



Harry Franzheim—an HR/OD Practitioner for over 30 years—has published this newsletter to bring you careful insight into reducing costs and unlocking employee potential.

**AT ISSUE**

*Things are rapidly changing out there with today's workforce. Quality, talented workers are no longer adapting to fit an employer's model. Instead, they are seeking out employers who adapt to their needs.*

## Recruiting, Winning, Keeping Today's Talent



### HR Fact:

Overall, the 30 million independent workers over the age of 21 generated \$1.1 trillion in revenue over the past year, according to MBO Partners. That's equivalent to nearly 7% of the US economic growth. The number of independent millennial workers has tripled since 2011.

#### "Organizations Need Talent More Than Talent Need Organizations"

At the recent American Staffing Association annual conference in Nashville, Tennessee, this theme that organizations need talent more than talent need organizations resonated with me. Speaker after speaker was beating this drum of the short supply of talent and the uniqueness of the generational differences of the talent that is now entering the workforce.

Employers need to understand four critical issues that are changing the way we attract, hire, and retain employees. Including our own firm, we need to rethink, reframe, and retool our employment practices to be relevant in the years to come.

1) **The Gig Economy** Remember when the only folks that did "gigs" were musicians? Now there are over 30 million independent and part-time workers in the US economy. On-demand labor or "gig

work" is up 12% over the past five years according to MBO Partners and Emergent Research. By 2020, the study projects that the independent workforce will be just short of 40 million workers. What is gig work? Ever taken an Uber or a Lyft? Heard of Airbnb? No? Just Google them! No need to take up space here when you can learn via the Internet. People (especially millennials) are seeking the flexibility, the convenience, and the entrepreneurial spirit of gig work. What does that mean to us and you? It's potentially great for New Era HR as

we supply great gigs. But it may be terrible for you if you run a traditional, brick-and-mortar organization that makes things or moves things. Traditional businesses are already experiencing rapid retirement of their aging workforce as boomers depart. These departures signal an end to the loyal, devoted, and skilled workers that achieved great success in the command and control, hierarchically designed organizations that dominate manufacturing, retail, and some lots of the tech industries.

And with the Affordable Care Act

### The Four Critical Workforce Issues



The Gig Economy  
On-demand labor



Engaged Employees  
Unleash their power!



Unwritten Rules  
They need to change

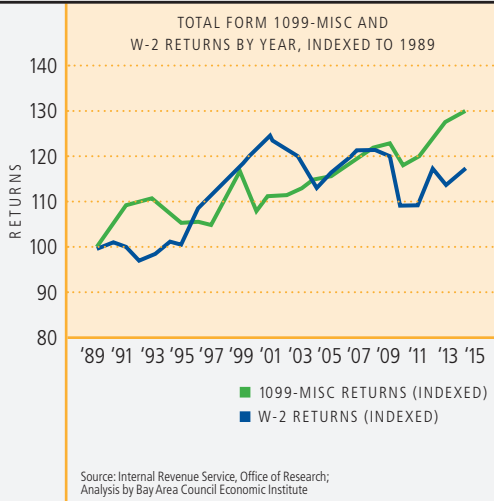


Dealing with Millennials  
Untraditional workers

("Obamacare"), people can get their prized health and wellness benefits on their own without being handcuffed to a traditional employer. The ACA makes it possible and plausible to take full advantage of the gig economy – it may in fact be fueling it!

**2) Unleash the Power of Engaged Employees** The Gallup Study on employee engagement speaks volumes about the role of leadership and how to unleash torrents of discretionary effort of the workforce, aka "engagement." The study of over 25,000 respondents indicates that only 30% of the workforce are actively engaged, 50% are somewhat engaged, and 20% are actively disengaged. Actively disengaged employees are not just the ones that "quit" but stayed. No, they are much worse; they are actually costing employers money by spewing malcontent to suppliers, customers, and co-workers. The actively disengaged are like cancer that spreads rapidly and will eventually suck the life from your organization. The point is that actively engaged employees are SO MUCH more productive that they can be any employer's strategic advantage! Engaged workers have 20% lower medical costs. Engaged workers don't turn over as frequently as the disengaged worker. Engaged employees are present, less sick, more positive and less injury-prone.

What can leaders do to engage employees? Stop talking about their weaknesses and start utilizing their strengths. Improving an employee weakness is a low-yield approach for development. Besides, millennial workers find it annoying to be criticized for something they intend to do nothing about. Instead, set employees up for success by finding out what they are good at and giving them the opportunity to succeed. Of course, they will need training and mentoring (more mentoring than training) and they will want lots of collegial feedback. Old-school managers and supervisors will find this a challenge, but if they can't adapt



to a new style of leading they will become irrelevant and useless influencers and motivators, ever increasing the number of the actively disengaged!

**3) New Unwritten Rules** Ask yourself (and be honest or else stop reading and grab a shoe box for your stuff): What are the unwritten rules in my organization? Unwritten rules represent the "real way things work around here." Often they are unwritten because it would be embarrassing and potentially damaging to actually write them down and pass them around. Imagine the new-hire orientation at which the implicit rules were made explicit. What would that sound like? Cringe! Here is an example: "At ABC Company, safety is the most important part of each employee's job unless we are falling behind in our production." Taboo!

Rather than cringe, leaders need to shine a light on the unwritten rules, examine them, evaluate them and change them. It would be better to be honest with your employees than to lie to them. If being honest makes you cringe, we have some work to do! Here is an example: "At ABC Company we take safety and production very seriously. We do not want employees to work unsafely and we realize that sometimes the two seem to compete. Please let us know if we over-emphasize either one."

**4) Dealing with the Millennials** They were born after 1980 and represent a large mass of workers entering the workforce today. Many have been in for several years and have risen to leadership ranks within the organization. This group is the first global-centric generation, having come of age during the rapid growth of the Internet and an increase in global terrorism. They are so comfortable with technology that they demand it in every part of their lives. Don't call them, text them. They don't understand org. charts; they understand networks. Millennials' lives are a series of connected networks that they access by increasingly faster mobile devices. Millennials do not have a traditional notion about work. They want flexibility in their work hours. They want access to senior leaders. They abhor the idea that they must work up the chain of command or climb the ladder. They do not like the old unwritten rules. They do not like many of the traditional work practices that many employers have in place today and that benefited the outdated style of management.

We must figure out how to lead the millennials from within the framework of their "network" orientation. As leaders, we need to think about how our management practices and HR processes are aligned with the hopes, desires, and aspirations of this generation. Furthermore, we should also be thinking about the next generation beyond the millennials. The boomers will be out of the workforce and the Gen Xers will be representing senior leadership.

**Adapt or Lose Out**

Now is the time for leaders to rethink, reframe, and retool their leadership and HR practices to be in the best position to take advantage of these exciting yet rapidly changing times. These four workplace dynamics may well be "Black Swan" events that will have us looking back and asking ourselves, "How did I miss that?" **ne**



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