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## The Recession Isn't Your Biggest Problem

*article by  
Dr Graeme Codrington*



### Article at a glance

Many companies are currently focusing on short-term recession solutions and have survival as their priority. Rightly so - these are tough times. There is a danger, though, that they are not aware of the key trends that will drive change as the upturn comes. Dr Graeme Codrington, co-founder and future trends analyst at TomorrowToday explains why companies need to start preparing now for what happens beyond the recession. He provides some excellent questions for you to discuss with your team.

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## The Recession Isn't Your Biggest Problem

*What happens afterwards will really hurt you - if you don't start preparing now*

By Dr Graeme Codrington

As we head into the final few months of the first decade of the 21<sup>st</sup> century, many companies are facing difficult times. A global credit crisis has put the brakes on growth and many countries are experiencing deep recession. We know an upturn will eventually come, but there are still a few tough years ahead. Yet, as difficult as times are now, they are nothing compared to the chaos that is going to erupt when growth returns. Companies that do not start preparing now for the new world of work will soon find themselves in deep distress.

*This recession is more than an economic downturn. The very foundation of our world are being undermined and replaced. We will never "go back to normal".*

The reason is that this recession is not a mere economic downturn from which we will recover and return to "normal". This recession is happening at the same time as many longer-term trends are coalescing. The very foundations of the systems that govern our world are being undermined and replaced during this downturn.

There are a number of key trends that had begun to influence the world of work before the recession began. The economic downturn has slightly masked their effects, but the reality is that as the upturn begins we will discover that these trends have been magnified by the recession. A brief overview of these trends provides some clues - and many questions - to what will happen after the recession, and what companies can do now to prepare for a new world of work.

### A New Retirement

The developed world has been hardest hit by the economic downturn, and it is the developed world, too, that will be most affected by a new type of retirement. Think of it as re-tyre-ment, and you'll start to understand it. The Baby Boomers (born after World War II into the 1950s and 60s) are heading towards what has traditionally been seen as the age at which one stops working and starts playing seven rounds of golf a week. This picture of "old age" is going to change - and change quickly!

*This new generation of retirees will not want to retire.*

This new generation of retirees will not want to retire. Firstly, they can't afford to retire - even before the recession wiped out their pension fund (and investment property) values, this was the most indebted generation of all time. And that doesn't take into account the cost of the divorces that many of them are going through. In

particular, many 50-something women are newly single and need to have an income.

Secondly, they don't want to retire - they have always been a generation that enjoyed being involved and contributing. They will discover that gardening or fishing or golf every day is not quite as fulfilling as they thought it would be. They may very well start their own businesses, but they're also equally likely to try and come back to their old jobs, working flexi-hours at double the price, and call themselves "consultants".

Thirdly, they don't have to retire - the miracles of modern medicine mean that 60 years old is still young these days. Just look at what Joanna Lumley has been doing for the Ghurkas (and how she looks while doing it - still a Boomer bombshell). Some say she should run for Prime Minister in the UK. That mindset pervades this generation: "Our best years are still ahead!" In addition, legislation is being changed in most countries to allow for much greater flexibility in retirement ages. And when any forced retirement age regulations get tested in court (and surely they will be - soon), they will no doubt be declared illegal.

Fourthly, they're scared to retire - either because they don't feel they can trust their company to the younger generation, or because their lives have been so defined by their work that they don't want to stop. They won't admit fear - and maybe 'fear' is not the right word - but the fact remains that there are many reasons for them to continue working. And so they will.

QUESTIONS TO  
DISCUSS WITH  
YOUR TEAM:

*Is your company ready for this? How will you handle your older staff? What will you do if a significant number refuse to retire? How will you deploy them? Will you adapt to their demands for flexibility? Are you ready for this new breed of non-retiree customers? Do you have products and services to meet their new lifestage needs?*

## A Talent Exodus

Many companies have reported a welcome decline in staff mobility. The recession has caused many - but not all - talented employees to be more cautious about moving jobs. But this will not last for long. One of the first signs of the upturn coming will be that headhunters will be back in business. Companies that have stripped their headcount will be desperate for staff as they begin to grow again. And talented employees who have been forced to endure wave after wave of retrenchments adding pressure to their workload (companies still demand increased results from fewer staff), with no additional benefits and no hope of bonuses, will be the first to leave. There can be little doubt that we are headed for one almighty talent exodus.

*Talent shortages  
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economy.*

But that's not the only problem. The reality is that talent shortages are still a reality - even in this economy. In most countries, there are still significant numbers of unfilled jobs. It's estimated that in June 2009, there were 3 million jobs available in the USA, with 5 million unemployed people. The problem is a skills mismatch - the 3 million unfilled positions require specific skills and experience. As the economy rebounds, the shortages will become even more pronounced. And if that were not enough, in almost every country in the world, birth rates are falling. In fact, they have been doing so for some time. That means that over the next 5 - 15 years, the potential employee pool will contract.

QUESTIONS TO  
DISCUSS WITH  
YOUR TEAM:

*Is your company ready to compete for talent like never before? Are you viewing this downturn as an opportunity to increase your company's "employer brand" and seek out talent at relatively cheap market rates? What is your company's strategic plan for finding - and retaining - the necessary skilled staff to take you into the 2020s? Have you considered the possibility of a talent exodus in the near future?*

### Increased Flexibility

One of the key recession trends evident in London - probably the city hardest hit by the credit crunch - has been an increase in alternative benefits offered to staff. Unable to pay bonuses or increase salaries, companies are being forced to offer other incentives. These include increased flexibility in working hours and conditions, sabbaticals/furloughs, paid study leave, work from home options and other similar options.

The more important trend is that the talent supply/demand balance will continue to shift in favor of the employee - particularly for jobs requiring specific skills or experience. The most significant implication of this trend is that individuals will be able to bargain for whatever unique work arrangements they prefer. Companies will need to offer greater choice, reflecting the needs and preferences of people in different generations and stages of life.

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I don't like the phrase, "Work-life balance". It's been around for nearly two decades, and yet most people don't have it. It is the wrong goal. The goal that most talented people are after is more personal control of their own workspaces, schedules and lives. The goal is flexibility. Not a new working contract (e.g. work one more hour a day, and you can take Friday afternoons off), but true *flexibility*: to be able to work from home *sometimes*, to be able to work longer hours *sometimes*, to be able to take time to watch children play a sports game and then answer emails late at night, to be able to take Monday morning off because I worked with the Dubai team all Sunday, *sometimes*, and so on. Companies that offer more

QUESTIONS TO  
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flexibility and tailor the working environment to individuals will be most successful in attracting and retaining the type of staff they need for sustained success.

*How much true flexibility is your company prepared to offer? How easy will you make it for your staff to give you their best efforts? What alternative benefits has your company begun to consider during the recession, and will you continue these when the upturn comes? If not, why not? How are you integrating these tactics into your overall talent attraction and retention strategy? How do your tactics differ for each of the different generations in your organisation - especially considering the soon to re-tyre, and the "bright young things"?*

### Technology, Social Networks, Web 2.0 and Virtual Teams

It should be obvious from all the trends above that technology is one of the key driving forces in the new world of work. In particular, new collaborative software is enabling new ways of working, specifically: asynchronous and virtual. We don't all have to work in the same time zone, let alone the same office. Global teams are obviously becoming the norm for larger, multinational companies, but this is driving larger trends towards virtual teams and meetings into workplaces around the world.

When I started work as an articled clerk at KPMG in the early 1990s, it was kind of accepted that you would take a few things home from the office: pens, paper and bits of stationery. That was because the office had stuff you didn't have at home. The office also had much better computer equipment and technology (think data projectors, fax machines, colour printers, photocopiers and mainframe computers) than you had access to at home. That was then. These days, young people are much more likely to try and take things to the office - specifically their own technology, and little pieces of software that make their lives easier. Most people have better computers at home than they're given at work, and are frustrated by the lack of resources in the office.

It's not my intention to review the many technologies you could have access to, or to explain how they can be used. But it is an undeniable trend that these technologies are moving beyond teenage toys and young adult hype to become serious business tools. Remember that websites were first used by students and geeky researchers before going mainstream, and many companies were slow to see the value of ecommerce and a Web presence.

It is still a mystery to me that companies will ban Facebook and Twitter. Of course, they're open to abuse, but the answer is surely to have usage policies, rather than simply ban them (and, by the way, most people can access them via their personal mobile phones - or via

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mirror sites - anyway, so banning is futile).

Maybe the reason that this is such an issue in so many companies is that there is a huge generational divide in two key areas: (1) how younger and older people process information (older staff feel overwhelmed by Twitter because they feel compelled to read everything that is streamed to them, whereas younger people don't), and (2) how they view computers. Many older staff see the computer as a "work only" tool. They might even deliberately "leave the computer at home" when they go on holidays, and the last thing they do at the end of a working day is to "switch the computer off". But today's young people wouldn't dream of doing that. Their computer is merely a tool - sometimes used for work, but sometime used for fun, too. It's taken on holiday, so that it can be used to download and watch movies, contact friends, play games and relax. So, when older people need a break in the office, they'll wander over to the water cooler or canteen, grab a mug of coffee and walk around the office chatting to colleagues for a few minutes. Younger people are much more likely to Alt-Tab to their favourite website, play a few rounds of an online game or update their Facebook status. This essential break serves to help recharge them and get them ready for another hour or so of focused work. But they didn't leave their desks, interrupt colleagues or walk around.

Successful companies over the next few years will embrace new technologies, and find new ways to use technology to enhance staff productivity and customer connection.

QUESTIONS TO  
DISCUSS WITH  
YOUR TEAM:

*Is your company experimenting with new virtual meeting technologies? Has your company considered abandoning a centralized IT policy and paying your talented staff an allowance to purchase their own equipment (it's not as crazy as it sounds!)? Do you ban Facebook, or do you train your staff to use it appropriately? Do you have a Twitter and Facebook presence? Are you at least being a custodian of your company's brand by monitoring what is being said about you on social networking sites? Who is responsible for this in your organisation, and what is their brief?*

### Mobility and Diversity

Chatting to a friend who been retrenched in London recently, I enquired how his job search was going. He replied that he had applied for four very interesting jobs, and had two interviews coming up. The jobs were in Moscow, Sao Paulo, Jakarta and Helsinki. Amazingly, they were in three different industries. One of the immediate results of the downturn has been that people are looking for jobs anyway and everywhere - they're thinking global. The world is truly a global village. And multinational companies are increasingly looking globally to fulfill their staffing needs.

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This trend may have stalled slightly with the economic downturn, but it will be a major force over the next few years as the upturn begins. You compete with companies from all over the world, and soon you'll feel the competition for talent from them as well. This is not only an issue for big multinationals - it affects every employer everywhere.

QUESTIONS TO  
DISCUSS WITH  
YOUR TEAM:

*Which countries are the most likely potential sources of future foreign staff for your company? What is your strategy to grow your "employer brand" there? What are you doing to create a culture that will attract and retain the globally mobile talent you need to grow your business in the next ten years? Are you developing an "alumni" mindset, keeping contact with staff that move on to other jobs in other countries so that you can approach them with opportunities to rejoin you, or be your ambassadors, if you grow internationally in the future?*

### Sustainability and Ethics

A new generation of "ethical consumers" is starting to demand more than just great products and services at fair prices - they also increasingly require transparency, environmental care, fairness, social responsibility, diversity and a host of other characteristics in the companies they buy from. They will be demanding these from their employers in the future, too. The "symptoms" of this shift can be seen in issues like triple bottom line reporting, environmental policies, fair trade initiatives, demands for increased information about where products are made and for more policing of global trade, employment practices, and much more.

Many companies still see environmental issues and ethical trading as an unnecessary additional burden, imposed on them by regulations, international standards and public perceptions. The recession has given many companies an excuse to reduce spending on these programmes. But when the upturn comes, this excuse will fall away, and activists will be ready to put enormous pressure on organisations to go way beyond mere compliance in their sustainability efforts. A mindset shift is needed on this issue - if customers are demanding it, surely there is the potential for huge competitive advantage by becoming your industry' leader in this area?

This trend, especially the "green" issues, will be one of the most significant business issues of the next two decades.

QUESTIONS TO  
DISCUSS WITH  
YOUR TEAM:

*Does your company see socially responsible behaviour as a strategic business tool, or as an added extra? Do the people responsible for sustainability issues get involved with strategy development, and is it integrated into the company's HR and branding strategies? Is your company aiming to be a market leader on this issue, or are you*

*following the industry norms and benchmarks?*

*Leaders need to step back from the coalface and consider how the “rules of the game” are changing.*

## **Conclusion: New Leaders, New Goals, New World of Work**

The issues facing businesses over the next five to ten years will demand much of leaders. Too often dragged into an operational mindset, leaders will need to spend more time “stepping back” from the coalface of their organisations and considering how the “rules of the game” are changing. This is a skill many leaders will battle with. But it is essential. The companies that don’t do this will struggle in the years ahead -the landscape is changing, and a new world of work is emerging.

This has not been a comprehensive look at all the trends that will impact organisations over the next few years, nor has it taken into account industry and regional specific trends. Please contact the TomorrowToday team for this type of specific analysis for your company. However, these are the key issues that impact your ability to attract and retain the people you will need - as staff and customers - in order to achieve your goals and be successful in the years ahead. Use the questions provided above to start conversations with your team, and make sure you’re ready to not merely survive the downturn, but also thrive when the inevitable upturn comes.

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*Dr Graeme Codrington is a business strategist, keynote presenter and thought leader on the future of work, and attracting, retaining and engaging talented staff and clients, across the generations. His inspiring keynote presentations and workshops get teams inspired to immediate action and long-term business improvement. Contact him at [graeme@tomorrowtoday.uk.com](mailto:graeme@tomorrowtoday.uk.com).*

## About TomorrowToday

TomorrowToday is a consulting company focused on the new world of work. We use keynote presentations, workshops, training, consulting and the provision of resources to help our clients understand the key trends shaping the world, and show them the keys to success in four critically important areas:

- Strategy development and execution
- Leadership and team development
- Attracting, retaining & engaging talented staff
- Improving customer experience and retention

Our core skill is our ability to track trends and map the world of tomorrow, especially trends related to people - their needs, desires and expectations, and how they will shape the new world of work. Our core business is to help our clients gain tomorrow's competitive advantage today, by understanding the drivers of people's behaviour and attitudes and showing them how to influence others.

People are central to business success, but often the connection between management and staff or customers falters. We have processes that strengthen the connection that companies have with people and are able to deliver immediate value and performance improvement.

With ten years experience in these areas we can show you how to get more from less - more productivity, more sales, more profitability.

Please contact us to request an appointment with us - we'd love to meet with you and tell you more about who we are and what we do.

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