

EMPLOYERS BEWARE!

Congratulations! Times are good. The hotel industry is experiencing brisk business and a robust market. We've come a long way since the Internet bust and the tragedy of 9/11. However, a major threat looms on the horizon; a threat I urge you to take very seriously:

There is going to be a shortage of people.

I know, I know – by sharing such news I'm spoiling all of your fun! But, please, read on...

People are critical to the success of every company in this industry. Those organizations that prepare NOW for the upcoming shortage will be impacted the least. It all comes down to numbers, so do the math and begin crafting a specific plan. Don't delay.

Here's what lies ahead:

- Growth of the U.S. population is expected to slow down. While an increase of 24 million is forecasted for the 2002 - 2012 period, that's a slower rate of growth than during both the 1992 - 2002 and 1982 -1992 periods. Yet, continued growth still equates to more consumers of goods and services, thus creating increased demand for workers in a wide range of occupations and industries.
- This year – 2006 – 31% of the federal government's workforce of approximately 500,000 will become eligible for retirement.
- Over the next seven years, the most senior public and private sector workers will retire.
- Between 2006 and 2015, the number of people age 65 and older is expected to increase by a whopping 26%.
- During that same period, the number of 40 to 54 year-olds will shrink by 5%, the number of Americans between 25 and 39 will grow by only 6%, and the youth labor force, aged 16 to 24, is expected to decrease slightly.
- Those with an entrepreneurial itch are expected to head out on their own at a much earlier stage in their careers, which removes them from the labor force.

So what does all of this mean?

- The forthcoming human capital shortage will create a seller's market like that of the late 1990's .

- Demand for outsourcing will increase and the competition for such services will intensify.
- The decline of the primary working age group, between 25 and 54 years of age, (from 70.2% of the labor force in 2002 to 65.9% by 2012) and the projected increase in workers 55 and older (14.3% to 19.1%) means that the aging baby-boom generation will be a key component of the labor supply.
- Government employment is expected to increase by nearly 12%, fueled in part by rising healthcare costs in the private sector versus the attraction of government-provided benefits that include full medical.

The information I am presenting is being quoted from or is based upon significant research data provided by the U. S. Department of Labor's Bureau of Labor Statistics, some of which can be found in the *Occupational Outlook Handbook, 2004-05 Edition* produced by the Bureau. There is plenty more data I can present to support my warning, but I assume you get the point.

This situation would be challenging enough if the upcoming shortage threatened only the hotel industry, but it's a shortage that will impact all industries. This means the hotel industry will face intense competition for talent from other hotel companies and other industries. It's no time to be complacent or in denial.

So what's your plan? Is your company an employer of choice? What does your benefit package look like? How creative can you be in designing an employment environment and compensation plan that makes your company optimally attractive? Flexible hours? Child care? Work from home? Better cross-training? More promotion from within? Are you prepared for multi-generational mediation?

I'm sounding the alarm – it's up to you to respond. You can be sure that some of your competitors will do so.

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