

WHO'S RETIRING? The Impact on Your Bottom Line

Thirty to fifty percent of your employees will retire within the next 5 to 10 years! Don't believe me – take a look at your roster and the age of the people who are working for you today. Now, think ahead 5 to 10 years and think about the age they will be. Yes, more and more people are choosing to work into their 70's. However, that does not mean they will have the health to do so. If they leave, where does that leave you, the one who owns a business, or runs a company, or a department?

Imagine if you were to lose up to 50% of your staff to retirement. Now, imagine those who are leaving are your BEST employees. What does that leave you with? Possibly the individuals who do their jobs, yet rarely stand out as key employees who think outside the box and help you ensure your organization is shining.

Education and Health Care are experiencing some of the greatest effects of this challenge. According to Stats Canada the outlook for growth in our country is diminishing. When the Baby Boomers entered the workforce growth was just over 4%. It is slowing down now and you can expect a growth of 0.2 to 0.7 per cent from 2021 to 2026. That is less than ten years away from now!

It is time right now to begin to plan your strategy about losing a good number of your employees. Examine your needs in the next five to ten years:

- Will I grow or will I remain static with the number of employees?
- If growing, how many employees will you need?
- What will those employees do?
- Which employees will retire?
- How do I get the information from the retiree to the newer employees?
- Where will I look for new employees?

By answering these questions for yourself you will begin to address the future needs of your organization. Every organization is different yet these questions will apply to all. If you are doing the analysis it allows you to plan with better information than without it.

There are two challenges here:

- Not enough personnel to meet your obligations to your customers
- Ensuring those who are with you have the skills so the company can carry on

Hiring personnel:

Visible minorities will grow the labour force – they tend to be younger than their Canadian cohorts. This means fewer of them will be retiring so this may be where you need to look for your future employees. By 2031 it is expected one in three employees could be foreign born.

There are many First Nations and Métis individuals seeking work.

In both cases it is important to consider the culture of your organization and the culture of the individual you are hiring and how they may or may not fit into your workplace culture. Where do you do this? You do it

before you hire – in the interviewing and reference checks to ensure this individual will fit in with your culture.

The average cost of hiring the wrong person is a minimum of 1 ½ times the new employees salary. That is significant – now add to this the cost of any wrecked machinery or the loss of morale amongst your employees. It can add up to a huge impact on your bottom line; and this might only be if you hire one individual who does not fit the culture of your organization. Now imagine if you need to bring more than one person to your organization.

The second impact comes from having training for those who are your new employees or those who are moving into the role of the retiree. In one case, an employer needed to hire three individuals to fill the role of one retiree who had been with the organization for 40 years.

The critical part of this training is recognizing that about 80 percent of what we learn to do our job is handed down from one person to another. It's the way we do things in our organization which may be different than another company. The technical elements may be similar, however the way it is carried out in our organization may be different than in your organization.

In using a process to transfer knowledge you will be ahead of the curve. It takes a minimum of two or three months to transfer knowledge if you have a strategic plan – without it you can expect at least four to six months, and even then, you probably will not have included all the learning needed.

This can have a tremendous impact on your bottom line. Imagine if a product is not made properly, or if the wrong chemical is added to a solution or a machine is not oiled. When people did not understand that each nipple had to be oiled on a conveyor belt it caused the whole belt to shut down. This backed up the whole production system because it took two weeks to fix the conveyor.

It is important to connect the loss of personnel to the bottom line. If you don't, you may find you are not conscious of the impact. Do it today – sit down, figure out who may leave, what skills need to be available, who might have the attitude and the aptitude to fulfill those skills and what training you might put in place to keep your business or department whole. Do it now!

© Sherry Knight – All rights reserved.