



Marginal Problems Are They Worth Fighting for?

Sometimes, when supervising a problem employee who is not quite making the grade, it may be tempting to look for a reason to fire him or her. But it may be wiser to provide the needed motivation for the current employee than to take a chance on someone new.

In counseling a marginal performer, try following these steps:

1. Before speaking to the employee, identify for yourself exactly what troubles you about the employee's performance.
2. Discuss the problem with the employee, and ask his or her opinion on how the performance can be improved.
3. Together, write down new objectives for the employee to reach within a specific time period. Make a plan of action for reaching these objectives.
4. Meet on a regular basis with the employee to provide feedback.
5. At the end of the time period, review the employee's progress. If there has been no change, set new goals but be clear that failure to meet these will lead to termination.

For further help, check AMA's management seminars at www.amanet.org/seminars

Solving the Impending Job Crisis

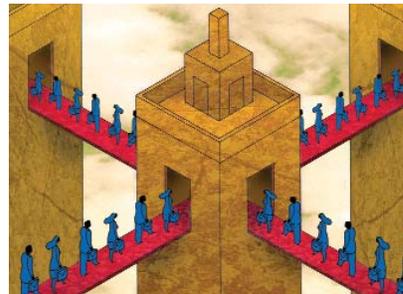
BY EDWARD E. GORDON

A unique combination of events—the accelerated rise of advanced technologies, globalization after the fall of communism, the 1990s stock-market bubble and its collapse and a massive number of people retiring—have combined to produce a potential 2010 workforce meltdown.

The 70 million Baby Boomers who are running the world's industrial economies will retire between 2010 and 2025. A smaller Generation X, with 40 million people and fewer entry-level "smart" workers, will take over.

A great mismatch of too many low-skilled workers and too many high-skill jobs is set to reach stellar heights. As these high-skill jobs go unfilled, American businesses will search the world in vain for more highly skilled, job-ready workers.

According to several studies, between 2010 and 2020, the U.S., Europe, Japan, China and India will face a shortfall of between 32 million to 39 million well-educated, technically specialized "smart people." The current business strategies of outsourcing these high-skill jobs or using H-1B temporary visas to import the workers won't work anymore. Millions of lower-skilled Americans, or people educated for careers that aren't growing or are obsolete, will sit on the economic sidelines, either unemployed or condemned to a future of low wages.



A technology paradox for the U.S. industrial and manufacturing sectors that have laid off millions of low-skilled workers is that they cannot find enough people to fill growing numbers of advanced technology jobs.

A 2002 Hudson Institute study found that 60 percent of all the jobs being created require skills that only 20 percent of U.S. workers possess. For example, in November 2004, Pennsylvania reported that nearly 350,000 workers were unemployed. At the same time, 24 percent of businesses told the state that they could not find enough qualified workers.

Between 2000 and 2005, 200,000 manufacturing jobs disappeared from Illinois. Some of these were high-pay, high-skill jobs that went elsewhere to find the work-

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The Shrinking Supply of Workers

The Human Resource Institute Highlight Report on Human Capital Strategies reports that by 2010, there will be an estimated shortage of 10 million people. By 2015, there will be a 40 million shortage. "Our new 'raw materials'—i.e., emerging new workers—lack employment readiness. Even colleges often find themselves having to offer more remedial courses to incoming students."

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ers companies couldn't find here. These 2010 meltdown issues do not bode well for the long-term economic development of Illinois—indeed, the well-being of the United States.

We need to face the fact that in contemporary America there are just too many people trained for the wrong jobs and not enough people being prepared for the jobs we are creating.

The career aspirations of much of the population in the U.S. are at serious odds with the increasingly high-tech and other needs of the economy. Unless this culture lag is resolved in a timely way, a growing labor market imbalance will have serious economic consequences. The high standards of American life are built on a complex technological and physical infrastructure that everyone takes for granted. Its maintenance is central to the prosperity of our economy. Many areas of industry and service within our economy are involved, with health care, manufacturing, information technology and the skilled trades constituting particularly critical sectors.

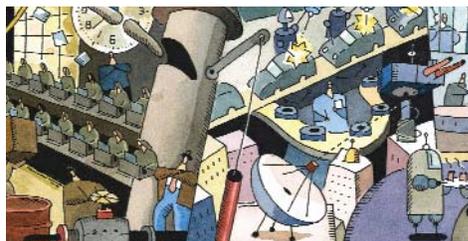
Yet as the Commission on the Future of the U.S. Aerospace Industry has stated, "The nation's apathy toward developing a scientifically and technologically trained workforce is the equivalent of intellectual and industrial disarmament—and is a direct threat to our nation's capability to continue as a world leader."

According to Rick Stephens, senior vice president of human resources at Boeing Corporation, "The shrinkage of the U.S. technically-able workforce is the greatest threat to our national security." Many Americans already are responding to the 2010 challenge. Intel, Microsoft, IBM and others are investing more than \$50 billion each year in worker retraining and student career-education programs. But more companies need to address this issue.

Edward E. Gordon is the author of *The 2010 Meltdown: Solving the Impending Job Crisis* and founder and principal of Imperial Consulting Corporation.

The Manufacturing Outlook, Now and in the Near Future

According to *The Skills Gap 2005 Survey*, the vast majority of manufacturers continue to experience a serious shortage of qualified employ-



ees, causing a significant impact on business. Further, there is concern that this will interfere with the ability of the U.S. to compete in a global economy.

The Skills Gap 2005 Survey was conducted by the National Association of Manufacturers' Manufacturing Institute/Center for Workforce Success and Deloitte Consulting LLP. It found that skill shortages are extremely broad and deep, cutting across industry sectors and impacting more than 80 percent of companies surveyed.

Of the respondents, 81% said that they are facing a moderate to severe shortage of qualified workers—nearly unchanged from the 80 percent that reported a moderate to severe shortage in *The Skills Gap 2001 Survey*. More specifi-

cally, 53% of those responding indicated at least 10% of their total positions currently remain unfilled due to a lack of

qualified candidates.

Further, it is not only a shortage of "hard skills." Of the respondents, 31% indicated a shortage of qualified customer service employees; 36% of respondents noted a shortage of qualified human resources, information technology, finance and executive employees; 44% of respondents reported a shortage of qualified sales and marketing employees.

When asked to select the three most significant negative impacts of the shortage of qualified workers on business performance, respondents indicated:

- Maintaining production consistent with customer demand
- Achieving productivity targets
- Achieving or maintaining target levels of customer service and satisfaction

Workers Look for New Jobs

Take a close look at the workers in your organization. Chances are, they may not be around your company for much longer.

According to a nationwide online survey of working adults by the University of Phoenix, more than two-thirds (67 percent) are looking for a job on some level, even though the majority (76 percent) of them are satisfied at their current place of employment.

The survey was conducted in June 2005. The University polled nearly 2,500 working professionals in diverse industries to determine the benefits needed to keep them happy, motivated and loyal in a changing workplace.

While 58 percent of the respondents cited better pay as the primary reason for jumping ship, one-third would leave for more interesting or rewarding work, and 26 percent would resign for posi-

tions of greater responsibility. Nearly half (47 percent) reported no opportunities for advancement at their current companies.

The study determined that managers need to establish a clear career path for their staff and also provide the tools to help them achieve their career goals.

One such tool is education, which most employees—64 percent—consider essential to keeping them happy on the job. This finding is even more evident among Generation X—those between the ages of 26-39—(70 percent) and Generation Y, who are in the 18-25 age range (77 percent).

Respondents acknowledged that their employers have education and training programs in place, but that they don't encourage employees to take advantage of them.

Immigration's Impact

BY LORRIE LYKINS

The movement of immigrants into the U.S. has been the subject of discussion and often intense debate among politicians, economists and business leaders throughout the nation's history. Today, the debate continues, but some recent studies indicate that the social costs associated with immigrants are not as high as once thought and that the U.S.'s need to attract immigrants could grow in the future.

The U.S. already has the largest population of immigrants in the world—between 35 and 36 million, representing close to 12% of the total population (International, 2005). The greatest number of foreign-born residents in the U.S. today are from Latin America (53%), followed by Asia (25%) and Europe (14%) (Larsen, 2004). Most U.S. immigrants are in the nation legally. In 2004, about 10.3 million foreign-born residents of the U.S. were unauthorized immigrants (Passel, 2005).

There has been much discussion about the degree to which immigrants affect jobs and social services in the U.S. Take the healthcare sector, for instance. It's true that immigrants without health insurance can be costly for some hospital systems ("Cost", 2005), but a study in the *American Journal of Public Health* indicates that worries about immigrants overwhelming the U.S. healthcare system are exaggerated. The study examined the cost of healthcare for U.S. citi-



zens versus immigrants and revealed that immigrants accounted for only 7.9% of all spending for healthcare and 8% of government-funded healthcare. In fact, expenditures for immigrant children under age 12 were 49% lower than costs for children born in the U.S., while costs for teens age 12 to 17 were even less—79% lower than U.S.-born teens.

Even more surprising, perhaps, is the data showing that illegal immigrants are helping to shore up U.S. Social Security with billions of dollars they are ineligible to eventually collect. According to recent estimates, about seven million illegal workers added about \$7 billion to the Social Security coffers in 2004, totaling almost 10% of the year's surplus. And taxes that illegal immigrants paid have proven a windfall for the U.S. government—in 2002, incorrect W-2s accounted for \$56 million in earnings, and currently this fund is growing at about \$50 million annually.

The U.S. also remains highly dependent on immigrants in certain sectors of

the economy, especially agriculture. About 1.8 million undocumented immigrant workers are employed in the agriculture industry, making up almost half of the entire U.S. agricultural workforce. But it is highly skilled immigrants whom some experts are most worried about losing. Compared to a period between the mid-to-late 1990s, recent years have brought a decline in the number of U.S. immigrants who've been naturalized. Some argue that if this were to become a long-term trend that applies to well-educated immigrants, it could harm U.S. competitiveness.

In his 2005 book, *The Flight of the Creative Class*, Richard Florida, a professor in the School of Public Policy at George Mason University and Senior Fellow at the Brookings Institute, argues that foreign talent is increasingly put off by restrictive U.S. immigration laws and that the future of the U.S. economy is at stake because of the growing global competition for talent. "Today, the terms of competition revolve around a central axis: a nation's ability to mobilize, attract, and retain human creative talent. Every key dimension of international economic leadership, from manufacturing excellence to scientific and technological advancement, will depend on this ability."

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When You Lead, Will They Follow?

Formal authority is given by upper management. True authority is granted from below.

Here are five factors that determine just how much authority you really hold over others:

1. Responsibility. The assurance with which you handle your work—not just the number of staff members, or the size of your budget—influences how much authority you have.

2. Performance. Top performers are given the most respect in an organization, and consequently have the ability to get things done.

3. Expertise. The better you know your job and stay on top of developments in your field, the more authority you will wield and the quicker others will follow your lead.

4. Behavior. Do you behave in a positive way that attracts people to accept

your authority? Do you present your ideas in an upbeat, optimistic manner and introduce change as an opportunity to advance rather than as a new setback to overcome? The way you behave and portray yourself can greatly influence the behavior of others.

5. Trust. Do co-workers, staff and senior management believe that you always operate in an open and honest manner?



Here's what you'll find on the
AMA Members-only Website www.amamember.org

LEADERSHIP

Five Standards of Excellence Practiced by Ethical Leaders. What does it mean to lead ethically? *The Business Ethics Activity Book: 50 Exercises for Promoting Integrity at Work* lists the components of ethical leadership.

MANAGEMENT

Picking the Late Bloomers. Everyone's heard of Baby Boomers, Gen Xers and Gen Yers. But companies should pay attention to another, lesser-known group, the "late bloomers."

PROFESSIONAL DEVELOPMENT

Exclusive Interview with Jim Pritchard, author of *The Warrior Mind: Ancient Wisdom from the Martial Arts for Living a More Powerful Life*. Learn how to apply the six principles of the warrior mindset to your

everyday life to attain balance and overcome obstacles to success.

SALES & MARKETING

How to Gain Access to the Executive Suite. Sales expert Jeff Thull outlines the seven biggest hurdles salespeople face in their attempts to connect with executive decision-makers, along with proven strategies to help break through the barriers.

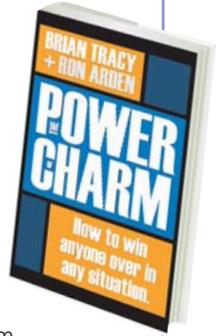
HR/TRAINING

Global CEO Concerns. The rising cost of health care is a top concern for U.S. CEOs, according to a recent global survey of chief executives conducted by The Conference Board. But CEOs in Europe and Asia assign health care a low priority.

Book of the Month

The Power of Charm: How to Win Anyone Over in Any Situation, by Brian Tracy and Ron Arden (AMACOM, 2006). The old saying is actually true—you really can catch more flies with honey than with vinegar. Personal and professional development guru Brian Tracy's latest book explains how a little charm can help you gain people's trust and support so that you can achieve your fondest dreams.

For more information about this book and AMACOM's extensive catalog of business titles, visit www.amanet.org/books



AMA Conferences/Special Events Calendar

MARCH 23 AUDIO CONFERENCE • Win with Enthusiastic Employees: How to Make Motivated Workers Your Secret Weapon.

David Sirota's new book describes techniques to increase employee performance 30 to 40%, to stop demotivating employees and to create a healthy workplace.

APRIL 21 • Senior Executive Teams: Achieving Breakthrough Performance.

Conflict happens—but it isn't always negative. Learn how to achieve positive outcomes from leadership conflicts and ensure high-performance teams through "rules of engagement." Attend this half-day

Executive Forum in Chicago with AMACOM author and consultant Howard Guttman followed by a panel of corporate executives who have gone through this alignment process.

APRIL 24-26, TORONTO • 7th Administrative Professionals Conference.

Join Kate Davis, Conference Host, at our 7th Administrative Professionals Conference, Hilton Toronto. Register now and take advantage of our early-bird rate.

APRIL 26 WEBCAST • Administrative Professionals Day.

On the day celebrating administrative professionals around the

world, AMA will host a Webcast highlighting the increasing roles and responsibilities of APs in the future.

APRIL 26-28, NEW YORK • AMA's Employee/Employer of the Future Conference (part of NY HR Week).

By understanding the changing dynamics of the workforce and global competition, HR executives will be positioned as key players in developing both short- and long-term strategies for a growth-driven organization.

For details and to register for any AMA event, go to www.amanet.org or call 1-800-262-9699.

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