



The Herman Trend Alert

December 17, 2008

2009 Workforce/Workplace Forecast

Each year at this time, The Herman Group issues its annual forecast. This year, once more, we offer you our full forecast for the coming year:

- 1. Certain Skill Sets Continue to be in Short Supply.**
In spite of the global economic slowdown and massive layoffs, certain skill sets are in short supply. All but the most short-sighted employers will continue to respect talented workers in all fields for their contributions.
- 2. Some Employers will make Serious Mistakes, Threatening their Very Survival.**
Wise employers will look for non-financial ways to add value for their top talent; while other employers, thinking short-term, will look at the salaries they are paying this talent and choose to keep only the lowest-paid employees. In some cases, these mistakes will prove fatal, for without effective human capital to make the products or serve the customers, these organizations will not be able to stay in business.
- 3. Fear and Apprehension Reduce Productivity.**
As we have written about some months ago, there is a significant percentage of employees who are worried about the future. Unless addressed, this fear will reduce productivity and employee morale. Wise employers will show their appreciation for their workers and reignite passion and excitement with activities and contests that challenge employees to achieve high performance levels.
- 4. Increasing Insurance Costs Motivate Employers to Invest More in Wellness.**
As we previously forecast, in an effort to reduce costs, more large employers will turn to programs that reward employees for healthy behaviors (e.g., stopping smoking and reducing weight) and penalize those who continue to engage in unhealthy ones. More behaviors will join the list, including incentivizing regular exercise and making workers pay for eating fast food.
- 5. Retention in the Face of Increasing Anxiety.**
As in any economic slowdown, employee turnover will slow down. With anxiety building, more employees will be doing what we call "corporate cocooning", staying in the warmth and security of their corporate cocoons. When employment markets increase choices again, we will see more attrition, especially from the ranks of long-term employees. Wise employers will conduct "stay interviews" and provide re-orientation to their seasoned employees.
- 6. More Attention to Succession Planning and Management.**
Around the globe, we are seeing a growing attention to succession planning and management. (Joyce will speak on this important topic in March at the HRD Congress in Malaysia.) The problem is that most succession planning fails to recognize the critical importance of succession preparation. Whether companies are right sizing, expanding, or just in a "holding pattern", succession management will be critical to long-term success.
- 7. Wise Companies will use this Time Well to Build Bench Strength.**
Enlightened organizations will understand the training opportunity presented by this business slowdown and send their people for more training this year. When companies skip the leadership training and engage in "appointment by anointment", their supervisors, managers, and executives are simply not ready to move into the positions. Leaders' lack of competence will be seen in increased employee turnover.

8. **More "Home Sourcing" to Maintain Control and Reduce Expenses.**

Some companies have already begun to bring certain functions back into the organization. We call that trend "Home Sourcing". Excluding payroll and Employee Assistance Programs (EAPs), every outsourced function is considered fair game.

9. **Employers will Find Low-Cost Ways to Add Value.**

In an effort to keep their workers engaged and happy, wise employers will look for ways to add value without costing a lot. They will embrace ideas like collecting used DVDs and videos for a lending library and scheduling Lunch 'n Learns with free speakers.

10. **Older Workers will be Particularly Valued this Year.**

To get the work done without resorting to hiring expensive contract help, some employers will begin mining the rolls of their retired workers and hiring them back on a part time basis.

These seasoned professionals have a lot to offer their former employers. The companies will probably need to conduct less training and most certainly will have a more reliable workforce than recruiting Millennials.

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