Adding Life To Years

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There’s a quote often attributed to John F. Kennedy on aging: “It is not enough for a great nation merely to have added new years to life—our objective must also be to add new life to those years.”

The first White House Conference on Aging was held in 1961. Since then, life expectancy has advanced three months per year. Today’s retiree (or “unretiree”) can expect to live 11 years longer than a person did back then.

It’s not news to any reader of this column that the workforce is aging and that corporations are struggling with the problems arising from that. According to workplace consultant Lisa Taylor, the strategic issues plaguing senior executives include: the aging workforce, succession planning, knowledge transfer and the skills gap.

According to the Human Capital Management Institute and the Society for Human Resource Management, in most organizations, including large corporations, “total human capital costs, also known as total cost of workforce, average nearly 70% of operating expenses.” Today, many organizations are looking at situations where a third or more of their workers are over 50. If this is not the case for most companies, it will be by 2030. This percentage of workers accounts for no less than 25% to 30% of operating expenses. The net-net is that the companies underusing or misjudging this talent pool are going to pay a high price. In spite of these demographic indicators, most organizational career paths, talent programs and workforce planning models are based on outdated assumptions about the aging segment of their workforce.

The challenge ahead for corporations is to start thinking differently about the over-50 workforce and to take advantage of this constituency by looking at the realities rather than following old assumptions. Taylor’s company, the Challenge Factory, undertook a project to assess current attitudes about workplace demographics.

Different studies by the company performed years apart showed the changes. In a 2010 study of 322 Canadian business leaders, more than 72% of respondents had no concerns about an aging workforce. In 2014, a study of a larger group of North American executives representing 700 organizations showed that 32% cited it as their top concern. Four years ago, only 5% reported considering retirement transition and career path options for boomers. Today, the number is up to more than 25% of companies that are introducing or experimenting with trial phased-retirement programs.

Taylor says corporate leaders must take five actions to turn an aging labor force into a competitive strength.

1. Reject outdated assumptions.

2. Make the alignment of the aging workforce and business strategy a top priority and a key lever for growth. Assign a business leader to implement new models within the next 24 months.

3. Identify new career paths and work structures to maximize the return on investment of employees in their 50s, 60s, 70s and beyond who remain vibrant and engaged in the workplace.

4. Implement programs that equip managers for more meaningful career conversations with employees of all ages.

5. Implement new models to manage succession.

Taylor believes that “the immediate challenge and opportunity for CEOs and leadership teams is to recognize that an aging workforce need not mean a stagnating workforce. With a little creativity, an aging workforce could be a talent advantage.” She predicts that by 2030, all organizations will have shifted their labor strategies and career path options to include opportunities for older employees and contractors.

Olivia S. Mitchell, professor at the Wharton School and executive director of its Pension Research Council, says a sort of “two-step retirement” may be more common in the baby boom generation. She says more and more women are choosing to work at jobs they find “aspirational” and may want to stay with those jobs longer.

One of the early clues of a corporate disconnect discovered by Challenge Factory was the dearth of employee training programs for those over 50. If people are close to leaving their jobs, the argument has been that there is no ROI for additional training or development. Like many other assumptions, Taylor contends, it’s one that may be dead wrong. What the company has found is that fully two-thirds of older workers would remain in the workforce—most in their current workplace—if they were permitted more flexible work arrangements.

The attitude I promote in the book The New Retirementality is that age should not determine how long one works if the work is meaningful, and that the expiration date on the individual should be left to the individual—not to the institution. That attitude might be quickly adopted by individuals, but it’s slower to take hold in the organizations these individuals work for.

Corporations with an evolving consciousness, however, are going to be in a position to leverage valuable human capital and make real use of the abundant talent in older employees. Those that prosper in the next two decades will be those learning to take advantage of the opportunity longevity presents.

The longevity revolution has to make room somewhere for those ages 60 to 75, who will be offering intellectual capital, people skills and experience during longer stays. Now is the time for corporations to embrace both the opportunity and the challenges of making space for them.

At the end of the conversation, living long is meaningless if we are not adding life to those extra years. For many this will mean adding work life.

Mitch Anthony is the author of The New Retirementality *(Wiley), now in its fourth edition.*