



Watch out for the Wave!

“How the Grey Tsunami will impact the Tech Skills Gap”

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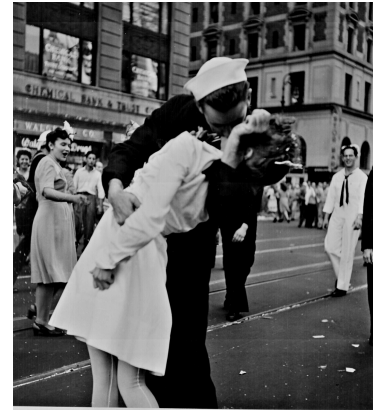
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What is the Grey Tsunami? ¹

Baby boomers represent the generation of people born between 1946 and 1965. During World War II the birth rate fell, as a large portion of the male population was overseas fighting. When the war ended, in 1945, the men returned home to Canada. They got married or returned to their wives. The result was a huge increase in births.

In Canada the overall baby boom could be attributed to more adults marrying and starting families earlier. In the 10 years from 1946 to 1956, the population increased by 20 percent. Families had 3.7 children during the baby boom, compared to 1.7 more common in recent years.



The grey tsunami is a term used to refer to the impending retirement from the workforce of the baby boom generation.

By 1965 people were marrying at a later age and waiting to have children, partly because more women were entering the workforce and there was general access to birth control. Over the 19-year period of the baby boom there were approximately 8.2² million babies born in Canada or approximately 412,000 per year.

The baby boom generation grew up during times of great change and they made an impact on everything they touched: politics, popular culture, health care and buying habits.

Today, the youngest baby boomer, born in 1965, is 51 years old and the oldest, born in 1946, is 70. If people continue to retire around age 65, the next 14 years will see approximately 6 million retire in Canada. This represents a significant number of people coming out of the

¹ According to Collins Dictionary the Grey Tsunami is the economic, ecological and social effect that the baby boomer generation is creating, as it gets older.

² Statistics Canada: http://www12.statcan.gc.ca/census-recensement/2011/as-sa/98-311-x/98-311-x2011003_2-eng.cfm

workforce. In 2015, for the first time, the number of persons 65 and older exceeded the number of children aged 0 to 14 years. On July 1st, 2015 18.2% of baby boomers were aged 65 years and older.³ According to Statistics Canada by the time the baby boomers are fully retired the percentage of seniors could reach 23%.⁴

There are already reports of general technology, mainframe and digital skills gaps/shortages. The reality is that the full impact of the baby boomers has not really hit the working world yet. While there may be some early retirements, the 51 year olds are still in the workforce and productive.

Should we pay Attention?

Most organizations think that things will go along as before. They will pick-up the phone and call HR or their favorite recruiter and a dozen resumes will be promptly delivered with exactly the skills required. Unfortunately, that is not a likely future scenario, simply based on numbers and other contributing factors.



At one time, not too long ago, the technical workforce would be the IT department and perhaps include ‘*super users*’. Today the landscape has changed significantly. Nearly every modern business needs people with technology skills - whether it be to build a spreadsheet, create a website, curate content, use social media tools, provide analysis and insights on big data, set-up the email server or manage the cloud suppliers. *IT workers are becoming a key component of the economy.* Technology needs are growing and becoming baked into the fabric of every organization.

The technology skills gap is also complex and multifaceted. According to a CareerBuilder Study⁵, the skills gap can be attributed to any number of factors – new/shifting technologies, education gaps in specific areas, lack of on-the-job training, outsourcing of jobs to other countries, gaps in expectations about wages between employees and employers, access to education and job requirements that are too specific.

As the “grey tsunami” of baby boomer retirements surge toward 2030, it is time to examine your technical workforce through a different lens. To meet the growing demand for technical

³ Statistics Canada: <http://www.statcan.gc.ca/daily-quotidien/150929/dq150929b-eng.htm>

⁴ Statistics Canada: https://www12.statcan.gc.ca/census-recensement/2011/as-sa/98-311-x/98-311-x2011003_2-eng.cfm

⁵ CareerBuilder: <http://www.careerbuildercommunications.com/pdf/skills-gap-2014.pdf>

skills and to cope with the loss of baby boomer and their depth of organizational knowledge, employers need to look at technology resources as strategic assets.

We already know that this massive transition of baby boomer retirement is going to put major pressures on government resources such as health care and financial services. This has been well documented.



The impact of the skills gap will also be acute on individual organizations. Productivity can go down, customer service and customer engagement can be impacted, the risk of a cyber-security threat can go up, salaries can go up, the time and cost to hire can increase, the ability to innovate can go down, the time to market with new products or services can increase, morale can be impacted and your overall business risk can increase - all because you can't fill needed positions.

This is not an issue that can be ignored because it is not going away easily. It is also a problem that goes across the entire IT sector. There are skills gaps facing a variety of areas: entry level IT positions⁶, social media skills⁷, digital skills such as required by a data scientists⁸ or security experts and of course the mainframe skills gap not to mention the technical skills gap that many employees are challenged with.

There is also a hard financial impact to the skills gap. According to a study published by CareerBuilder⁹ in 2014, on average, a company loses more than \$14,000 (US) for every job that stays vacant for three months or longer. One in six companies lose \$25,000 or more. An article by Jeff Fernandez, CEO of Grovo, in Entrepreneur Magazine estimated that the cost of the technology skills gap in the U.S. was 1.3 Trillion dollars per year!¹⁰

A PricewaterhouseCoopers's 2015 Global CEO survey found that three-quarters of 1,322 responding CEOs in 77 countries say that the skills shortage is the biggest threat to their business.¹¹

⁶LinkedIn and CivicAction: http://www.itbusiness.ca/news/torontos-many-entry-level-tech-workers-arent-up-to-snuff-linkedin-study/68321?utm_source=news&utm_campaign=itbother&utm_medium=newsletter&scid=9d29b99d-cf8b-c2dd-b3e6-4e6001181160

⁷ Hootsuite: <https://blog.hootsuite.com/social-media-skills-gap/>

⁸ 2016 Data Science Report by CrowdFlower: <http://visit.crowdfower.com/data-science-report.html>

⁹ CareerBuilder Skills Gap Study: <http://www.careerbuildercommunications.com/skillsgapstudy2014/>

¹⁰ How the Digital Skills Gap Bleeds 1.3 Billion a year from the US Economy...<https://www.entrepreneur.com/article/235366>

¹¹ PwC CEO Survey 2015: <http://www.pwc.com/gx/en/ceo-agenda/ceosurvey/2015.html>

Some industries such as financial services will feel this particular problem more acutely because they are running mainframe infrastructures. These systems were built in the 60's, 70's and 80's and are frequently un-documented. As staffs retire they can take their system knowledge and expertise with them!

The problem in this sector is compounded by the fact that fewer young people are going into ICT and there are not a lot of schools producing mainframe graduates. Those that are coming out of ICT programs would rather work in fields such as app development, mobile, security and data analytics.

As a CEO or CIO What Can You Do?

This is a multifaceted challenge. Start thinking of your talent as a strategic enabler for the business. Include talent in your strategic plan. Treat it like a puzzle and break it down into bite-sized pieces. Look at your business strategy and identify the critical skills and roles you will need. Take a long-term view and identify ways to grow your pipeline.

Don't wait for the tsunami to hit. Pay attention to the warning signs. Start with a plan. It is an important first step.

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Based in Toronto, Susan's focus is at the intersection of People, Process and Technology. LegacyNEXT helps organizations develop comprehensive talent and culture strategies that mitigate the business risk associated with the technology skills shortage. Susan and her team bring thought leadership and innovation to "*Reimagine the Tech Skills Gap.*" You can contact Susan at 416.659.0511 or susan.dineen@legacynextstrategies.com

LegacyNEXT: "*The Tech Skills Gap Experts*"