Crisis in the Making: Mass Exodus = Brain Drain

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ABSTRACT

There is a looming crisis facing the water and wastewater industry. Over 79 million “Baby Boomers” will be reaching retirement age in the next ten to fifteen years. This social phenomenon will cause vacancies in our staffing. The paper will explain the extent of the problem and will offer suggestions on how to prevent the loss of corporate knowledge as these “Boomers” leave in large numbers.

The presentation will provide an overview of the problem, why the mass exodus could be a crisis and will offer a list of some twelve ways to avert the crisis. A Power Point presentation will be made and the presentation will be made a part of the proceedings available on disc.

KEYWORDS: brain drain, retirements, baby boomers, mass exodus, institutional knowledge, tacit knowledge, succession planning, retention, recruiting, career path

INTRODUCTION

What is the Problem?
This presentation deals with a looming problem and potential crisis the water and wastewater industry faces; that is, filling the void left by the large number of personnel leaving the business as they reach retirement. The social phenomenon of Baby Boomers is well known and documented. When the “Boomers”, those born between the years 1946 and 1964 first started kindergarten, the elementary schools had to be expanded and more teachers had to be hired. As this demographic anomaly moved into junior high school and on to high schools, the same classroom crush was encountered; more classrooms had to be constructed and more teachers located.

As the “Boomers” moved into the employment ranks following high school and college, the country needed more job openings thus the change in Social Security benefits which allowed millions of our parents to retire early at age 62, a concept unthought of when the national retirement program was first proposed. This adjustment to the Social Security Act provided more jobs for the flood of workers coming into the labor market from the Boomer generation.

Sixty years have come and gone; a lot has happened in the world and what seems like overnight the first of the baby-boomers are 60 and looking at retirement. Many of these workers have accumulated more than 30 years of employment in a single field. Some have earned that many years working for a single employer. Especially in the municipal government sector where the Rule of 85 and the Rule of 90 retirement plans are common. In Ohio, retirement at 30 years of
service and out at any age has been available through Ohio Public Employees Retirement System (OPERS) for many years. As a result of these programs, a great void is predicted in the area of trained and experienced personnel in public works positions as the “Boomers” reach retirement.

The Water and Wastewater industry is right in the middle of the potential crisis. Add to the mix economic factors, regulatory legislation passed in the 1970’s and the 1980’s which still requires new and more stringent limits and heightened security requirements at treatment plants following the 9/11 attack. In light of all these pressures, the industry faces the possibility of melt down if action is not taken.

METHODOLOGY

Why a Looming Crisis?
The Water and Wastewater industry is between the proverbial rock and a hard spot. Here’s why:

1. There is a mass exodus of workers eminent due to the social phenomenon of the Baby Boomer generation.

2. Financial support for public works operations is on the decline.

3. There is a large, identifiable gap between revenue available and capital needs of an aging infrastructure in the USA.

4. Security concerns abound which a prior generation never dreamed of.

5. Updates and deadlines of regulations both in the Clean Water Act and the amendments to the Safe Drinking Water Act require increased staffing, lower limits and new MCLS at a time when the other factors listed above already drain the systems of funds and physical energy.

6. There is a changing face of the customer with increased expectations, a desire for instant gratification and an awareness of competition in the industry as a result of increased private operation of public facilities.

7. The work force in the industry is less mobile.
   - Spouse has income
   - More of a family decision today
   - Comfortable in non work interests
   - Difficulty in selling your home

RESULTS

Some Facts That You Should Be Aware Of
The oldest of 77 million Baby Boomers turned age 60 in 2006.
In the USA, someone turns 60 every seven (7) seconds.

By 2010, 40% of the workforce will be eligible to retire.

By 2015, there will be a gap of 10 million in the workforce.

Between 70% and 80% of large corporate executives recognize the coming brain drain however, fewer than 20% are doing anything about it.

By 2010, over half of all the workers in the USA will be over the age of 40. Entities with the most at risk due to the brain drain are those with established, traditional cultures where employees have spent 20 or more years there.

AARP found nearly 70% of pre-retirees plan to work at least part-time.

AARP says half of pre-retirees surveyed foresee themselves working into their 70’s.

In the utility work force, within the next decade, according to AWWA, the average water utility will lose 50% of their current employees.

Utilities are training fulltime employees (FTE) 20 hours per year which is inadequate.

The average tenure in the utility business is 24 years.

In Japan, the country is considering: pushing the official retirement age from 60 to 65, encouraging more women to work and utilizing more foreign workers.

Japanese companies have shipped more than 40% of their production capacity overseas.

A study of the electrical industry has determined that 80% of useful operational knowledge is tacit; knowledge understood but not documented.

In the water and wastewater industry skilled personnel learned their trade on the job, hands-on training and in seminars, workshops and trade shows.

Salaries in the Public Works area are often 25% to 40% lower than similar positions in industry.

Terms & Catch Phrases You Should Recognize, Understand & Use

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Succession Planning  Balance – Work vs. Non-work
Mentoring  Outflow of Talent
Extended Staff  Critical Know How
Recruiting  Critical Knowledge
Retention  Management Bench Strength
Developing  Explicit Knowledge
Bilingual Training  Tacit Knowledge
Diversity  Mentee
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Sexual Harassment Training  Shadow
Rule of 85’s  Revolving Door
Rule of 90’s  Core Hours
30 Years and Out  Job Sharing
Accelerated Career Path  yourencore.com
Knowledge Maintenance Sizing  Wisdom Withdrawal
Employer of Choice  Knowledge Capture
Human Capital

DISCUSSION

What Can be Done to Avert a Crisis?
Big or small, your operations could face a crisis if the community has not planned ahead for the mass exodus of “Boomers.” In fact, a small operation with one, two or three person staff could be impacted the most in the short term if proper planning for a pending vacancy has not occurred.

The University of California at Berkeley at its Institute of Transportation Studies in Spring of 2005 printed an article by Dr. John Luthy of the Futures Corporation which offers a number of excellent suggestions on how to cope with what he calls the “Great Escape” from the Public Works field.
1. Carry out an assessment of your system’s current situation as it relates to pending retirements, turnover, and retention. Analyze what is going on in those areas. Determine your upcoming vacancies. Plan ahead for these openings to occur.

2. Improve employee training and development. Budget for training activities in-house and off work site. Establish and encourage mentoring programs. Do not overlook the need for orientation training and programs to build core competencies.

   To quote Dr. Luthy, “The only thing worse than training people and having them leave is not train them and having them stay.”

3. Use retired technical talent. Seventy percent of those planning to retire want to work part-time. Retirees are already trained; they cost less in benefits and can be used on special projects easily. Orientation and understanding the core responsibilities are not issues with a recent retiree.

4. Conduct Succession Planning; establish assistant positions; recognize talent in-house; prepare for the vacancies.

5. Initiate or increase recruiting. Actively seek new talent; showcase your system; attend career days. This must be a continuous process. You need a renewable workforce.

   In addition to Dr. Luthy’s five (5) suggestions, my research on the problem has determined additional areas that could be expanded upon or improved which could help to avert a crisis:

   a. Recruit more women and minorities. These two areas of the workforce offer the most available candidates in the shrinking list of applicants.

   b. Identify your system’s core responsibility; look at outsourcing more of the non-core responsibilities of a utility including such activities as painting, mowing, solids handling, cleaning.

   c. Consider utilizing skilled, legal immigrants when recruitment programs do not provide candidates.

   d. Consider phased retirement programs which extend the time when a vacancy will occur.

   e. Pool resources. Share experienced, talented, qualified personnel with other systems.

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f. Develop hiring incentives; a career path; signing bonus; be flexible.

g. Enhance the public’s opinion of the positions that will be open. “They are the ultimate green jobs.” These are good jobs with a future while at the same time important to the environment.

CONCLUSION

Now in order to carry out the twelve (12) suggestions made above which are necessary to avoid a crisis in the future, you need to recognize an age old problem in the utility field – finances. Without adequate financial backing, you cannot carry out adequate training, retention of valuable personnel, maintain a recruiting program that attracts new blood or suggest a succession plan that allows for developing replacement personnel when an upcoming vacancy is identified.

Successful programs come down to maintaining adequate rates which in time will produce sufficient revenue and in turn provide a budget that will support the program. It’s all about rates. The manager, superintendent, Board, Council and Mayors must face the fact that to survive in the next decades, rates must be addressed. The customer must come to realize the value of the service in their everyday life and be willing to pay for it.

The first wave of Baby Boomers has already reached 60 years of age and many are eligible for retirement. Greater numbers are on the horizon. Now is the time to take action. Never in the history of our industry has there been a greater need to plan for retirements, improve retention, reduce turnover, and develop recruiting strategies. Don’t let the Mass Exodus drain your operation of its knowledge and know how.

REFERENCES

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American Water Works Association (AWWA), Succession Planning For A Vital Workforce In The Information Age, www.awwa.org/bookstore.


