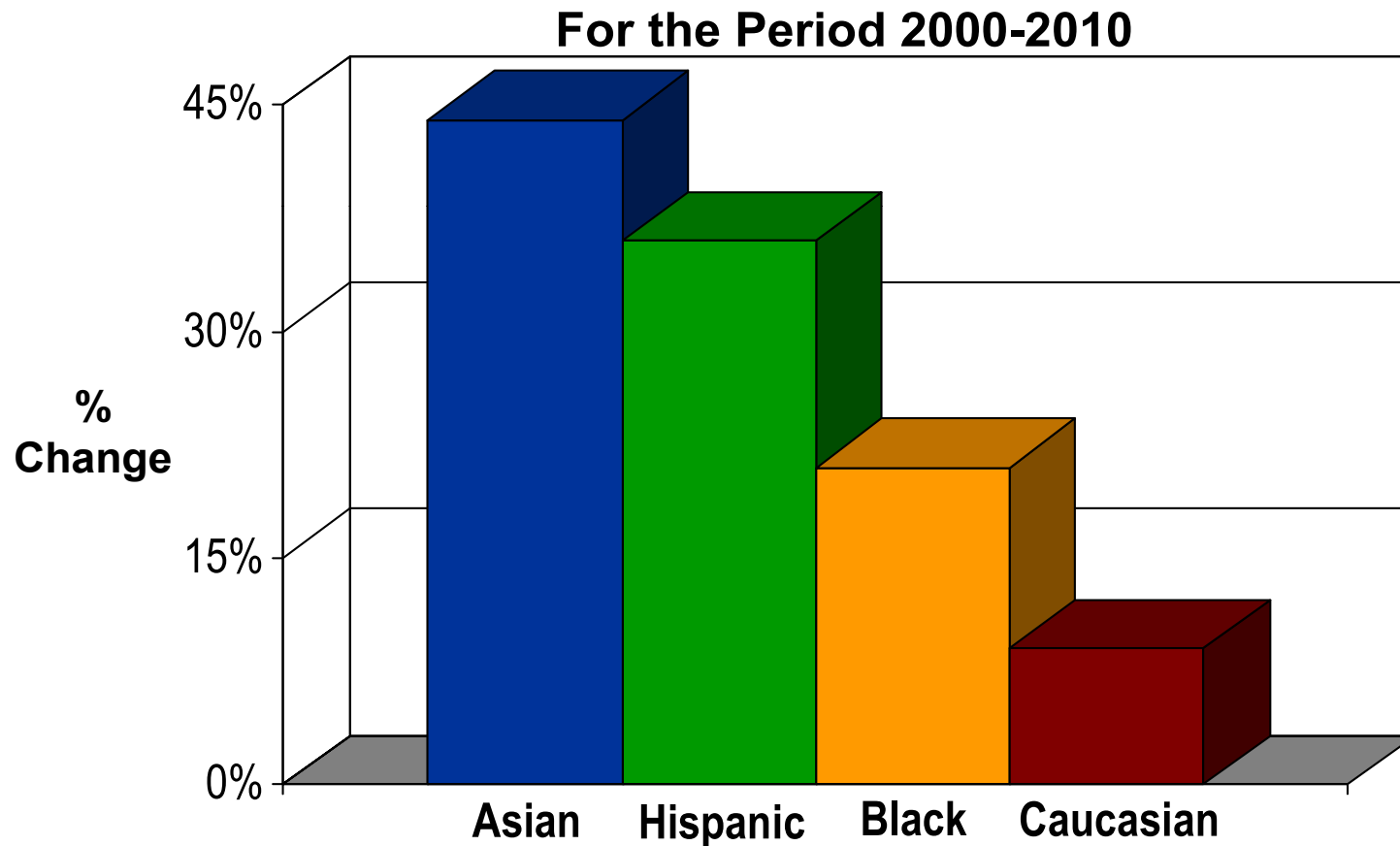


The Size of the Baby Boomer Generation and Much Smaller Gen-x Generation Combine for a Double Whammy



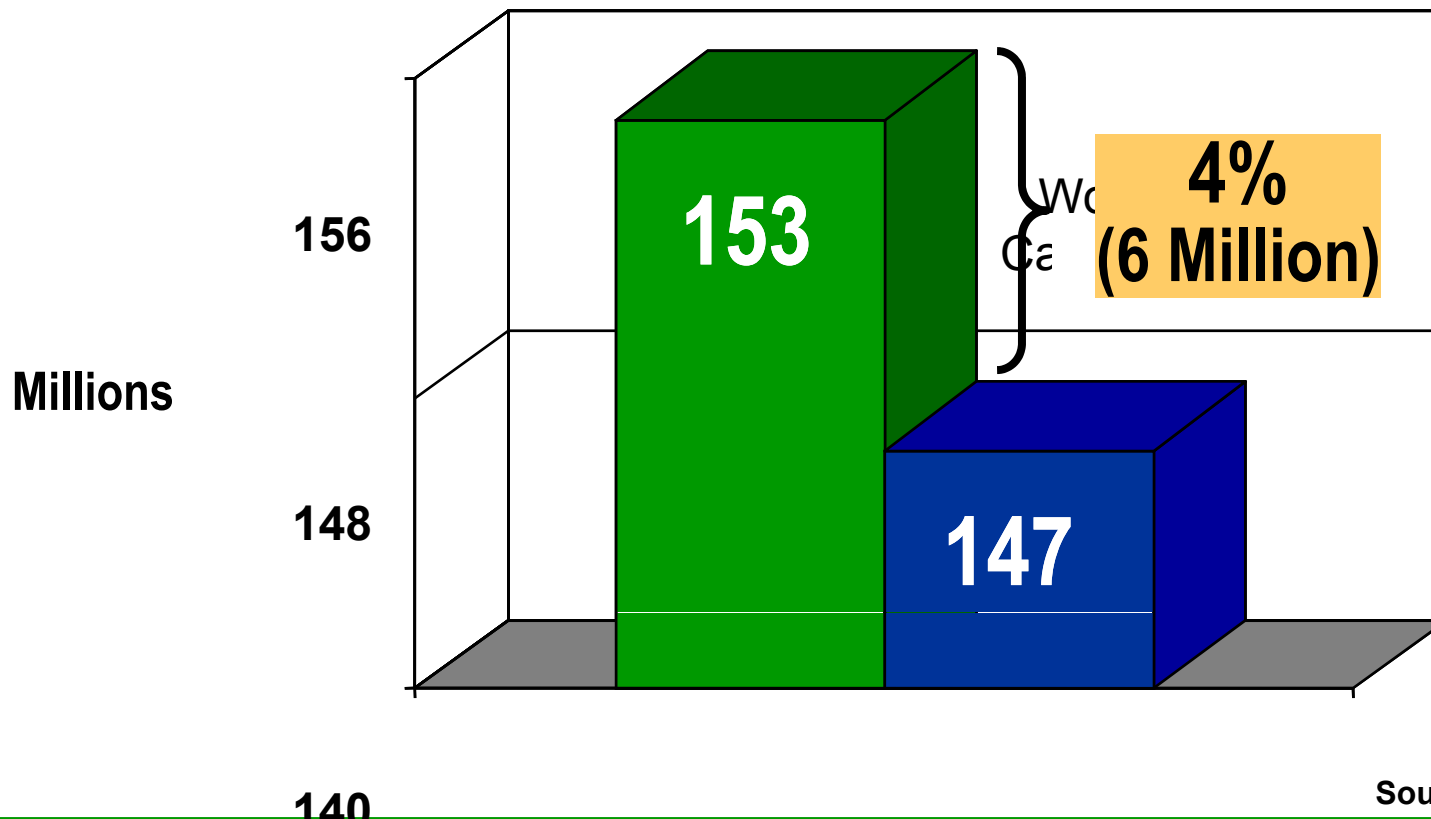
Statistics from "Sizing up the generations" by Martha Nolan McKenzie

Fastest Growing Ethnic Groups Will Drive Significant Diversification

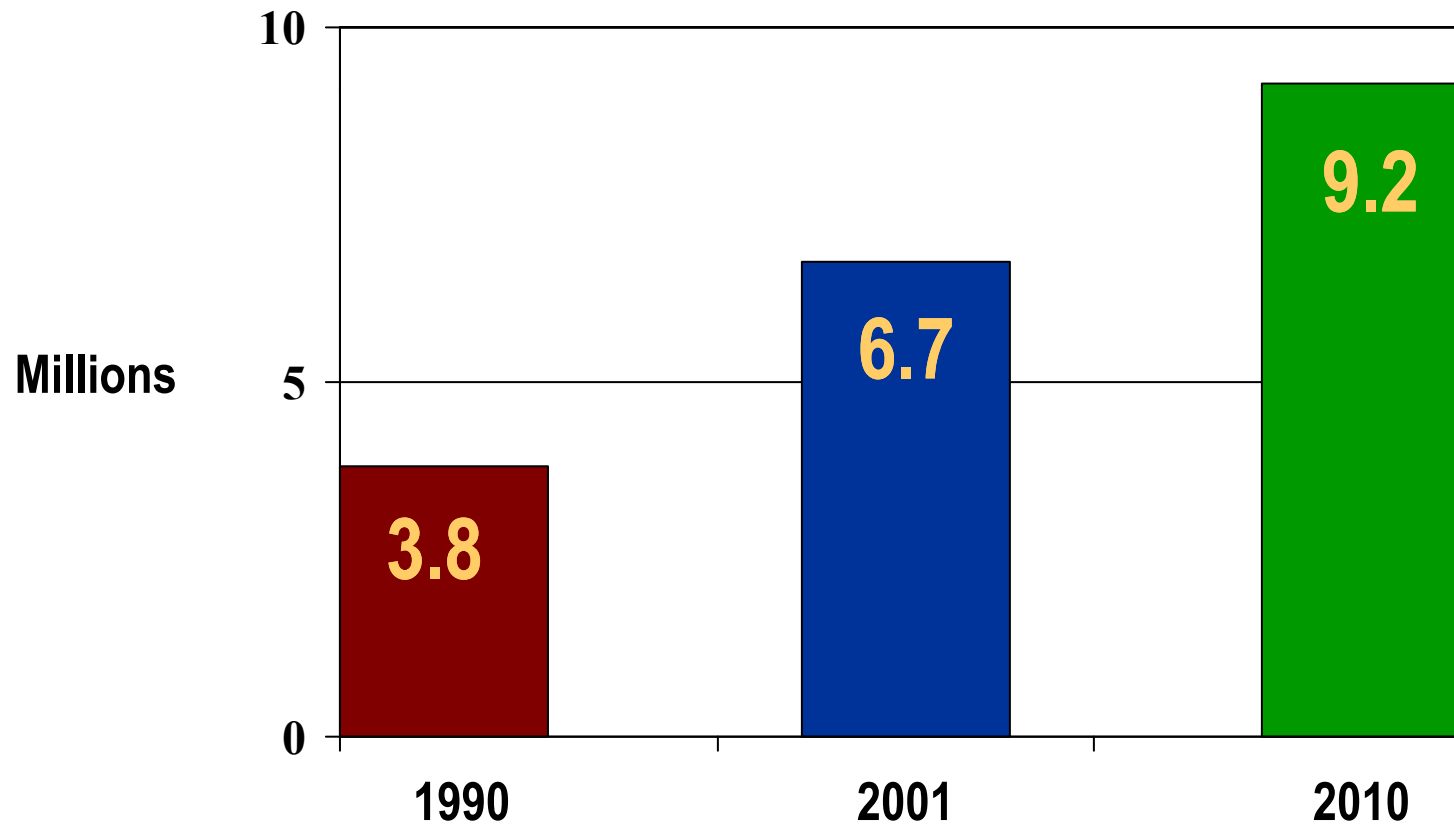


Source: U.S. Census Bureau, Bureau of Labor Statistics

In 2010, Female Candidates for Employment to Surpass Male Candidates by 6M

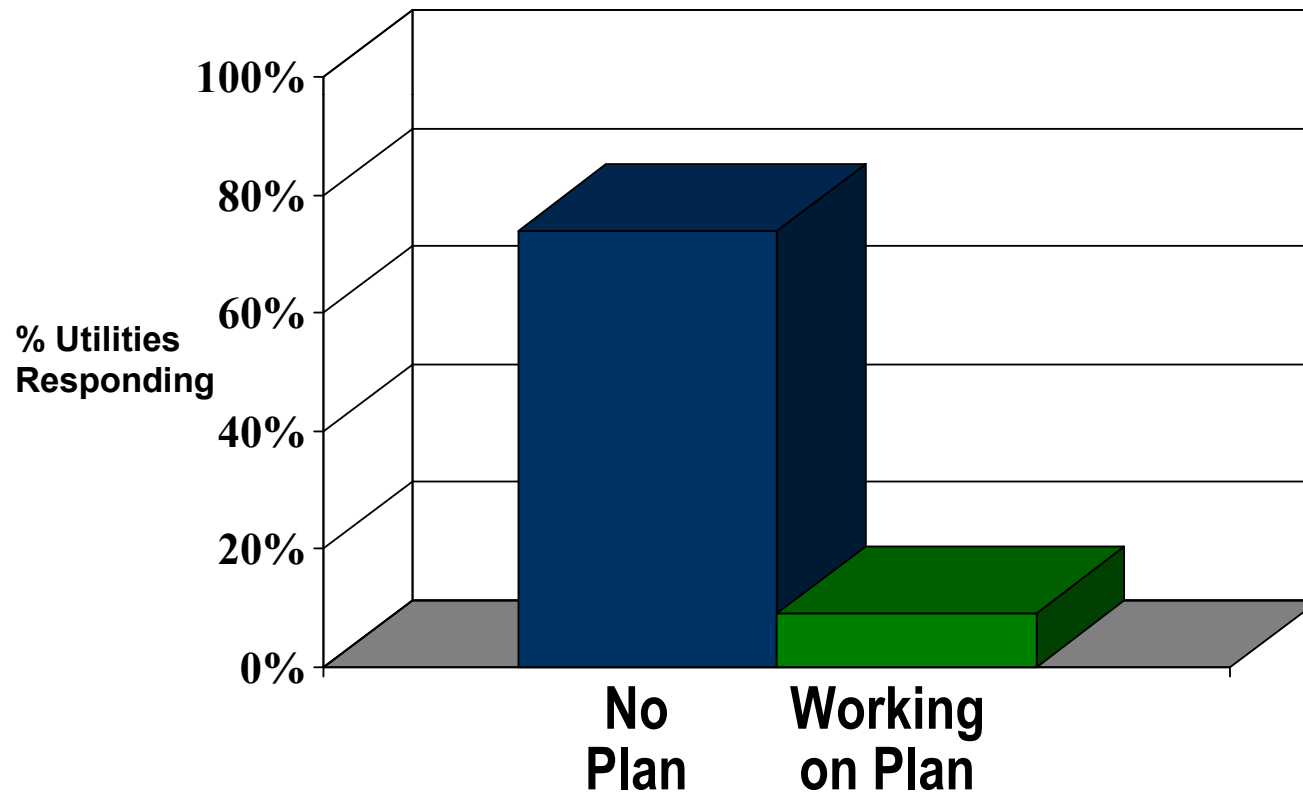


Hispanic Women in the Workforce Continue to Grow the Fastest



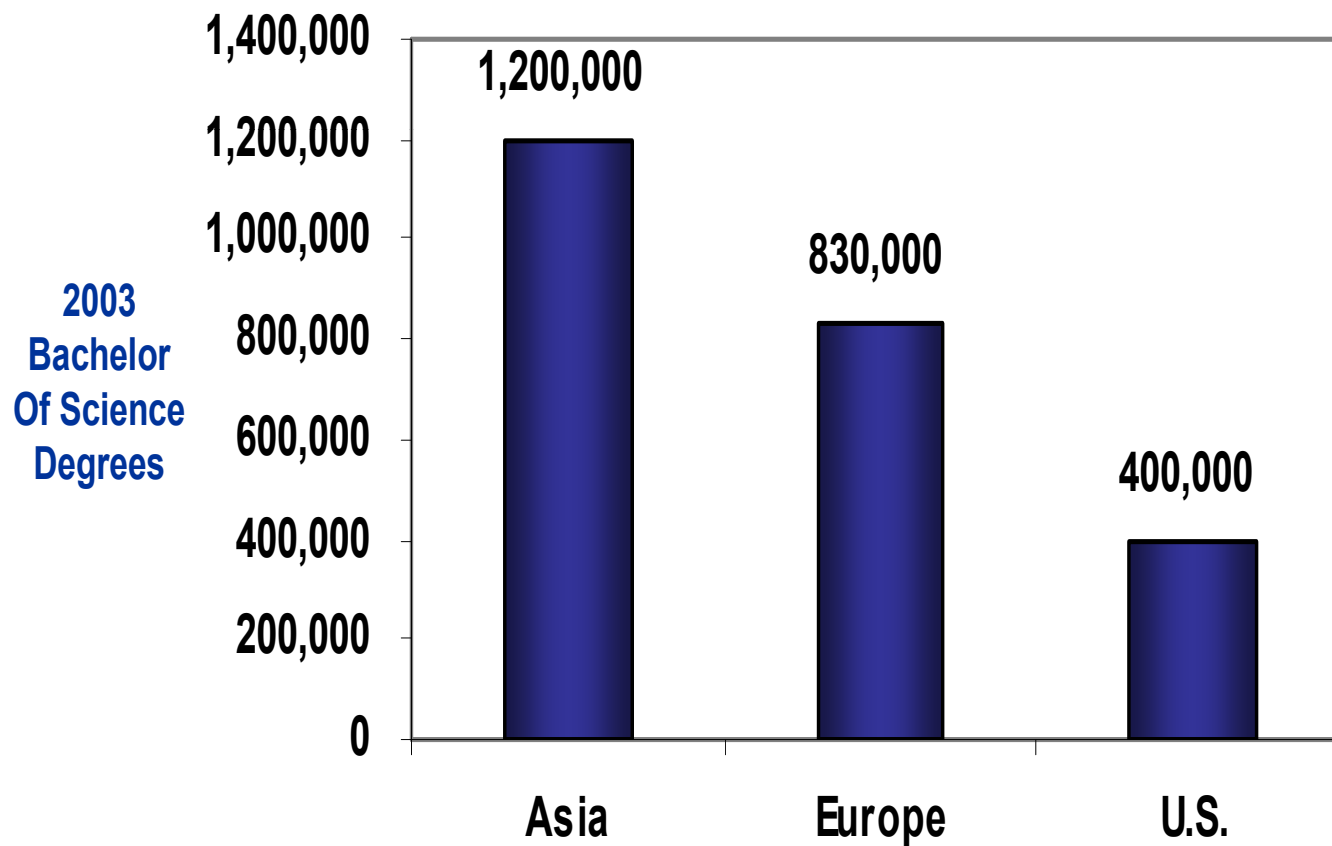
Source: Catalyst, Knight Ridder Tribune

Recent Research Shows Most Utilities are Not Yet Responding Quick Enough

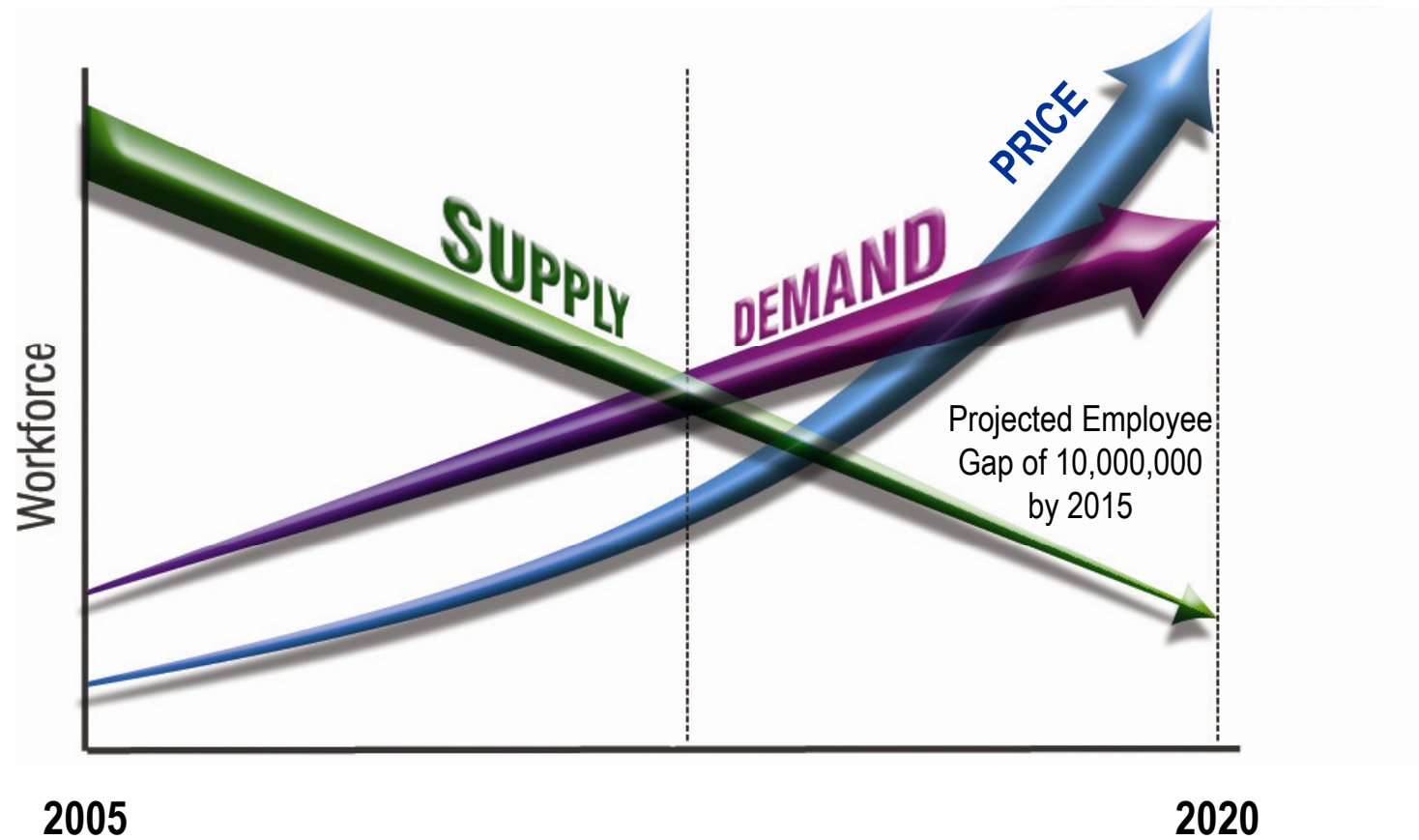


Source: AwwaRF/WERF Study

Supply of Technically Trained People is Shrinking and Demand is Growing



Shrinking Workforce and Increasing Demand Will Cause Market Salaries to Increase



Source: Information Technology Association of America

**SECTION
2**

***The Perfect
Labor Storm***



Organizational 'Perfect Storm' Presents a Critical Situation for Utilities

- Retirements & the Missing Generation
- Institutionalized Top Down Culture
- New Employee Values & Employee Lack of Engagement



Baby Boomer Retirements and the 'Missing Generation' Top the Causes of Impending Labor Shortage

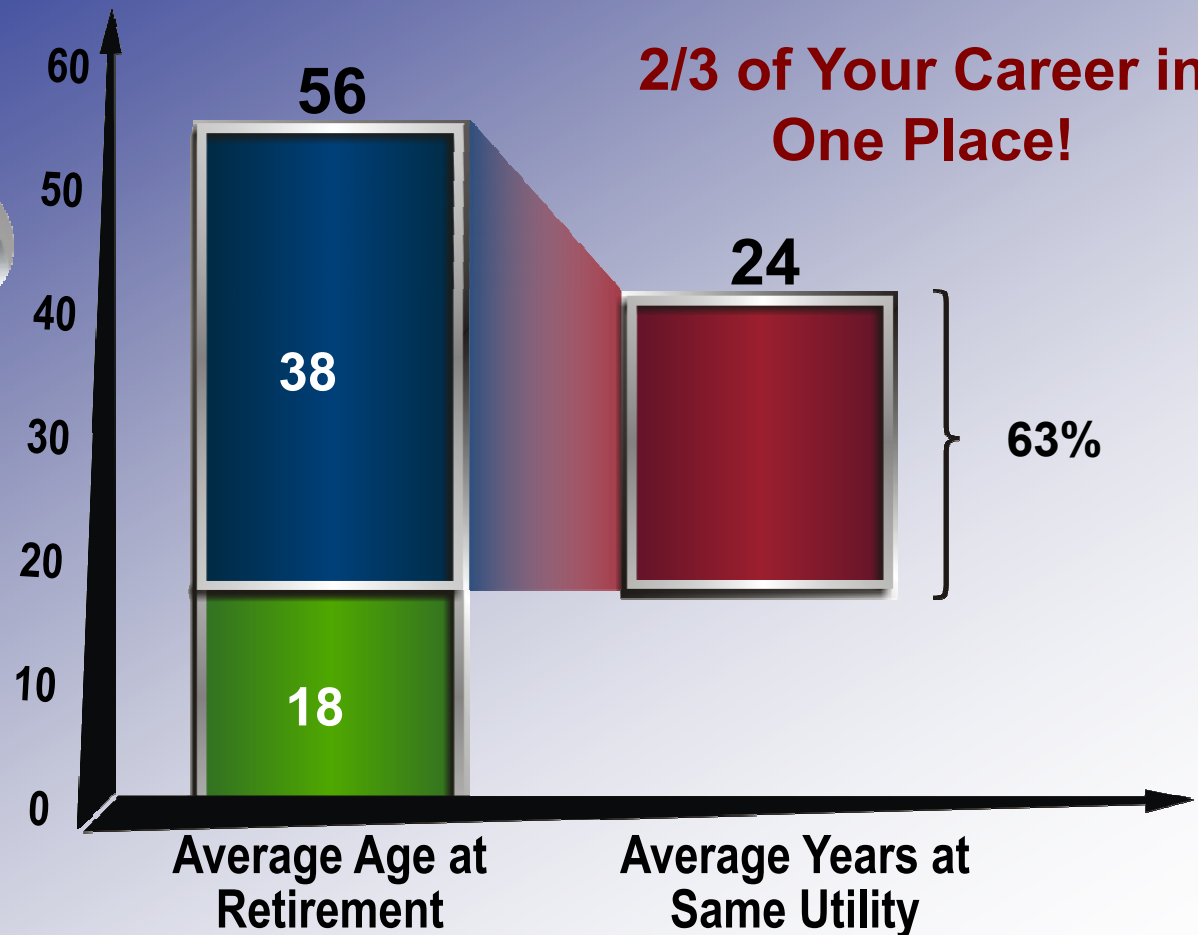


**Baby Boom
Retirements &
Missing Generation**

Most Utility Employees Have Spent Majority of Work Years With Same Utility

Baby Boom
Retirements &
Missing Generation
>50% of the
workforce

Years

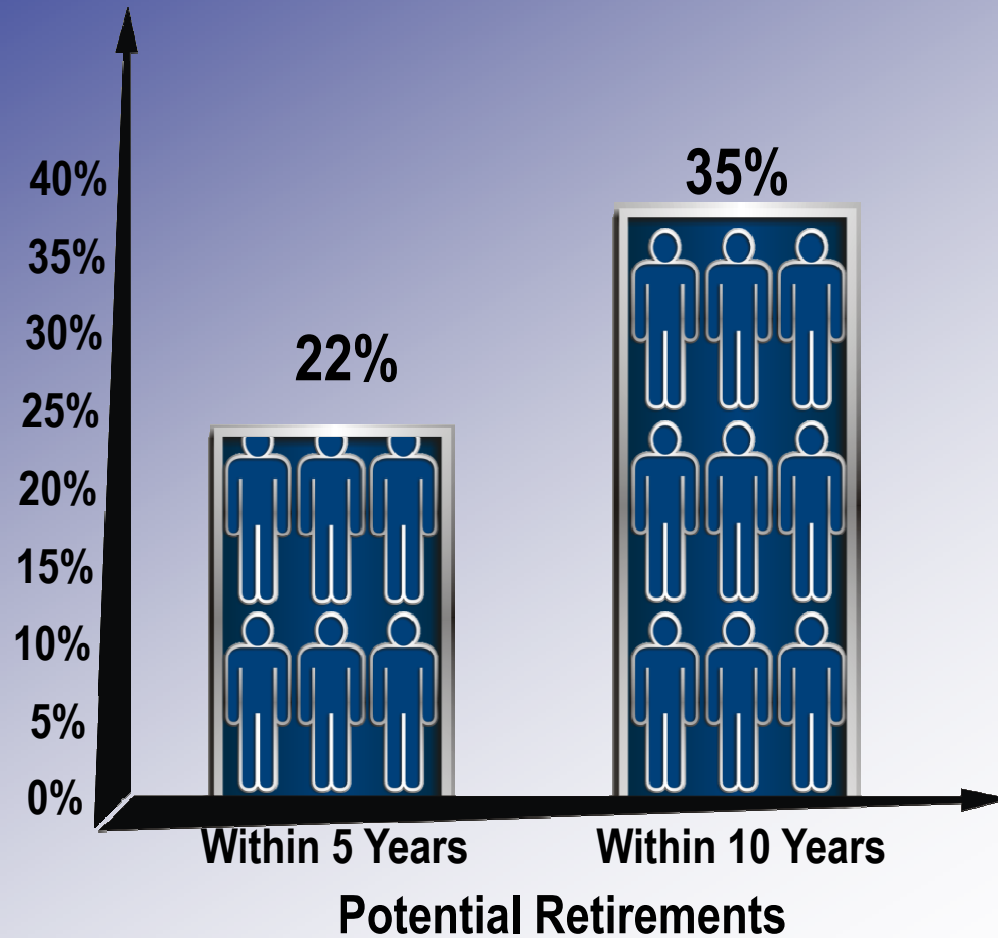


Source: AwwaRF/WERF Study

Water/Wastewater Utility Retirements Will Drain Utility Knowledge

Baby Boom
Retirements &
Missing Generation
**>50% of the
workforce**

Percent of
Current Utility
Workforce



Existing Institutionalized Culture Unsuited for Future Needs

**Baby Boom
Retirement &
Missing Generation**

**Existing
Culture**

Existing Institutionalized Cultures Often Conflict With New Generational Values

Baby Boom
Retirements &
Missing
Generat

**Existing
Culture**

CHARACTERISTICS:

- Autocratic
- Top-down
- Risk Averse
- Institutionalized (inflexible)
- Few people involved in decisions
- Don't know how to show you care about them (may be you don't)

Baby Boomer Managers Are Often Out of Touch

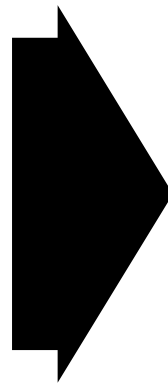


Source: Success Performance Solutions, 9/20/2006

Generations Core Values Differ Radically



- **Loyalty = Security**
- **Work Hard – Work Top Priority**
- **Work Speaks for Itself**



- **Mobility & Variety**
- **Blend Work & Personal Life**
- **Recognition & Reward**

Source: "Generations at Work: Managing the Clash of Veterans, Boomers, Xers, and Nexters in Your Workplace" - Zemke, Raines & Filipczak

Beliefs About Values Have Drastically Changed

Vets & Baby Boomer

- Loyalty Begets Security
- Hard Work Leads to Success

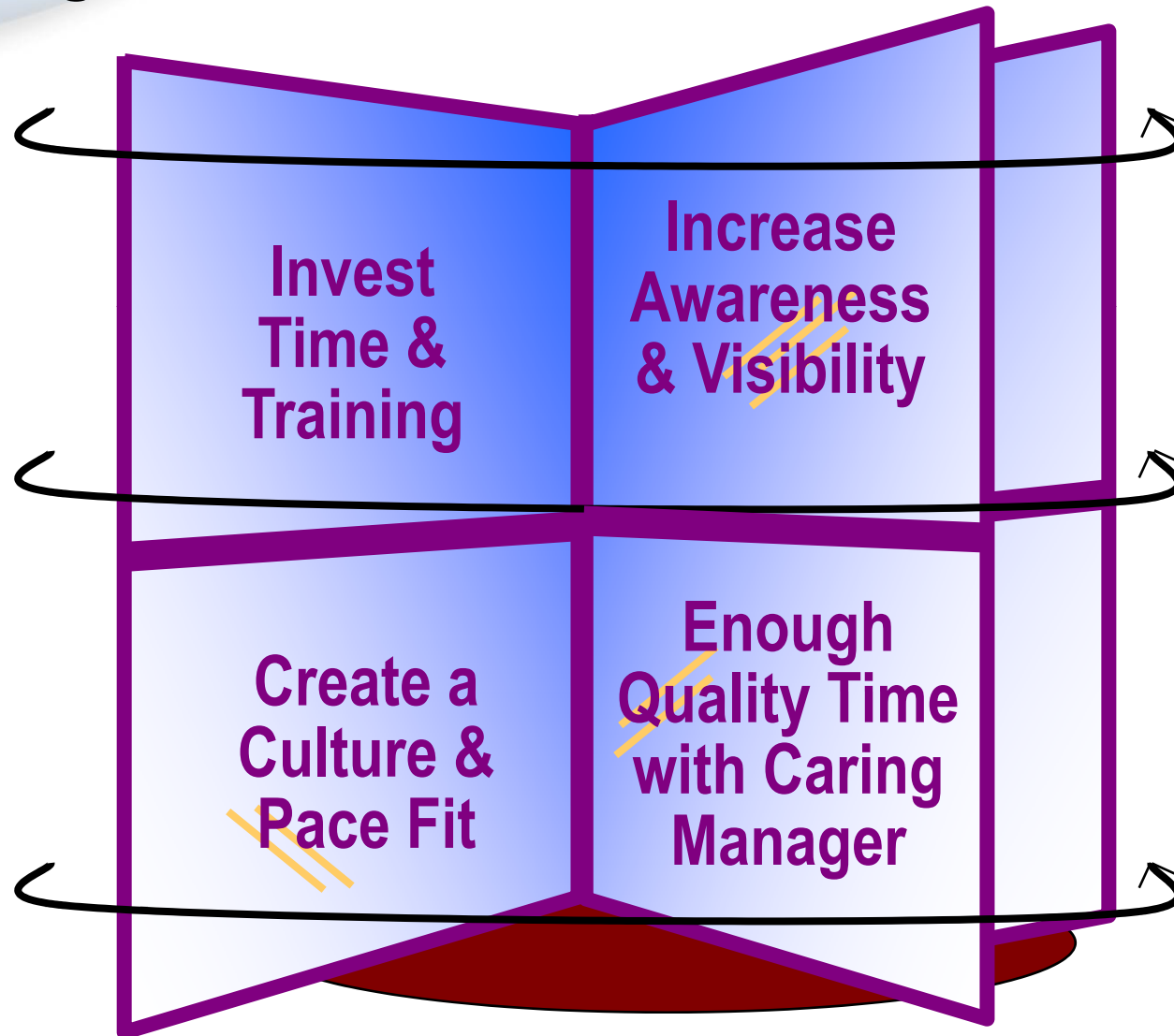
- I'll stay with the organization my entire career - security

Gen X & Y

- I want a say in organizations decisions
- I want to be a player

- I'll quit the organization if you don't give me what I want and treat me the way I want!

Recruiting & Retention Create Yet Another Challenge for Utilities – Gen-xer’s will Quit!



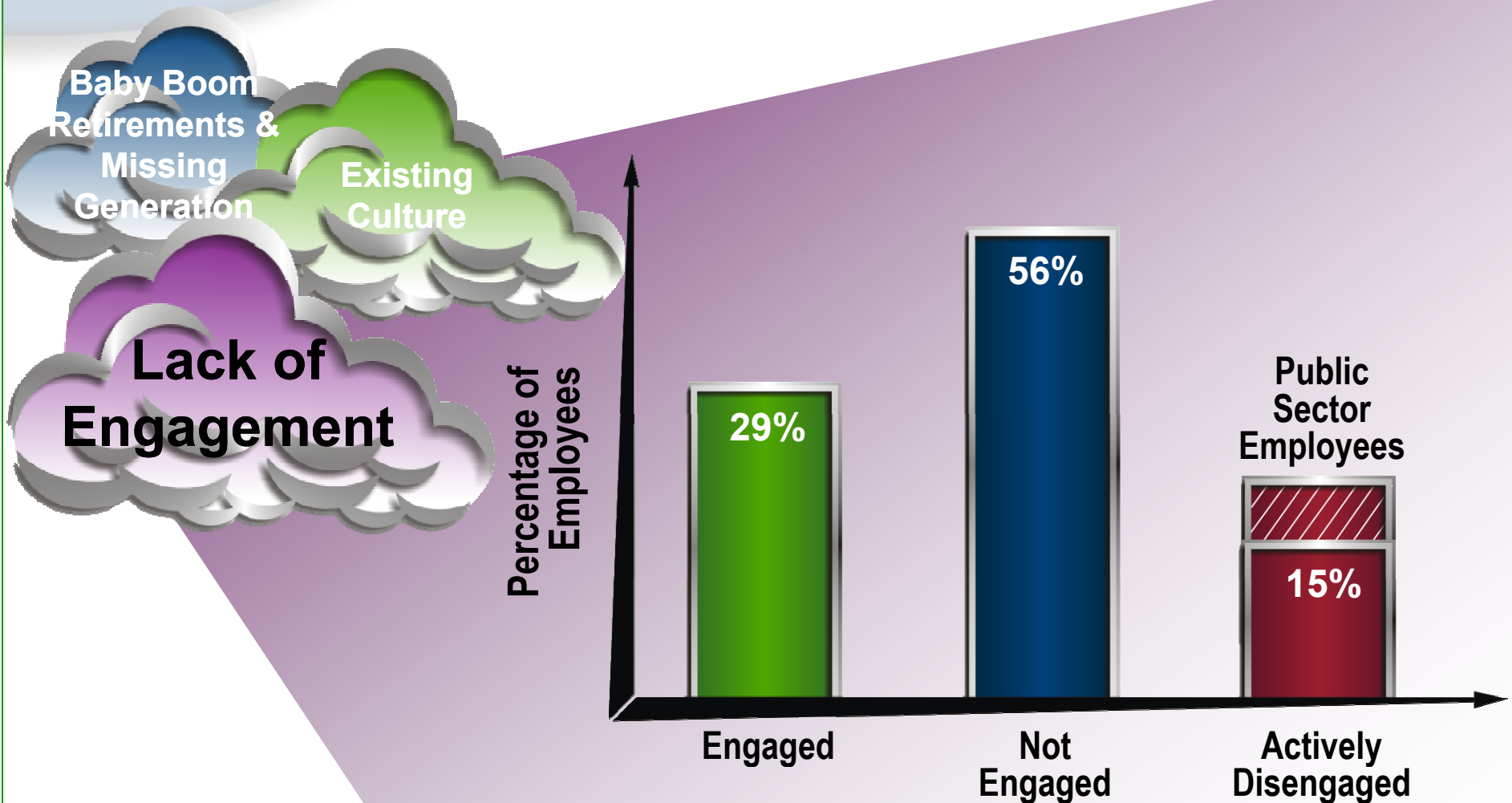
Employee Lack of Engagement is Distressing

**Baby Boom
Retirements &
Missing
Generation**

**Existing
Culture**

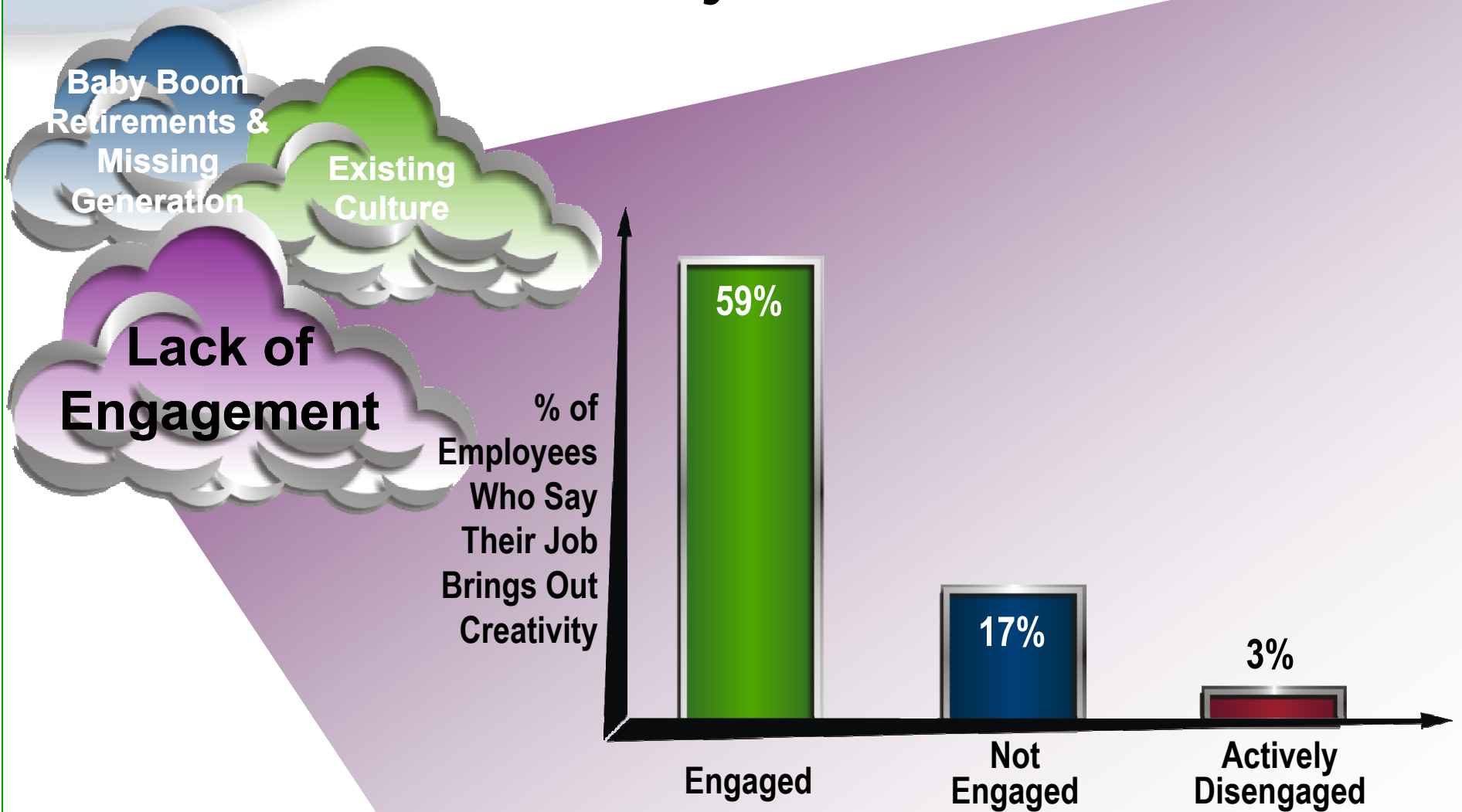
**Lack of
Engagement**

Gallup Research Shows Lack of Engagement and More Urgency for Public Sector Companies



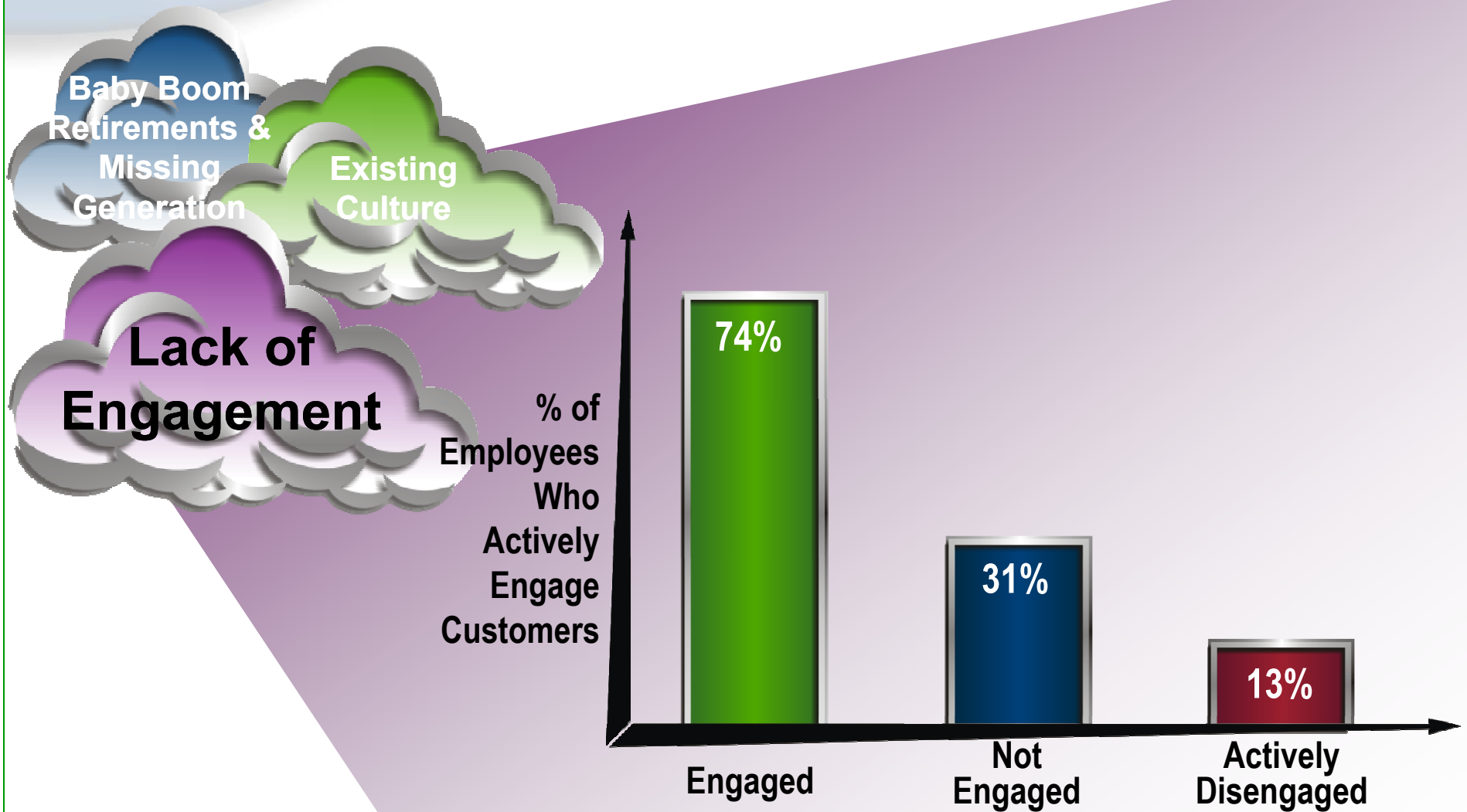
Source: Gallup Management Journal

Employee Lack of Engagement Decreases Creativity



Source: Gallup Organization, July 2006

Employee Lack of Engagement Decreases Customer Confidence



Source: Gallup Organization, July 2006

Factors Combine to Create the Perfect Culture Storm

**Baby Boom
Retirements &
Missing
Generation**

**Lack of
Engagement**

**Existing
Culture**

The Perfect Labor Storm is Worse for Public Sector Companies



**SECTION
3**

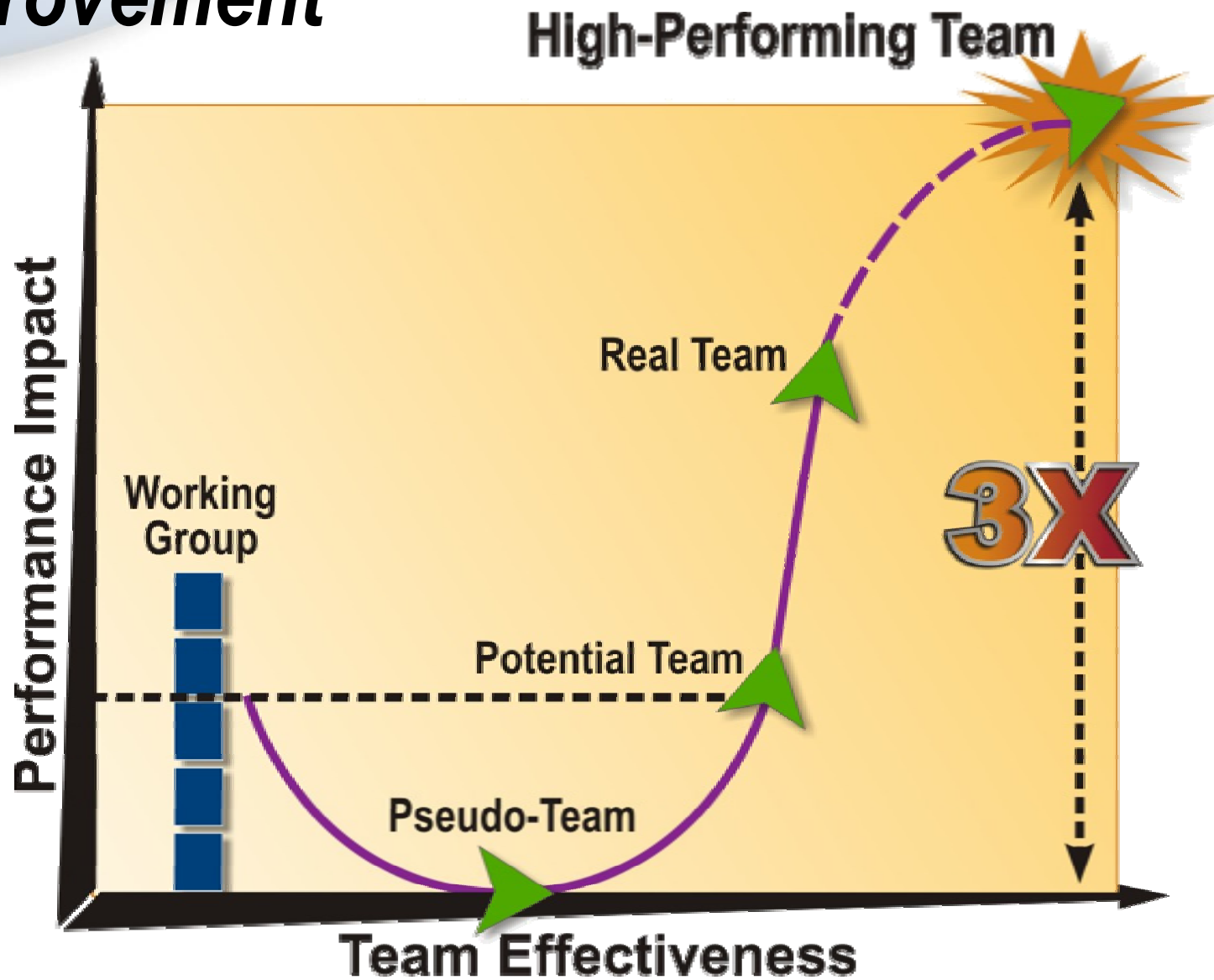
*Engaged
Employees Deal
With the Perfect
Storm Naturally,
Reducing
Organizational
Risk*



Gallup Research Defines Engaged Employees



Teamwork Skills Yield Great Productivity Improvement



Gallup Research Defines Engaged Employees

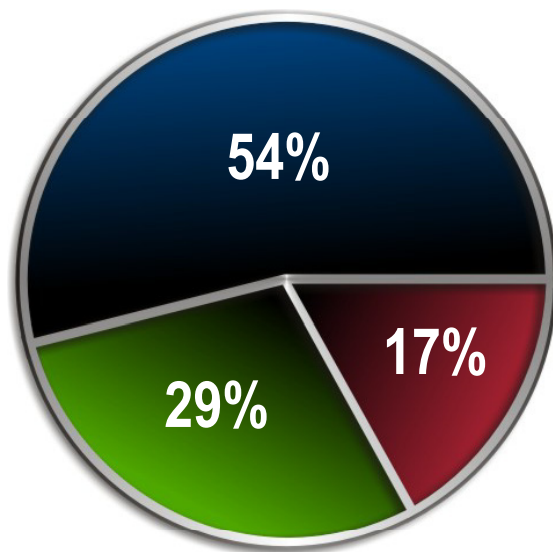


Gallup Research Identifies How to Keep People Engaged

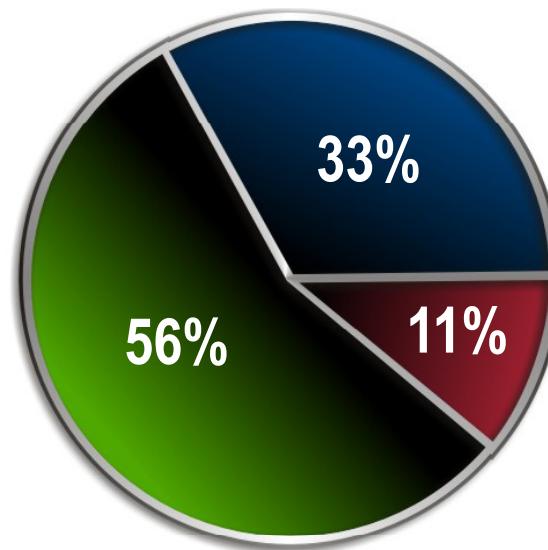


The Value of Best Friends at Work is Bigger Than You Think

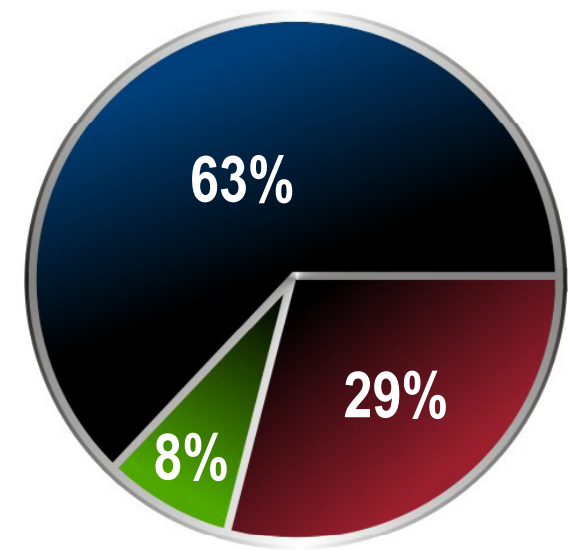
Among All Employees




Among Employees With A Best Friend At Work




Among Employees Without A Best Friend At Work



 **Engaged:**
Eager to work with passion, creativity

 **Not Engaged:**
Doing minimum work necessary

 **Actively Disengaged:**
Undedicated, actively damage productivity

Gallup Research Identifies How to Keep People Engaged



Gallup Research Demonstrates Engaged Employees Have a Major Positive Impact On Organizations



- They reduce costs
- They improve productivity
- They improve customer confidence
- They work safer
- They have less turnover
- They don't play games with sick leave or personal leave

**SECTION
4**

***What to Do and
How to Create a
Culture of
Engagement***



Developing a Culture of Engagement Requires a Consistent Process



**SECTION
5**

***Taking Action
Now Will Yield
Great Benefits
for Your
Organization***

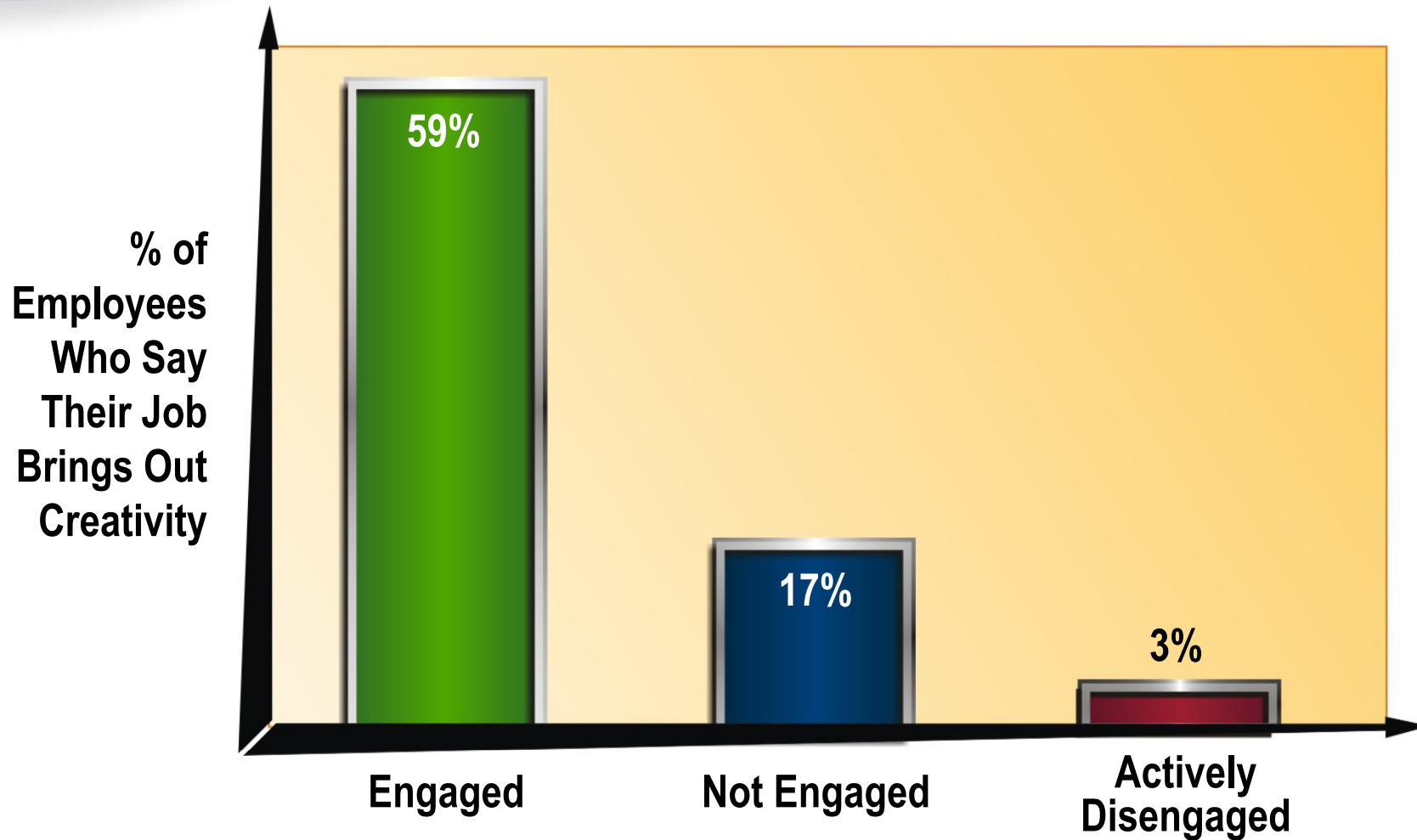


Cost of Disengagement is Startling, Due to Lower Productivity



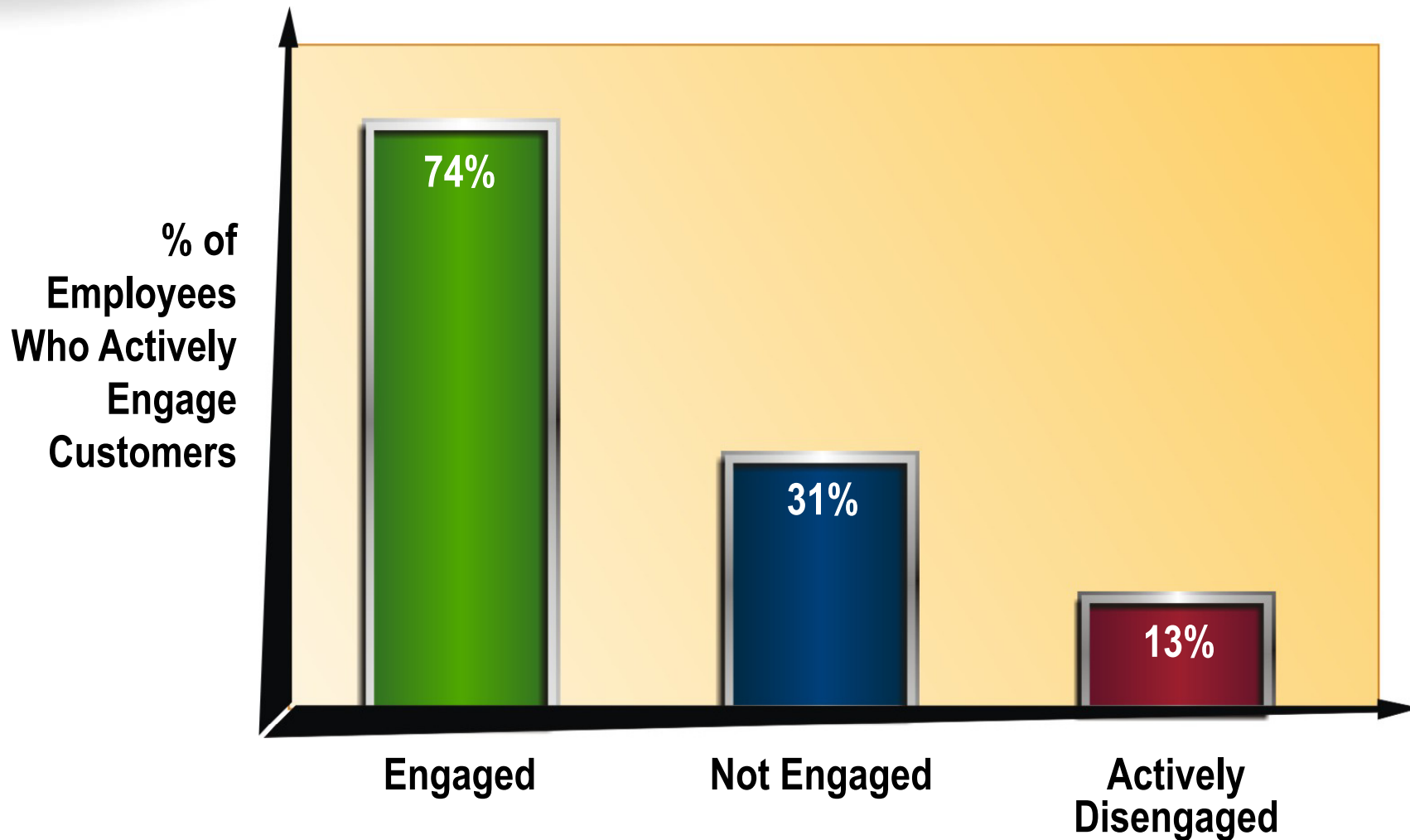
Source: Gallup Organization, July 2006

Engaged Employees Are More Creative



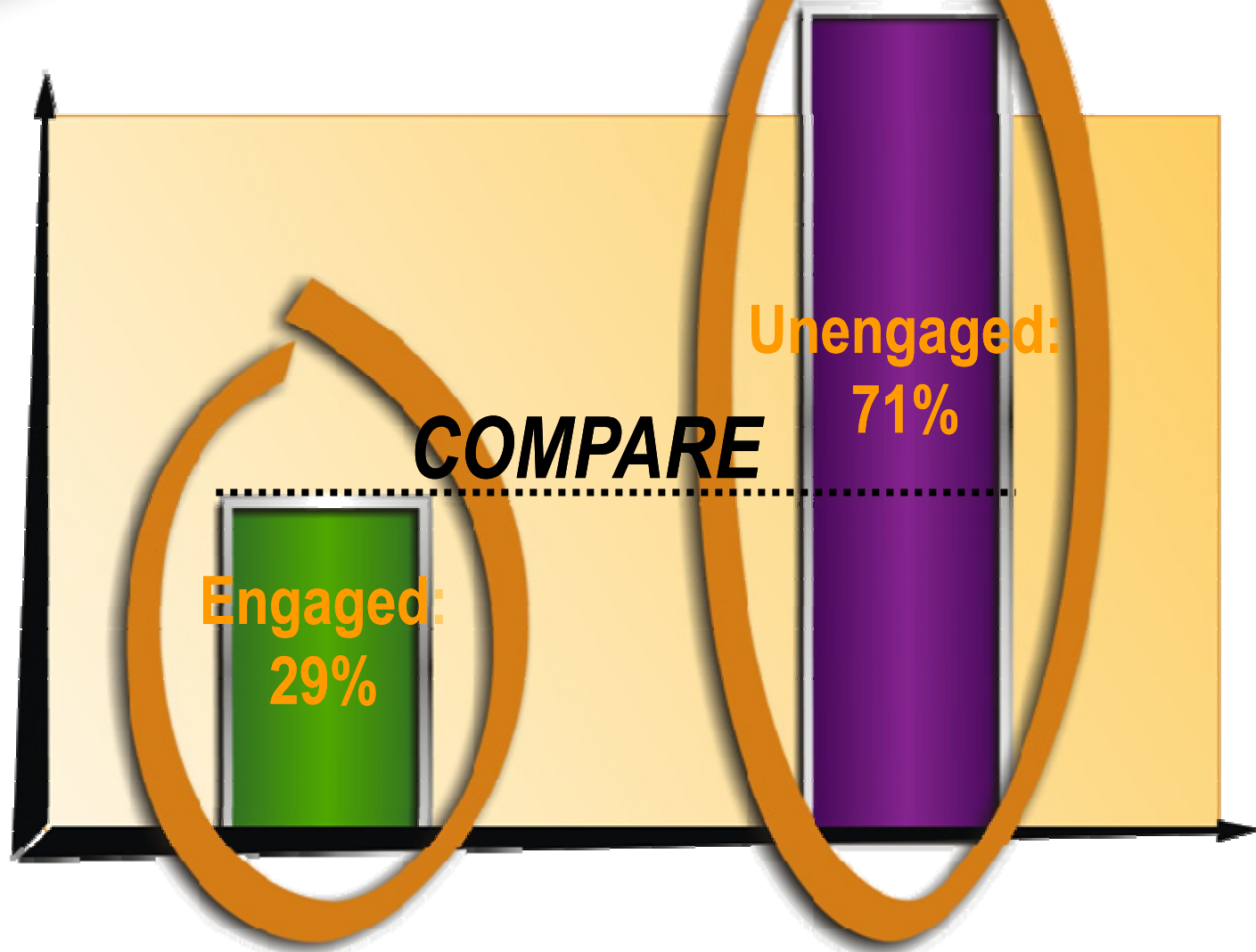
Source: Gallup Organization, July 2006

Engaged Employees Involve Customers Improving Customer Confidence



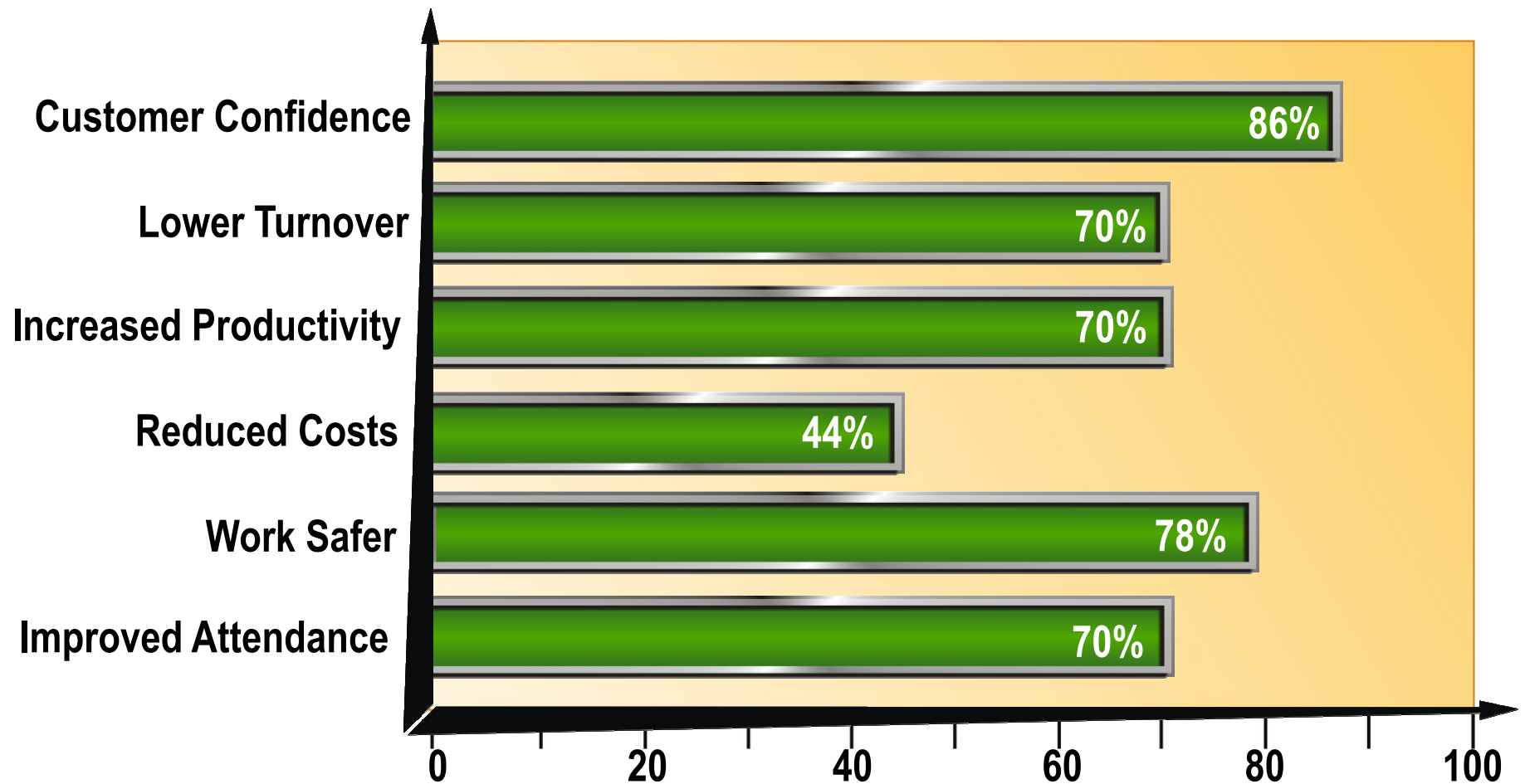
Source: Gallup Organization, July 2006

Comparing Survey Responses of Engaged Employees Demonstrates Real Impact



Source: Gallup Organization, July 2006

Gallup Research Proves Engaged Employees Substantially Improve an Organization



SECTION
6

Conclusion

*Building a Culture of
Employee Engagement
Reduces Risk, Cost, and
Maximizes Value to
Customers!*





***Building a Culture of Employee Engagement
Reduces Risk, Cost, and Maximizes Value to
Customers Because Engaged Employees:***

- Reduce costs
- Improve productivity
- Reduce turnover
- Work safer
- Improve customer confidence
- Improve attendance

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