

Whether the economy is good or bad, your best people always have choices. Will they choose you?

Talent is everything. That's why engagement and retention matter more than ever before. Managers need their best people to stay with them longer, fully engaged and producing at their peak.

Efforts to engage and retain talent should not be something you turn on and off, syncing to the latest economic blip and the corresponding concern about keeping talent. It works best when it's authentic and perennial; when you clearly believe in it and demonstrate it daily in your actions with the people you want on your team.

We hope the following quotes, examples and statistics will support you in your ongoing engagement and retention efforts.

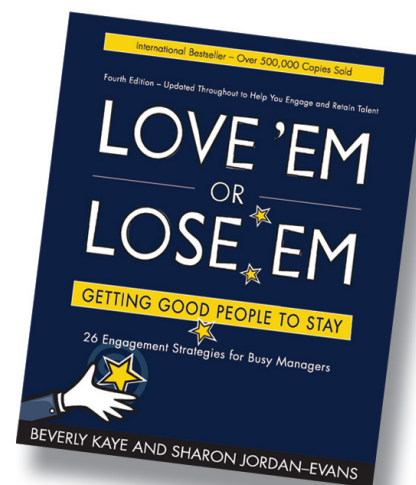
Talent Alert!

By Beverly Kaye and Sharon Jordan-Evans

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Demography is Destiny

- In the next decade the number of workers over 55 will grow at more than five times the rate of the overall workforce.
Bureau of Labor Statistics 2008
- A United Nations survey found one of the top three socioeconomic issues facing the planet is the lack of talent despite population increases.
Manpower Study 2007-2008
- By 2014 there will be a 30% decline in younger workers entering the workforce and a 50% growth in retirement of skilled workers – thus a critical knowledge gap in organizations.
Human Capital Institute 2008
- The oldest of the boomers will turn 62 and become eligible for early retirement benefits in 2008. In 2011 they will turn 65. Other things remaining equal, as the baby-boomer generation retires, the rate of growth of the labor force will slow down significantly, implying a slower growth of GDP.
Monthly Labor Review 2007
- The population 65 and over is projected to rise from just 13% of the total population in 2010 to nearly 20% in 2030.
Bureau of Labor Statistics
- One out of every ten persons is now 60 years or above; by 2050, one out of five will be 60 years or older, and by 2150, one out of three persons will be 60 years or older.
The Aging of the World's Population, United Nations
- By 2010, the number of U. S. workers between the ages of 45 to 54 is projected to grow by over 20%; the number of workers between the ages 55 to 64 is projected to grow more than 50%. In contrast, a 10% decrease is expected in the number of workers between the ages 35 to 44.
The Aging of the U.S. Workforce: Employer Challenges and Responses, Ernst & Young



Skill Shortages Exist

- Across the country employers are experiencing a mismatch between the talent their businesses need and the skills and abilities potential employees possess. *Manpower, 2008*
- It is estimated that 60% of 21st century jobs will demand skills that only 20% of today's workers have. *U.S. Department of Education 2007*
- Demographic trends suggest looming shortages of key skills across industries and regions of the world – raising the risk of losing sought-after talent and dealing with the consequences of managing a significantly disengaged or disenchanting population.
Towers Perrin Global Workforce Study 2007-2008
- More than 75% of the workforce must be retrained to keep the jobs they have; 80% of jobs will require some sort of postsecondary education; 61% will require more than a high school education but less than a bachelor's degree. *U.S. Department of Labor*

Manage the Generations

- Recently, Career Systems International (CSI) found that Millennials are engaged by the opportunity for professional growth and learning; enthusiasm for their work; and a job that gives them a feeling of personal accomplishment and contribution.
Unfortunately, Millennials, nor the organizations for which they work, are getting these needs met. CSI research uncovered a wide gap between what is and what needs to be.
 - 72% of Millennials express doubt that their manager knows what matters most to them in a job – and 34% report being unenthusiastic about their work.
 - Only 59% report that their manager has asked them about the kinds of jobs they would like to have in the future.
 - Only 63% have a plan for developing themselves.*CSI Millennial Study 2008*
- Managing demographics – i.e., adapting to an aging workforce and the shifting needs on incoming "GenY" employees – was rated the challenge whose importance will grow the most between now and 2015. *Boston Consulting Group 2007*
- When transitioning into a new job, GenY'ers rank "cementing relationships with colleagues and supervisors" (41%) as their number one challenge, ahead of learning the new job responsibilities (27%) and adapting to a new company culture (33%). For many of these young workers, relationships function as an information "search engine," providing them with information that is pre-qualified and, therefore, credible. *Select Minds 2007*
- In a 2007 survey designed to explore the challenges, benefits and impact of GenY'ers' entrance into the workforce, over 2500 hiring managers and HR professionals found:
 - 74% of employers say GenY workers expect to be paid more.
 - 61% say GenY workers expect to have flexible work schedules.
 - 56% say GenY workers expect to be promoted within a year.
 - 50% say GenY workers expect to have more vacation or personal time.
 - 37% say GenY workers expect to have access to state-of-the-art technology.*Career Builder/Harris Interactive*

To Engage or Not to Engage

- Companies with high employee engagement had a 19% increase in operating income and almost a 28% growth in earnings per share. Conversely, companies with low levels of engagement saw operating income drop more than 32% and over an 11% decline in earnings per share. *Towers Perrin Global Workforce Study 2007- 2008*
- Engaged employees are more likely to stay with an organization. But even among that group, almost 40% are 'passive job seekers' – not actively searching, but open to considering another offer if it comes along. Even worse, fully half of the disengaged have no plans to leave or aren't even looking. This means employers face a real risk of losing the people they'd most like to keep – while retaining those who are not contributing as they should.
Towers Perrin Global Workforce Study 2007-2008
- Recruiting, retaining and developing talents are some of the biggest "people" challenges facing companies in the United States and worldwide. According to a major survey, 5000 executives worldwide have indicated they are not prepared to handle these challenges.
Boston Consulting Group 2007
- A clear correlation between employee engagement and retention was uncovered in a 2008 Blessing White report. The report indicated 85% of engaged employees said they planned to stay with their employer through 2008. Only 29% of employees are engaged (enthused and "in gear" to impact the bottom line) while another 19% are disengaged from their jobs.
Blessing White 2008

Careers Continue To Influence

- A CSi study of 3000 respondents across industries, found that:
 - Only 50% of managers say that they know how to retain talent by helping employees use the organization as a job market – in contrast, 57% of employees are concerned that there are limited career opportunities in their organization.
 - 77% of employees reported having more abilities than they are currently using in their jobs.
 - Only 60% have a realistic and practical understanding of their career options within their organization – and only 54% know how to learn about different career options in their organization.*Career Edge Survey, CSi 2008*
- The top five reasons for employees leaving are:
 1. Career advancement or promotional opportunities (32% of respondents citing this as one reason for leaving).
 2. Pay/benefits (22%).
 3. Lack of fit to job (20%).
 4. Management or the general work environment (17%).
 5. Flexibility or scheduling (8%).*Gallup 2008*
- In a survey of middle managers around the world, 20% reported dissatisfaction with their current organization and that same percentage reported that they were looking for another job. One of the top reasons cited was lack of prospects for advancement. *Accenture 2007*

- Despite reports of a recession, a new survey by Blessing White of 3300 American workers identified that two-thirds of them do not plan to be with their employers by year end. This is attributable to the deep unhappiness felt by many at what they perceive to be the lack of opportunities offered to them by their managers. Surveyed employees listed "liking what they did" and "significant development or advancement opportunities" as top stay factors.
Blessing White 2008
- The percentage of job seekers who switched industries last year was 39.8%, compared with 43% the year before according to a survey by Challenger, Gray & Christmas. John A. Challenger, said in a statement: "We could see an escalation in industry switching as job seekers attempt to improve their odds of success by casting a wider net. But people working in education, energy, health care and security may not need to worry about scrambling to learn a new field." Challenger has included these among the industries that will be most resistant to a recession. *New York Times 3/2008*
- IT jobs are at the leading edge of job growth and expected to grow by 18% from 2006 to 2016 according to the U.S. Bureau of Labor's most recent statistics. This is currently more than twice as fast as the average for all other occupations. Approximately 40% of all U.S. employees will leave their jobs within the next 12 months. On the surface, the current economy – fueled by the collapse of the housing market and current credit crisis – appears to be the culprit. However, the telling statistic for U.S. employers across all departments is that more than half of that turnover is actually workers voluntarily walking out the door. *ITworld 2008*

Care for Your Survivors

- By the late 1990s there was a sharp reaction against downsizing. Companies started asking themselves whether it had gone too far. By then they knew that there was a considerable downside to downsizing. First, it left organizations shell-shocked and demoralized. Those who had job options resigned, and their employer was then frequently forced to rehire in what has been described as a process of "binge and purge." The short-term benefits to the bottom line from downsizing could be offset by the long-term damage to the loyalty, morale and (possibly) the productivity of those employees who did stay. *Economist 2008*
- According to a study by U. S. Consultants, Katzenbach Partners, most cost-cutting layoffs fail because executives forget a key factor: motivation of those left behind. Even when laying people off, leaders need to remember to motivate their remaining employees, it argued, as failing to do so can make or break such cost-cutting efforts. In hard times, it's even more important to have a motivated workforce. Motivated employees will deliver real cost savings, and carry out a cost reduction program over the long term. *Katzenbach Partners 2007*

Flexibility is a Necessity

- A CSi "What Kept You?" survey of 16,000 respondents noted that women cited flexibility twice as often as men as a reason for staying. Conversely, men cited job security/stability twice as often as women as a reason for staying. *CSi, Retention Drivers Report 2007*
- According to research from Wake Forest University School of Medicine, a flexible work environment brings with it a raft of benefits for both employees and organizations. The study, based on a health survey completed by 3,193 employees of a large multi-national pharmaceutical company, shows that a flexible work schedule is associated with definitive improvements in absenteeism rates, job commitment and employee health. *Wake Forest University School of Medicine 2008*

- Flexibility that contributes to better work/life balance is the most important job factor for nearly one in three U.S. workers, supplanting even compensation as the top concern, Hudson research says in a new survey. About 23% of employees still rank pay as the make-or-break item when considering jobs, but 29% want occupations that enable them to strike a better equilibrium between their professional and personal lives. *Hudson Research, 2008*

Relationships Matter

- CSI's 2008 Engagement Survey uncovered that key talent plan their get-away departure/leaving for the following reasons:
 - My manager does not acknowledge the importance of engaging and retaining me.
 - My manager does not help to prevent my work from interfering with my personal life (i.e., family responsibilities and other personal interests, hobbies, etc.).
 - My manager does not take steps that keep good people committed to this organization.
 - My manager does not recognize and reward me for my contributions in ways that are personally meaningful.
- Good relationships between employees and immediate supervisors are, far and away, seen as the most important driver of employee engagement – with a whopping 91% of respondents saying this factor drives engagement to a high or very high extent.
Institute for Corporate Productivity, ASTD and HR.com. Study 2007
- It's through relationships that people learn how to perform complicated tasks, manage difficult colleagues, or navigate corporate politics. One estimate suggests that more than 70% of what people know about their jobs, they learn through everyday interactions with colleagues.
Deloitte Touche: Connecting People to What Matters, 2007
- Kind bosses bring far more to the office than a feel-good atmosphere. They bring out high productivity and exceptional ideas from their staff. And workers with a kind boss are much more likely to look forward to going to work than those with bully bosses, according to an American Management Association survey. From employee retention to encouraging candid conversations, bosses who are caring get more from their staff, the association found. Seven in ten people with kind bosses say they "put forth maximum effort at work" vs. 54% with bully bosses. A manager's kindness can also affect workers' plans to stay or leave an organization. Some 84% of workers with kind supervisors expect to stay with their employer for a long time vs. 47% with bully bosses. *American Management Association, 2008*
- Corporate Social Networking will have a beneficial effect on workers' satisfaction and engagement with their employer and co-workers according to SelectMinds/Intelli survey report:
 - 83% of workers rate trusted relationships with co-workers and suppliers as a critical reason for joining and staying with an employer.
 - Approximately one in four employees reported quitting a job due to feelings of isolation.*SelectMinds 2007*
- In a study titled "The Importance of Effective Onboarding," the Human Capital Institute, a think tank and industry association, found that "Newcomers who quickly establish a strategic network of relationships with co-workers and key resources are more productive, satisfied, and loyal to the organization." *Human Capital Institute*

Environment Counts

- Whether or not a company acts ethically is a significant factor in the average American's willingness to work for an employer, according to independent research by LRN. An overwhelming majority of employees recently surveyed – 94% – say it is “critical” or “important” that the company they work for is ethical. Ethics is such an important consideration, in fact, that 82% said they would prefer to be paid less and work for a company with ethical business practices than receive higher pay at a company with questionable ethics. Further, one in three employed Americans have left a job for ethical reasons. *LRN Ethics Study, Opinion Research Corporation*
- According to the 2007 “Stress in America Report” by the American Psychological Association, 75% of Americans name work as a stressor – a jump from 59% in 2006. And more than half said they were less productive at work as a result of stress. All that stress adds up to an estimated \$300 billion a year in costs for U.S. businesses due to absenteeism, decreased productivity, employee turnover, and medical, legal and insurance fees.

Time to De-Stress, Washington Post/Karen E. Spaeder, Entrepreneur.com Thursday, September 18, 2008

Bottom Line...

In Any Economy, Talent is a Key Differentiator

In a global marketplace driven by ideas, charged by the Web, and free-flowing information, brainpower is THE sustainable source of competitive advantage. Hands down, finding and keeping top talent makes or breaks any organization.



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