

# MaxImizing Insights

Workforce Trends, Forecasts and Solutions from Maximizing Insights

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MaxImize

## One Out of Two Workers Can't Read This!

### Dead Horse Riding

When you discover you are on a dead horse, the best strategy is to dismount. Of course, there are other strategies. You can change riders. You can get a committee to study the dead horse. You can benchmark how other companies ride dead horses. You can declare that it's cheaper to feed a dead horse. You can harness several dead horses together. But after you've tried all these things, you're still going to have to dismount.

(Source: Leading the Revolution, Gary Hamel)

#### Translation:

When you discover you have the wrong or de-motivated employees, you can shift their job or change supervisors. You can send them for training or have a sit-down with them. You can try team-building exercises or even try hiring another employee to take the load off. But after you've tried all these things, you're still going to have to discharge the wrong employee (or hope he or she quits.)

The temptation to stay on a dead horse can be overwhelming.

## MaxImize

(512) 278-1200

(512) 278-0058 fax

Barbara@maxproductivity.com

www.maxproductivity.com

*Do you think the employee skills shortage is bad now?*

*Well, hang on fellas.*

Forget about looking for employees with good communication skills, ambition, and motivation. We're talking about a lack of skills as basic as the ability to read and follow instructions, fill out an application, and give the correct change for a dollar.



According to the International Adult Literacy Survey released in February 2002, only 50 percent of the U.S. adult population 16-65 years of age reaches the minimum level of proficiency in basic skills required for success in today's job market. In other words, 50 percent of our U.S. adult population falls in the functionally illiterate category.

You think more education is the answer? Good luck. A college degree is no guarantee that you are getting the skills you need either. Sixteen percent of college grads lack the basic literacy skills too and only 46 percent of them had excellent skills.

Fifty-two percent of high school graduates lack the basic skills required to do their jobs adequately and only 25 percent were considered to have excellent skills.

From ditch-diggers to doctors, help is NOT on the way anytime soon for those waiting for a choice of qualified prospects to knock on your door looking for jobs.

The Perfect Labor Storm, however, is on its way and like it or not, the competition for employees is just starting to warm up again.

But waiting for the government and public authorities to get their act together is like waiting for a dead horse to ride again. (See Dead Horse Riding story.)

To just keep pace in the recovering economy, organizations will need to take responsibility to train even the most basic of skills and be constantly on the lookout for the highest caliber employees. And then be prepared to do what it takes to keep them. To stay ahead of your competition, you'll have to be swift and accurate in hiring, developing and promoting employees.

Just look at what's ahead.  
(see page 3)

1. More and more jobs are being created
2. People do not have enough of the right skills
3. No one to teach even the basic skill
4. Shrinking workforce

**1 + 2 + 3 + 4 =  
THE Perfect Labor Storm**

**See Nothing, Hear Nothing, Say Nothing**

Your top candidate accepts your job offer over that of your competition. Good news? Think again.

Organizations who test their job applicants reject nearly 85 percent for serious skill deficiencies. But apparently a lot of hiring managers believe what they don't hear, don't see or don't know about their employees won't hurt them.

Only 35% of organizations in 2001 tested some job applicants in literacy skills. The numbers are similar for testing math skills as well despite 32.4% of employers identifying poor reading/writing skills and 26.2% in inadequate math skills as serious skill deficiencies among their workers.

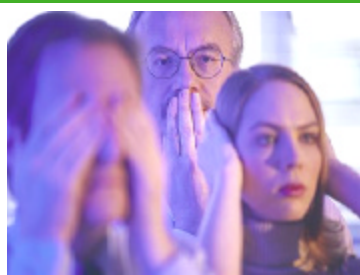
Less than 20 percent of organizations tested for cognitive skills, 14 percent for managerial skills and 13 percent for personality fit.

If you're not pre-screening employees with assessments, the best that you may get is the best of what's left - and that is really pathetic.

For the very best advice and selection of hiring and development assessments, call Barb at 512. 278.1200 .

*The feedback from testing and assessment provides rich, relevant, and timely data for creating individual development for new hires. Used strategically, testing and assessment also can tie into succession planning, helping to make the right decisions on who moved ahead.*

*HR Magazine, May 2002*



**The Test Toolbox  
(Instructions Included)  
Walking the line between selection and discrimination?**

Selecting employees is all about discrimination between job candidates. Whether intentional or not, you are looking for some difference between candidates' abilities, personality, or skills.

What selection really comes down to is this: which candidates fit and which candidates don't fit. The question that employers should be asking then is "what is the difference between fair and unfair discrimination during selection?"

Fair discrimination distinguishes between candidates on the basis of abilities, personality traits, and competencies that are job relevant and directly related to job performance. Unfair discrimination occurs when employment decisions are based on issues unrelated to the performance on the job.

Interviews are inherently biased. It is the rare individual who can be more objective and discriminating without prejudice than a well-constructed and valid employment test.

The selection of a validated test reduces subjective biases, making the process fairer for all candidates especially if it is criterion-referenced.

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A study completed by the Construction Industry Institute showed a high correlation between productivity and turnover. The CII Model Plant labor cost analysis indicated that a 10% increase in turnover results in a 2.5% increase in total project labor costs — assuming productivity remains the same.

**A Nation Lacking Skills**  
American workers who have:

Inadequate skills	41%
Adequate skills	34%
Excellent skills	25%

Few believe low literacy skills affect their ability to do their job:

Greatly limiting	7%
Somewhat limiting	13%
Not at all limiting	80%

Source:  
International Adult Literacy Survey

# Stormy Forecast Facts

## Take Two Aspirin and No One to Call in the Morning

- In the next 30 years, 70 million Americans will be age 65 or older
- The United States should have 20,000 geriatric-trained physicians to adequately care for the 35 million older people living in this country today.
- Fewer than 9,000 of our nation's 650,000 licensed physicians have met the qualifying criteria in geriatrics AND that number is expected to drop to as few as 6,1000 by 2004
- In the next 10 years, there will be 255,000 openings for all kinds of therapists—physical, respiratory and speech.

Source: Alliance for Aging Research, Bureau of Labor Statistics

## Not enough skills

- The people that are available to fill the jobs don't have the skills to do the jobs.
- More jobs require computer literacy, leadership, communication and analytical skills.
- Nearly 1 out of 2 working adults are functionally illiterate.
- By 2006 only 20% of the workforce will have the skills necessary to do 60% of the jobs.
- 36 % of job applicants taking employer-administered tests in 1998 lacked the math and reading skills necessary in the jobs for which they were applying.



## More and more jobs are being created

Nearly two million more civilian jobs will be created during 2000-2010 than from 1990-2000.

Occupations with Largest Job Growth 2000-2010	Thousands
Combined food preparation and serving workers, including fast food	673,000
Customer service representatives	631,000
Registered nurses	561,000
Retail salespersons	510,000
Computer support specialists	490,000
Cashiers	474,000
Office clerks	430,000
Security guards	391,000
Computer software engineers, applications	380,000
Waiters and waitresses	364,000

## Shrinking workforce

- The labor force between the ages of 35-44 will **shrink** by 5 million during this decade.
- Replacement of retirees in addition to new job creation will total 118 million jobs needing to be filled.
- Based on current trends and labor force participation rates, the American workplace can expect to face a shortage of 28 million employees by 2031.

## No one to teach even the basic skills

- Fewer than half of all teachers in the U.S. who teach math have a major or minor in math, and 28% of math teachers (and 18% of science teachers) lack state certification in their field. This shortage comes at a time when the expectations for what students should know in math and science are rising.
- Nationwide, some 2.4 million teachers will be needed by 2010 because of teacher attrition and retirement just at the time public school enrollment will exceed 54 million, an increase of nearly 2 million children over today.

## Not everyone needs a college education, unless..... You want a job!

- From September 2000 to October 2001, 1.9 million Americans with a high school degree or less lost their jobs
  - But 1.2 million individuals with college or vocational degrees were hired
- Source: Employment Policy Foundation

## **NEW! Insights to Success™**

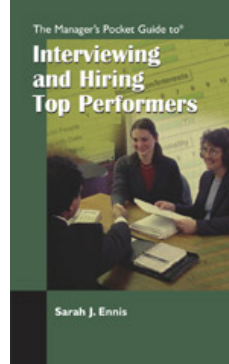
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## **Interviewing and Hiring Top Performers**

By Sarah Ennis



This book is for individuals with training responsibilities who are looking for tools to help their managers, supervisors, and/or team leaders interview, hire, and retain top performers. If you or someone in your hiring system has limited experience in interviewing and hiring, this book will help you and your organization to be more proficient in hiring practices.

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**Phone: (512) 278-1200**

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**Email:**

**Barbara@maxproductivity.com**

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**has arrived!**

**Maximize**  
P.O. Box 142466  
Austin, Texas 78714 -2466  
www.maxproductivity.com