



## State of the Workforce

It is important to remember as you read through this paper, we are looking at a ten to fifteen-year horizon for the workforce new reality. This reality is that worker shortages will be the norm, and those organizations who can flip this to their advantage will thrive.

Understand this challenge is not going away any time soon. All organizations run the risk of looking only at the short term – so take a step back, gather yourself, and craft a plan, your plan. Get Ready, Go Recruit, and Retain based on criteria important to you and your organization. Be intentional.

### The Global Problem – Shortages will be the norm

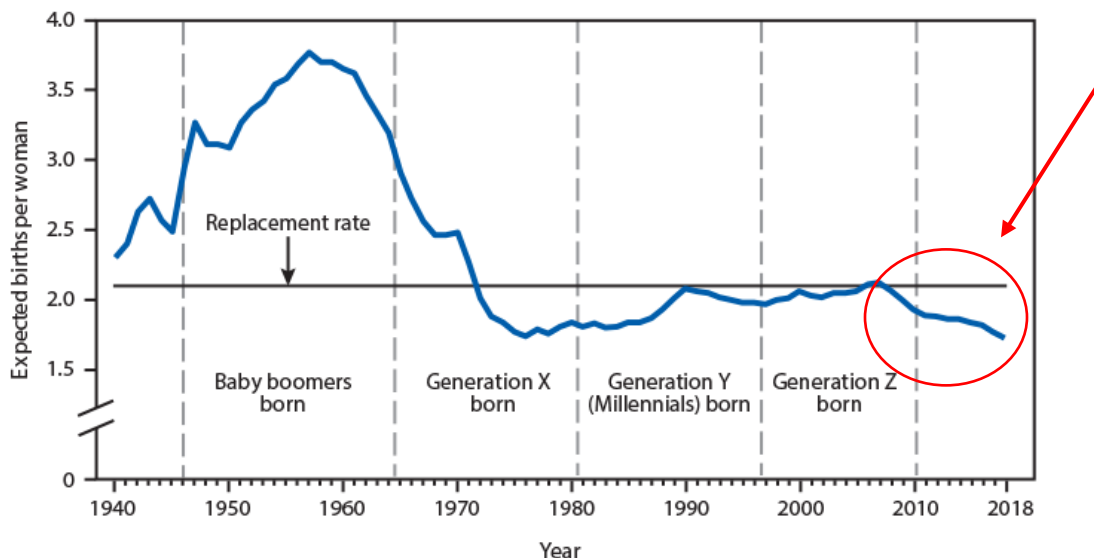
A recent Korn Ferry ([www.kornferry.com](http://www.kornferry.com)) study that includes a country-by-country analysis, finds that by 2030, there will be a global human talent shortage of more than 85 million people, or roughly equivalent to the population of Germany. This is a massive number, even if one allows for a ten or twenty percent margin of error. It is still huge.

While our focus at ASH is on craft, skilled and technical trade, the labor shortfall globally is so immense, most industries will be impacted. This is not just a training challenge. It is not just a demographic issue. It is simply a MATH problem.

### Birth Rates in the United States – Fewer births could mean fewer workers

We realize that few organizations will base their strategy on birth rates – but hear us out. In a labor market that is already constrained for the next 10 years, what do we expect in the 10 years after that? Nearly every data source shows a declining birth rate in the United States since 2008-2009, continually declining. This could mean there will be even fewer people entering the workforce in the 2030's than in the 2020's. The below illustration was generated by the U.S. Center for Disease Control.

United States Birth Rate since 1940



Graphic source: (<https://www.cdc.gov/mmwr/volumes/69/wr/mm6901a5.htm>)

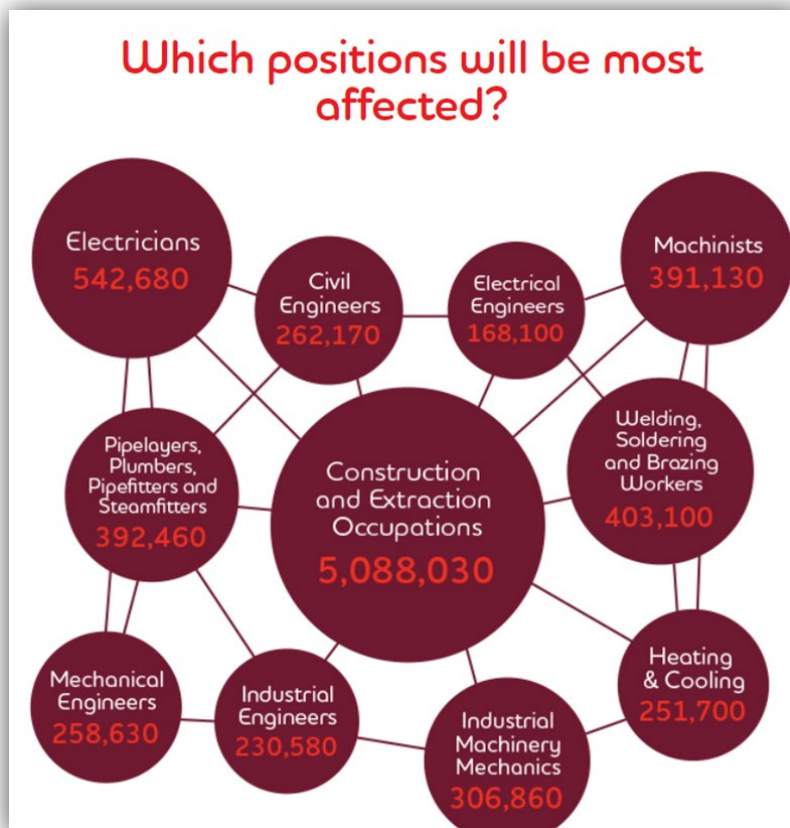


### Craft Skilled and Technical Trade in the United States – Declining participation, aging workforce

Drilling down into the global & national numbers to focus on Craft specifically in the U.S., the numbers start to feel more relevant (85 million people is difficult to comprehend).

Adecco ([www.adeccousa.com](http://www.adeccousa.com)), conducted a study of skilled trade worker just a few years ago. Study estimates show that more than 60% of skilled tradespeople will be over the age of 55 by the year 2021. We are reaching an acceleration point in tradespeople leaving the industry due to age. Those workers exiting the skilled trades will increase over the next 10 years due to retirement, personal choice, or physical limitations.

This graphic shows the positions to be vacated by retiring/exiting skilled trades people.



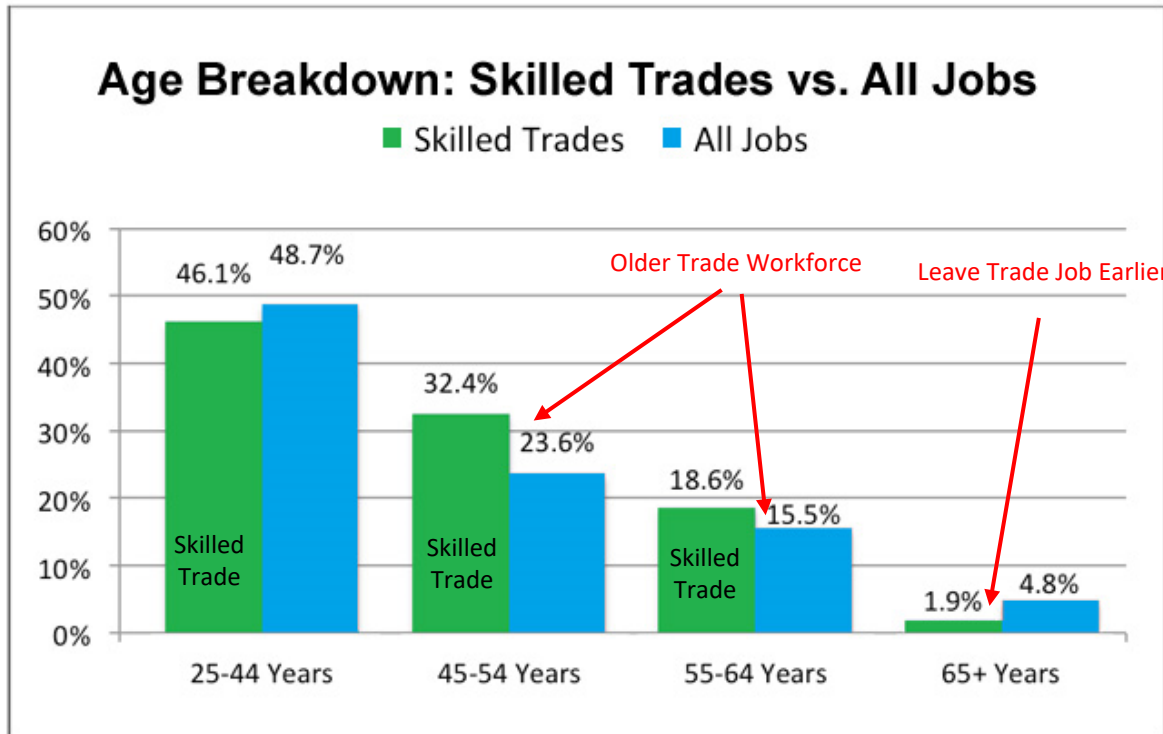
Graphic source: (<https://www.adeccousa.com/employers/resources/skilled-trades-in-demand/>)

### The United States Workforce Trends – Age is a factor

Anecdotally, in the U.S., we have spent the last two generations encouraging kids to avoid the skilled trades. And it becomes evident in the age breakdown of Skilled Trades vs All Jobs age analysis. Skilled Trades workers are older when compared to All Workers.



Below is an illustration of a worker age-graphic as compiled by Economic Modeling Specialists International (economicmodeling.com).



Graphic source (<https://www.careerprofiles.info/skilled-trade-worker-shortage.html>)

In summary, the average age of craft skilled and technical trades people skews much older and they leave the workforce at a younger age than other professions.

#### The Wild Cards – What could alter the landscape further?

##### *Federal Infrastructure Bill(s)*

Regardless of your political leanings, the U.S. does need an infrastructure bill in some form. Over the next eight to ten years bridges, roads, and electrical grids are all in need of upgrades. Most estimates assume that every \$1 Billion in construction activity creates 4-5,000 jobs. Let us assume a \$1 Trillion total package from Congress – that means 4-5 million jobs, adding to the strain on existing needs for talent. And to be conservative, assume 50% of the spending is renewing existing spending packages...that still equates to 2-2.5 million newly created jobs over the life span of the bill. The impact per year depends on the timeline of investments (5 years, 8 years, 15 years).

The small to mid-market employers will be hit especially hard, because experience Trade talent will move towards large, federal contractors and their Prevailing Wage contracts. The non-federal contract type employers will be pinched...again...unable to compete with Prevailing Wage.



### *Immigration*

We believe the Federal government's approach to immigration could have a very direct impact on the future of some skilled trade supply. From 2017 - 2019, Department of Homeland Security granted approximately 1.1 million new Permanent Resident statuses per year (source: [www.dhs.gov](http://www.dhs.gov)). If this number changes dramatically by growing or reducing the number of authorized workers in the U.S. legally – we could see an increase or reduction in work authorized skilled trade talent supply.

### *Migration Patterns Within the United States*

Migration patterns within the United States will impact Trade workforce demographics, especially in the upper Midwest. The migration patterns will expose a lack of readiness of employers in the traditionally non-Hispanic communities.

The Great Migration in the first half of the last century resulted in massive shifts of demographics, especially in the North. Nearly six million African Americans moved out of the South from roughly 1920 through 1970. Between 1910 and 1930 alone, New York, Chicago, Detroit, and Cleveland saw their African American populations grow by 40%. The number of African Americans employed in industrial jobs doubled (<https://www.npr.org/templates/story/story.php?storyId=129827444>). Similar patterns are happening with skilled trades today.

We are amid another great migration as we speak, just most of us do not recognize it. The Hispanic population, historically and still mostly concentrated in southern states from California across to Florida, is migrating north. Some of the most significant percentage growths in Hispanic populations are in cities like Louisville, Indianapolis, Minneapolis, and Columbus (OH). This type of data is always delayed, but here is a link to an interesting 2017 interactive article composed by the University of Washington: [https://depts.washington.edu/moving1/map\\_latinx\\_migration.shtml](https://depts.washington.edu/moving1/map_latinx_migration.shtml).

Smaller cities are seeing significant growth in Hispanic population. Looking 10 years into the future, those cities with 4-6% Hispanic population today could be doubling or tripling this ratio by the end of the decade. And that growth rate is having a significant impact on the workforce makeup and the culture required to make employees feel comfortable and safe.

### **So what do we do about it...**

#### *Get Ready*

Look at your landscape. Look at yourself, your company. Be intentional about who you are and why somebody would work for you. If you cannot clearly articulate this as a leader, we promise that others will struggle as well. You risk becoming 'just another job', and not a destination.

This 'Ready' need is slightly different for every organization. Be clear on where you fall on wage scale, benefits, consistency of work, safety record, formal training, teamwork/individual performance culture, multi-cultural inclusiveness. You cannot be everything to everybody. Know your success factors and drive it through your organization.

Remember that in our experience, over 90% of craft, skilled, and technical trade candidates come through referral, so what others say about you matters.



### *Intentional Recruiting*

There are dozens of ways to interact with candidates. You can probably only do one or two effectively. Define the most productive methods for your team. Recruiting methods and messaging should mirror your 'Ready' assessment. Promote the characteristics that make your company special. Pay rates are a basic need. Without a competitive wage scale, you are not in the game. But if that is all you advertise, if that is all you discuss... that is all you are to them.

And recruiting does not stop at Hire Date. In a competitive labor environment, you must continually recruit your top talent to stay. Do not let somebody else deliver the only message to your employees.

### *Retention Goals*

The most important thing to remember here is to be specific about what success means to your organization. Write it down. Seek input from others. Communicate it to your team. And it is a mistake to believe success only comes with 98% retention.

Some unique questions to ask yourself:

- Do retention goals differ by position?
- Are all levels of your organization aware of the retention goals?
- How do you communicate successes and shortfalls to the company?
- Do you strategically need an outside Flex force due to the ebb and flow of your business?

### **Conclusion**

Workforce management is challenging. It is not impossible; it only feels that way sometimes. Workforce challenges can feel obscure, messy, and confusing. You do not know where to start. We presented the above information to provide an objective background for you to begin, or continue, your workforce planning journey.

Regardless of your company size, industry, or need – the key is to be honest about where you are and be intentional about where you are going. Take several of your key success factors and make them more objective, less opinionated. If you do not have the right process to review internally, seek outside advice or perspective. Talent is going to be the biggest constraint over the next decade, you should divert more of your time, energy, and resources to this effort.

*ASH is a labor talent partner focused on craft, skilled, and technical trade. We strongly believe in the future of skilled trades being vital to the future of the United States. We have presented the above assortment of information to assimilate a very complex situation for you. We hope you find it helpful. Visit [www.ashservices.us](http://www.ashservices.us) to learn more and contact us.*