

THE EMPLOYEE VALUE PROPOSITION

Excelling In The New Demographic Challenge

There is a fundamental and profound transition underway in the labour landscape that will challenge the very existence of many organizations. The labour force actually is *shrinking* – a tsunami-like, demographic phenomenon never-before experienced. Soon, more employees will be leaving the labour force than new ones entering it, thereby exploding the labour market equilibrium. (See Article: [THE GROWING SHORTAGE](http://www.diamondmanagementinstitute.com) at www.diamondmanagementinstitute.com) As competition for employees grows ever-more acute, successful organizations will be those which are strategic in their approach to this evolving dynamic.

The aging of the Baby Boom generation, those born between 1947 and 1966, and their attendant retirements is greater than the number of new entrants and immigrants combined. Beginning in 2013, the labour force starts declining, with projected shortfalls in Ontario, alone, of 360,000 employees by 2025 and more than 560,000 employees by 2030. (Conference Board of Canada) This means that **the competition for employees will become extremely intense.**

Following the basic laws of supply and demand, a re-balancing of the power equation between employers and employees is in process. As greater power gravitates to employees, they will be able to realize more benefits, be they financial or other, from their employment. The key for employers will be in their response to this change.

The New Labour Cohorts

This raises the questions of who your new employees might be, what they will want and how you will compete in attracting and retaining them. The major groupings of available new labour, also known as cohorts, for employers will be:

- ◆ *Aboriginals* (the only segment of the Canadian population that actually is growing) and *Other Under-Represented Groups*
- ◆ *Immigrants*
- ◆ *Older Workers*
- ◆ *Youth*

Each of these groups is quite different, with significantly divergent needs and aspirations. In fact, within each cohort, there are further levels of differentiation. By analyzing these attributes, employers can formulate strategic responses, to position their organizations to compete successfully for labour.

Identifying the varying needs of older workers, for example, will illuminate how to conduct this analysis. Older workers are not a homogenous cohort. Although they all may be at retirement-age, each individual is in unique circumstances, with their own particular needs, wants and aspirations. Their employment choices and corresponding motivation might be seen as something like this:



- ◆ Full-Time Employment (financially-driven)
- ◆ Full-Time Employment (socially-driven)
- ◆ Part-Time Employment
- ◆ Seasonal Employment
- ◆ Project-Based Opportunities
- ◆ Mentoring Opportunities

Obviously, each of these situations requires variability and flexibility in the way that the workplace is organized. The challenge will be to align the opportunities that the organization can provide with the “needs” of the prospective employees.

The aspirations of the Generation Y cohort add a further and different dimension and complexity. Many seek an “emotional connection” to people and the “values” of the organization. They want to participate in problem-solving and decision-making, not just be told what to do. They want to experience a wide range of challenges and they are adamant that they have opportunities for personal development. They need to see themselves and their values reflected in the organization. Engagement is a very high priority for them. (See Article: [GENERATION Y](http://www.diamondmanagementinstitute.com) at www.diamondmanagementinstitute.com)

As you cycle through this process for each of the cohorts, it is suggested that you fundamentally change your perspective from the organization to the new employee. As hard as this may be, “it’s all about THEM, not YOU.” You probably will identify gaps in your knowledge. If you are diligent, you won’t try to guess the answers, but rather will conduct the necessary research. You do this for your customers, products, competitors, and capital acquisitions, so it follows that this also needs to be done in assessing your new employees.

The Value Matrix

Create a *Value Matrix*. For each attribute of the potential new labour force, identify what your organization will offer to satisfy those needs. Most likely, this will lead your thinking in new directions, as fulfilling those needs often will cause a re-examination of how they might be delivered.

Who	What They Want	What You Will Offer
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____



This, in turn, will cause consideration for how work might be organized differently. As traditional modes of operating become replaced by new configurations and arrangements, the manner in which the workforce and employees' performance are managed also warrant review.

The Employee Value Proposition

The singular key is creating an *"Employee Value Proposition"*. This will be a straight-forward statement defining how the organization will satisfy the employee's requirements. The manner and degree to which this Proposition is aligned with the purpose of the organization, its goals, values, the operating methodology, the management style, the communication regime, and the opportunities for employee participation will determine long-term outcomes. In other words, an organization's leadership and culture will become the pre-dominant factors in predicting its viability.

Each organization is a unique entity composed of people, products, processes, personalities, history, etc. What is it that you are offering that will appeal to the new employee? As businesses, you know that it is essential to understand your customers' wants and needs, and to deliver those products or services to them that will satisfy those aspirations. By viewing your employees, both current and potential, in a similar manner, one can make the shift to creating a *"Destination Workplace"*.

What does this look like? Is the Leadership Style autocratic or engaging? Is power controlled or distributed? Is management in the "telling" or "teaching" mode? Are responsibility and accountability rigidly-held or widely-shared? What kind of culture will serve the desired new workforce in the best way and what does one need to do to realign the organization to achieve this? Answering these questions provides the solution.

Now Hiring

The old **Now Hiring** sign doesn't work anymore. You conduct research on your customers – their needs, preferences and price points. You conduct research on your competitors – their strengths, weaknesses and likely strategic responses. You conduct extensive cost/benefit analysis on capital acquisitions. You need to apply a similar rigour in researching your labour force. If you consider an employee as a five-year \$500K investment, what kind of critical evaluation would your banker expect to see?

For many organizations, what has been described is a radical departure from "business as usual". Some may conclude that this suggested approach makes things much more complicated than they need be. Others still may fail to understand and appreciate the seismic shift in the labour force dynamics. And there are some who just won't want to change.

The facts will prevail, however. There will be a steady decline in available labour. Progressive organizations will study and anticipate this shift, and will act deliberately to compete in this new environment. Unfortunately, for some other organizations, they will find themselves continually churning employees, being increasingly frustrated, steadily losing money, and eventually going out of business.

This is the creative side of leading an organization. As challenging as it is, this is what it will take to excel in the new demographic challenge. Can we be of assistance?



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