

SOUTH EAST BUSINESS NETWORKS

PROMOTING PRODUCTIVITY IN A "MATURING" WORKFORCE

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CURRENT STATUS - SILVER TSUNAMI ¹

I Silver Tsunami ¹

- People are living longer and fertility rates are reducing, which is resulting in more mature people leaving the workforce than younger people entering the workforce

I Intentions of mature workers:

- 30% intend to retire before they turn 65 years of age
- 30% plan to work until they are at least 70 years of age to cover recent losses in superannuation
- 15% do not plan to retire and keep working until they physically can not work any more
- 25% of mature workers intend to ease down to part-time work

I 80% of people over 60 years of age do not have an exit strategy and have never discussed the topic with their managers

¹ Martin Amis and Christopher Buckley



CURRENT STATUS - SILVER TSUNAMI ¹

I In a desperate attempt to cope with the under funded pension systems, governments are raising retirement ages and making it more difficult for companies to shed older workers by introducing tough age discrimination laws

I Companies will be confronted with a wave of retirements as the baby boomers leave work in droves ... whether at 65, 70 or 75 years of age

I Aged-to-working-age ratio (the proportion of people aged over 65 to people of traditional working age 15 to 64 years) ²

- 1970 was 14%
- 2010 projected to be 20%
- 2050 projected to rise to 37.6%

I Internationally

- 1 in 3 workers will be over 50 years of age in USA by 2012, and USA is a young country compared with Japan and Germany
- China is also ageing rapidly, thanks to its one child policy

¹ Martin Amis and Christopher Buckley

² Intergenerational Report, Australia Government, January 2010.



CURRENT STATUS - HUMAN MAINTENANCE SCHEDULE

- | Millions of dollars are wasted by companies not sustaining the performance of their people once they begin working
- | Rather than considering people as assets to be preserved, too many companies treat them as liabilities, frequently replacing people with business critical knowledge and skills for no reason other than length of service
- | Companies typically have the same output and production expectations of their people, whether the person is 40, 50 or 60 years of age, even though the companies have contributed nil to maintaining the peoples' functional capacity
- | Companies would not have the same expectations of their machinery without a maintenance schedule
- | Managers need to implement a "maintenance schedule" for their human assets, in the same fashion as a factory does for its machine assets ... managers historically have had little knowledge of their peoples' functional capacity



CURRENT STATUS - WORKERS' COMPENSATION

- | Workforce management and workers' compensation are linked, due to the risk of injuries and claims rising with age
- | As people age there is a deterioration in eyesight (in terms of sharpness, peripheral vision, depth and colour), hearing, muscle tone (strength and flexibility), reaction time, and mental processes (slower recall rates and less effective short-term memory) and may also experience personal health problems, stress due to rapid changes in technology, increased family care responsibilities (support an elderly family member)
- | Mature workers' rehabilitation takes longer and their claims have a greater chance of becoming standard claims, costing companies greater in premium, with younger workers' claims remaining minor claims, having no impact on premium costs
- | Strategically managing a mature workforce will result in bottom line savings from reduced premiums, which can be in turn used to fund OH&S initiatives



WORK ABILITY

- | Finland launched the “*work ability*” program in 1998
- | Finland has one of the most rapidly ageing populations in Europe - projected to have 26% of its population over 65 years of age by 2030
- | *Work ability* is a holistic concept that ensures an appropriate match between individuals’ functional capacities and competencies and the demands of their work and work environment
- | The *work ability* approach was developed by the Finnish Institute for Occupational Health and is now a major influence on approaches to workforce management in Europe
- | A comprehensive program of promoting *work ability* can improve both organisational productivity and individual workers’ wellbeing and is an important contributor to the extension of working life by decreasing work related disability and premature retirement



WORK ABILITY

- | The *work ability* model encompasses both individual and work related factors and the interactions between them - an individual’s *work ability* is influenced by:
 - individual resources including health, functional capacity, knowledge, skills and competencies, values, attitudes, motivation, personal support systems and other individual factors
 - the physical, mental and social demands created by the nature of the individual’s work and their physical and psychosocial work environment
- | Effective promotion of *work ability* requires a collaborative approach to enhancing workers’ individual resources and capacities, optimising their work environment and ensuring an appropriate match or balance between individual capacity and job demands



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MEASURING WORK ABILITY

I WorkAbility Index (WAI)

- provides a measurement of *work ability* that is highly predictive of continued participation in the workforce
- needs to be implemented with a functional capacity evaluation to identify individual and work related factors that are influencing or contributing to one's *work ability*
- highlights both the work related and personal risk factors impacting on *work ability*
- provides both management and workers with the information they need to more accurately develop effective measures to improve *work ability* at the individual and organisational level

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HOW TO IMPROVE WORK ABILITY

I Effective maintenance and improvement of *work ability* requires a holistic approach that targets all the contributing factors. However, improvements in any of the contributing areas will help. Research into the effectiveness of intervention programs, indicate that different aspects of the work situation can singly contribute to *work ability* as follows:

- physical and mental demands of the job and the work environment, particularly ergonomic factors and stressful work environments (28%)
- organisation of work and the work community, including poor work planning and management, lack of job variety, role ambiguity and workplace morale (20%)
- individual professional skills and competencies, including opportunities for training and updating and applying job-related knowledge and skills (15%)
- individual health and functional capacity, including fitness, weight and levels of physical activity (13%)

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HOW TO IMPROVE WORK ABILITY

- | There is no one-size-fits-all solution for maintaining and improving *work ability*
- | It is best to target all areas – individual health, individual skills, competencies and values, physical and psycho-social work demands and the work environment
- | The most successful programs identify and target the specific needs of the workforce and the workplace... often building on what is already being done
- | *Work ability* programs must be systematically monitored and evaluated to ensure that they appropriately and effectively meet the needs of both individual workers and the organisation

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HEAVY JOBS

- | To be used as a solution when a job cannot be redesigned... last resort
- | 40 year old versus 60 year old in heavy jobs
- | Difference due to biological ageing is about 20% in cardio respiratory and muscular capacities
- | If the workload remains the same the 60 year old has 20% higher strain at work
- | Solution: decrease of workload by 20% (i.e. 2 hours per day or 1 day per week – compensate with skills and experience)

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HEAVY JOBS – ABLOY Ltd AGE MASTER PROGRAM

Age	Free Days Per Year
58	6
59	8
60	10
61	12
62	14
63	17
64+	20

- | Working fulltime and permanent contract underwent a functional capacity evaluation each year - Age Master free days can be taken in maximum 3 day periods, not connected with ordinary holidays, in acceptance of the supervisor
- | This can increase a persons work ability, increase retirement age, reduce absenteeism and increase productivity - this allows more recovery time for older workers performing heavy work

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HEAVY JOBS – SANDNES MUNICIPALITY, NORWAY

- | Reduced workload with 100% salary
- | Focus group: employees aged 62 – 66 years old:
 - 62 years old – 100% salary for 90% working hours
 - 63 years old – 100% salary for 85% working hours
 - 64 years old – 100% salary for 80% working hours

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FINLAND PAPER MILL

- | At one of the largest paper mills, almost 40% of the workforce is over 50 years of age, but rather than winding down for retirement, they are being encouraged to stay at work
- | 200 of the 830 strong workforce are due to retire in the next five years, taking with them a wealth of experience
- | Workers are given special reviews at ages 53 and 59 where they are asked if they need any more training, given the opportunity to talk about problems with working life and advised on retirement issues
- | Workers physical and mental capacity changes as they age, so work tasks are changed to prevent a decline in productivity
- | Workers are given extra training, moved to more appropriate jobs (where possible) and treated as the wise elders of the company



FINLAND PAPER MILL

- | Sickness and absence costs per person per year is something like €3,500 if work ability is poor, but if the level is excellent it is only €200 per person
- | Management has set up a parallel scheme to gather "undocumented knowledge" and ensure it can be passed on to younger workers - the Mill has set about recording every aspect of every job and encouraging older workers to pass on their skills to the younger ones
- | Benefits:
 - Average retirement age is increasing
 - Minimising the risk of WorkCover claims and premium
 - Employer of choice
 - Retaining people will prove to be important in an era of low unemployment
 - Sustainability of business operations



BMW

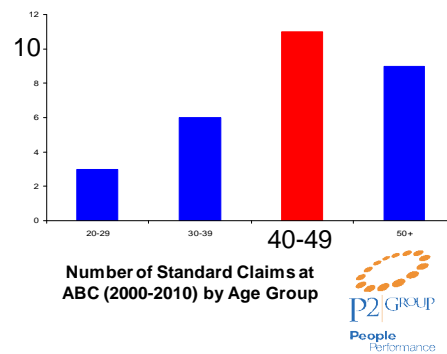
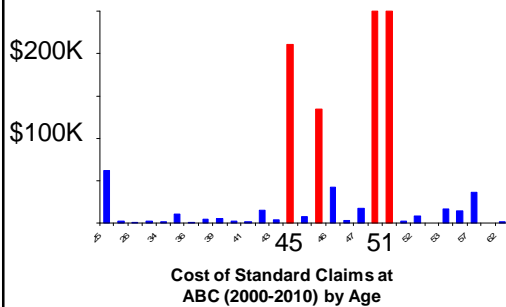
- BMW decided to staff one of its production lines with workers of an age likely to be typical at the firm in 2017
- At first “the pensioners’ line” was less productive, but the firm brought it up to the level of the rest of the factory by introducing 70 relatively small changes, such as new chairs, comfier shoes, magnifying lenses and adjustable tables

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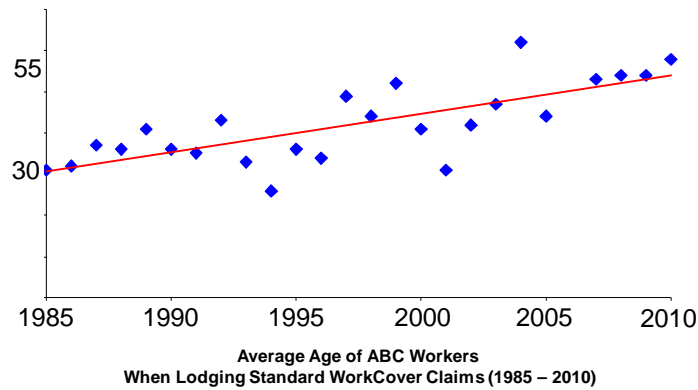
MANUFACTURING COMPANY ABC

- 86% of standard WorkCover claims lodged at ABC since 2003 have been lodged by workers over the age of 50
- Cost of standard claims at ABC is higher when submitted by workers aged between 44-51 years of age
- The highest number of standard claims at ABC are submitted by workers aged between 40-49 years of age



MANUFACTURING COMPANY ABC

- Average age of ABC workers submitting standard WorkCover claims has risen from 30 years of age in 1985 to 55 years of age in 2010



MANUFACTURING COMPANY ABC

The Process:

- Senior management buy in – leadership
- Identify at-risk group
- Invite mature workers to participate in functional capacity evaluations
- Document inherent requirements of the jobs
- Develop care plans incorporating self managed health programs
- Rearrange daily tasks to perform manually intensive tasks early in the day
- Redesign job with consideration to OH&S
- Younger workers assigned to assist with very intensive tasks and learn the “undocumented knowledge” to ensure this is passed on

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STEVEDORING COMPANY XYZ

I The Process:

- Senior management buy in – leadership
- Graduated retirement program
- Identify at-risk group
- Invite mature workers to participate in functional capacity evaluations
- Document inherent requirements of the jobs
- Develop care plans incorporating self managed health programs
- Guaranteed working days per week + golf membership

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WORKFORCE MANAGEMENT – CONSIDERATIONS

I Considerations:

- Reduction in work hours
- Job sharing
- Working from home
- Roles focusing on training / mentoring / coaching
- Accessing long service leave or other paid entitlements on a regular and systemic basis
- Financial planning support
- Flexible work schedules
- Teaching managers to manage the needs of their workers ... if people want to work 4 days a week and other such requirements
- Family care support
- Health and wellness Initiatives – self managed health programs
- Transfers to lighter or less demanding jobs

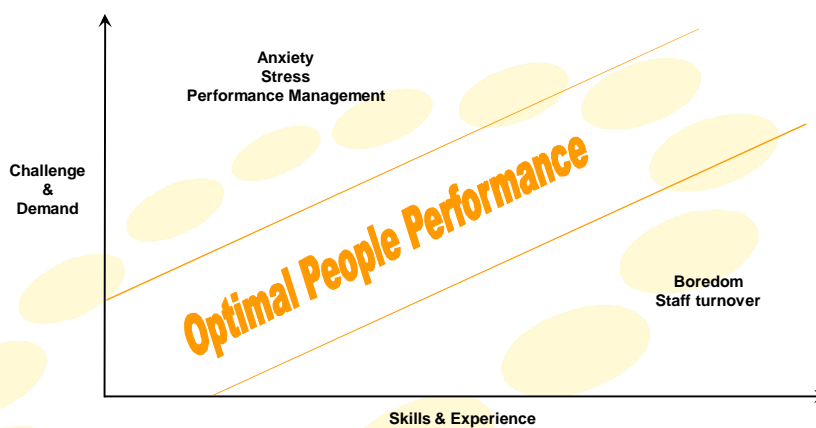


WORKFORCE MANAGEMENT – CONSIDERATIONS

- | To reduce the risks in the workplace for older people, companies can enhance lighting where necessary, install slip-resistant flooring, and provide handrails
- | Companies can develop pools of retired or semi retired workers who can be called upon to work on individual projects, or work only during the seasonal busy periods and take several months off in the low periods, or allow older staff to work for four days a week or take up to 25 extra days of holiday a year
- | The aim of companies will be to achieve proactive maintenance, which builds on predictive monitoring to identify and eliminate or minimise the root cause(s) of physical and mental health conditions in people



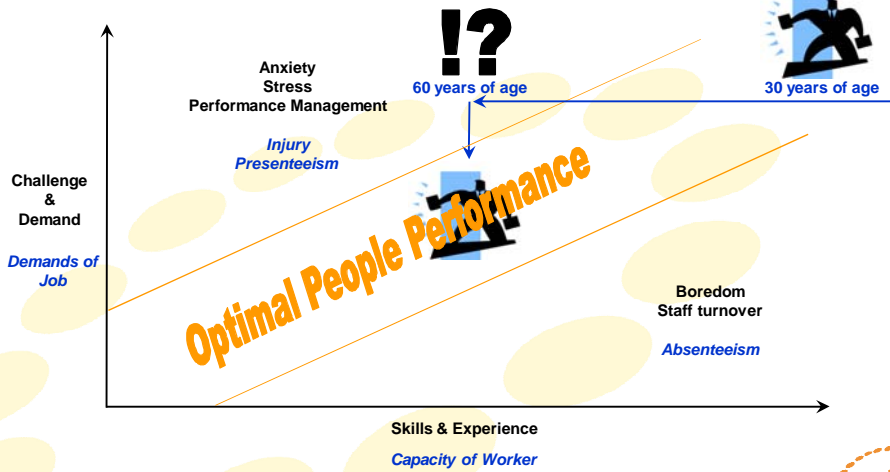
WORKFORCE MANAGEMENT – CONSIDERATIONS



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WORKFORCE MANAGEMENT – CONSIDERATIONS



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WORKFORCE MANAGEMENT – CONSIDERATIONS INHERENT REQUIREMENTS OF JOBS

INHERENT REQUIREMENTS

Assembly Operator

Primary Purpose of Role
Anthony Innovations is a company that designs, manufactures and supplies towers, componentry and injection mouldings. The products are used in the building, materials handling, automotive, food processing, office furniture, and wiring industries.

The Assembly Operator at Anthony Innovations is responsible for putting parts together in the assembly area. Each job is outlined by a work order supplied to the operator.

Essential Tasks

- Placing parts together
- Placing parts in box

Physical Demands	Never 0%	Occasional 1-33%	Frequent 34-66%	Constant 67-100%
Sitting				✓
Standing		✓		
Walking		✓		
Steps/Stairs		✓		
Climbing	✓			
Balancing	✓			
Looking Up	✓			

Cognitive/Behavioural Demands		
Attention and Concentration	Low Med High	Few distractions. Little variety. Ongoing quality assurance.
Interaction with others	Low Med High	Communication with colleagues, customers and sales representatives from other companies.
Level of responsibility	Low Med High	Supervisor available at all times. Responsible for meeting standard work rates.

Environmental and Organisational Factors	
Temperature	Indoor – temperature controlled.
Noise	Low level.
PPE	Cotton gloves supplied. Hair tied back. Safety glasses supplied. Hearing protection available if required.
Shift Cycle	Monday to Thursday, 7.00 am to 4.00 pm, Friday 7.00 am to 3.30 pm. Some flexibility available in work hours as arranged with manager.
Breaks	Morning tea 10 minutes Meal break 30 minutes Breaks taken when practical and according to work orders and demand.

