Unlock Experience and Make Age an Advantage

Christian Jerusalem

HAUFE

Wise Up!

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Dafür vielen Dank!

In “Wise Up! Unlock Experience and Make Age an Advantage,” Christian Jerusalem offers practical strategies for leveraging the wisdom of experienced workers to drive innovation and growth. His step-by-step approach is easy to follow and demonstrates how harnessing demographic change is possible for every company. This book is an illuminating read for anyone interested in future-proofing their company.

Bettina Dietsche, Chief People and Culture Officer for the Allianz Group

“Wise Up!” addresses one of the most crucial yet often overlooked aspects of talent management today. Senior talents bring a wealth of experience and knowledge and may have different needs regarding their working environment. The book delves into the organization’s ability to provide optimal working conditions for employees at the later stage of their career. This will increasingly become a key success factor for many companies and should therefore be a central part of any people strategy.

“Wise Up!” offers numerous suggestions on unlocking the potential of an aging workforce in a comprehensive manner. It explores areas such as job flexibility, development opportunities, knowledge preservation, role adaptation, and cross-generational coaching, providing deep insights into this vital aspect of Wise talent management. The insights provided in this book are profound, making it a must-read for any leader who aims to get ready for the “Silver Tsunami.”

Dr. Sven Sommerlatte, CHRO C.H. Boehringer Sohn AG & Co. KG

The unprecedented demographic age shift signals massive change for every organization in the years ahead. From transformational approaches to talent management to the design and manufacture of innovative, age-forward products and services, leaders focused on the future would be well advised to read and respond to Jerusalem's call to action.

Paul Irving, Senior Advisor, Milken Institute; Distinguished Scholar-in-Residence, University of Southern California Leonard Davis School of Gerontology

"Wise Up!" is a game-changing guide for leaders determined to harness the full power of age and experience within their organizations. By breaking down barriers and fostering true collaboration, this book shows how uniting the wisdom of seasoned professionals with the fresh perspectives of new talent can ignite real transformation and drive innovation. Treating intergenerational diversity as a vital asset, "Wise Up!" offers practical strategies to build a culture where every voice is valued and sustainable change becomes possible. If you're ready to lead lasting progress and unlock your team's collective potential, "Wise Up!" is the essential starting point.

Martin Krengel, CEO of the WEPA Group

Wise Up!

Unlock Experience and Make Age an Advantage

Christian Jerusalem

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I am deeply grateful to my wife and co-founder of WiseForce Advisors, Marie, for having the vision and foresight from the beginning of this journey. Her expertise and unwavering support have been instrumental in shaping the ideas in this book. Her faith in me made every page possible.

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Part One:

The Silver Tsunami

Chapter 1
Gray Is the New Gold: The Disruptive Challenges of an Unprecedented Demographic Shift

People often ask how I came to specialize in helping organizations tap into the potential of an aging workforce. As a leadership consultant, I've always been fascinated by the idea of experience as an asset. It has never made sense to me why our western society doesn't value the wisdom that comes with age. Over the years, I've observed up-close how this pattern plays out in a wide variety of employment settings. Corporations, nonprofits, and government institutions in countries around the world place all their attention on the youngest employees while they do everything possible to push older workers into early retirement. I believe this is shortsighted decision-making because when experienced people leave a place of work, they take vital skills, knowledge, and insights along with them.

Some years ago, the leaders of a private equity firm invited me to pitch my consulting services for a high-profile management audit after a takeover deal had closed. My team and I presented our proposal to help with this transition, and at the end of the meeting, we posed a question to the executives in the room: Why had they overlooked several core business areas and not nominated anyone from those functions to be considered for the newly combined leadership team? To my way of thinking, these experienced employees would only strengthen the leadership team. The answer came abruptly and left me feeling puzzled: "Those individuals are too old and not part of the future here."

For the last 10 years, I've been on a personal and professional journey to understand what changes as we age, what's the good and bad of being "old," and how different generations can work together in meaningful ways to create business value. To appreciate the importance of this topic, one needs to have a clear picture of the forces that are shaping global population trends and workforce demographics. Let's dive in:

Aging Facts

Let's start by looking at how the world population is expected to grow:

The UN expects the world population to reach 8.5 billion in 2030 and to increase further to 9.7 billion in 2050, reaching some 10.4 billion by 2100.[1]

The predictions differ according to assumptions around fertility, mortality, and economic prosperity. In the most extreme scenario, according to data from the Lancet study, the world population could decline by almost 2 billion people to just 6 billion by the end of the century.[2]

This scenario assumes meeting the sustainable development goals' targets for education and contraceptive needs.

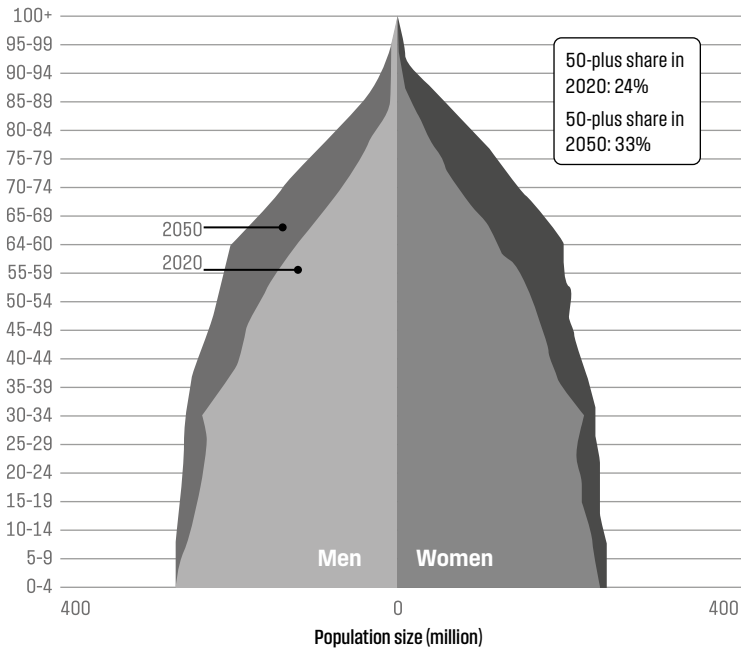
By contrast, however, researchers also expect to see regional differences. For example, in the European Union, population is projected to increase from 446.7 million in 2022 and peak at 453.3 million in 2026 (an increase of +1.5 percent), then gradually decrease to 447.9 million in 2050 and to 419.5 million in 2100.[3] Despite its globally significant growth—the world population is also aging. To understand this better, let's examine how the group of people aged 50 and over is projected to expand nearly 70 percent by 2050, rising from 1.9 billion in 2020 to 3.2 billion in 2050. The growth will be strongest in the next decade,

1 https://databank.worldbank.org/source/population-estimates-and-projections
2 https://www.thelancet.com/article/S0140-6736(20)30677-2/fulltext
3 Population projections in the EU—Statistics Explained

reaching 2.3 billion people aged 50+ by 2030. Accordingly, this generation's share of the total population is projected to increase to an unprecedented level—from 24 percent in 2020 to 33 percent by 2050 (see figure below).[4]

To put these numbers into perspective, it took more than twice as long—from 1950 to 2020—for the same kind of shift to take place previously. In 1950, people in the 50+ age bracket comprised just 16 percent of the total population, and by 2020, they accounted for 24 percent.

Global population distribution by age cohort, in 2020 und 2050



Source: The number of people age 50 and older will grow 69% by 2050

4 https://www.aarp.org/content/dam/aarp/research/surveys_statistics/econ/2022/global-longevity-economy-report.doi.10.26419-2Fint.00052.001.pdf

The demographic change that's in motion now will shape organizations and society for years to come. This shift is as big as climate change, and it's unprecedented in how it's affecting the entire globe. The rapid aging of our worldwide population will have a long-term impact on every individual, as well as the global workforce and economy.

More Demographic Trends

Let's take a closer look at the factors that are driving this remarkable transformation:

Increasing life expectancy: One reason we have an aging global population is that people are living much longer. Between 2000 and 2019, global life expectancy increased by six years, from 67 to 73, and it is projected to reach 77 years by 2050.[5] As the population ages, many countries soon will reach a point at which more people are leaving the workforce than are entering it.

For example, if your company would be in the United Kingdom, that tipping point may be as soon as 2029. In Brazil, the forecast is for 2035; for India, it's 2048; and in the United States more people will be exiting the workforce by 2053.[6]

Advances in healthcare and improved living conditions have led to a substantial increase in life expectancy worldwide. As a result, people are not only living longer but also remaining active and capable of working well into their later years.

According to a Federal Reserve survey, 45 percent of employed older adults consider themselves to be retired while still working.[7] This figure suggests that a significant portion of older workers is engaging in what economists call "bridge jobs"—employment taken after retir-

5 https://databank.worldbank.org/source/population-estimates-and-projections
6 https://www.bbc.com/worklife/article/20240404-global-retirement-increase-65-to-75
7 https://www.pewresearch.org/social-trends/2023/12/14/the-growth-of-the-older-workforce/

ing from a primary career but before fully exiting the workforce. The survey found that these retired older workers are blending work and retirement, rather than making a clean break from employment. The ability to work part-time in less-demanding roles appears to be an important factor enabling continued workforce participation past traditional retirement age. For many older adults, it is a financial necessity to continue working so they can afford the cost of living longer.

What is a "bridge job"?

Employment taken after retiring from a primary career, before an individual fully exits the workforce.

Declining fertility rates: The second driver behind the aging population trend is that women are having fewer children, leaving older adults to account for a higher percentage of the population. As countries develop economically and socially, fertile women of childbearing years tend to have fewer children for several reasons:

- increased access to education and employment opportunities for women
- wider availability of contraception and family planning services
- changing social norms around family size
- higher costs associated with raising children in developed economies

Accordingly, the global fertility rate, measured as births per 1,000 women, declined from 2.7 in 2000 to 2.4 in 2019 and is projected to drop to 2.2 by 2050. In upper-middle-income economies, the fertility rate is 1.8, well below the replacement rate of 2.1 children per woman that is necessary to maintain a stable population, and it is approaching the low rate of 1.7 seen in high-income economies.[8]

8 https://databank.worldbank.org/source/population-estimates-and-projections

While global fertility rates are declining overall, some regions are experiencing particularly rapid decreases:

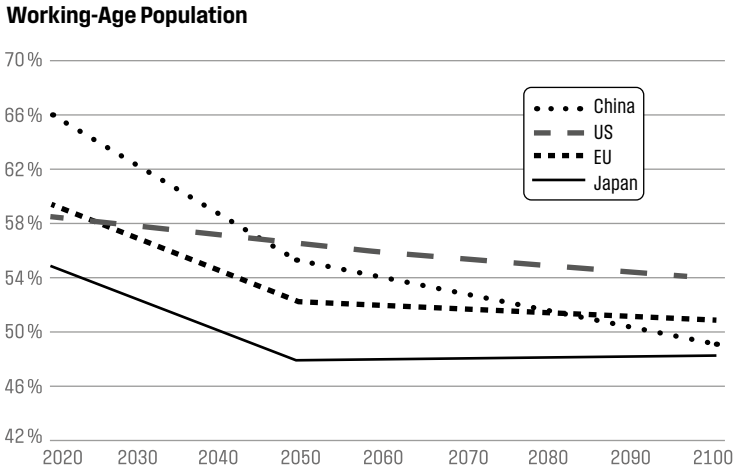
- East Asia: South Korea and Japan are seeing extremely low birth rates.
- Southern Europe: Italy and Spain have struggled with low fertility for decades.
- Eastern Europe: Many countries in this region face a combination of low birth rates and emigration.

When we hear organizations complaining today about the difficulties of finding additional workers, then this is just the beginning, as the effect of global fertility decline is just about to start.

Impact on the Workforce

If the world is faced with declining fertility and with a growing, yet aging population due to longevity, what does this mean for the future of work? This demographic shift is reshaping the labor market, challenging traditional notions of retirement, and forcing businesses to adapt their strategies to accommodate an increasingly multigenerational workforce. Whichever set of statistics you consider, it's clear that fewer young workers will be entering the job market to replace those who are retiring. This reality creates a likely labor shortage that will increase the importance of retaining older workers.

The combined effect of the global decline of the working-age population will be the strongest in the next 25 years. For that reason alone, organizations should be on alert! Look at the chart below for more details:



Source: Vollset et al. 2020, reference scenario

Two notable effects are evident in the workforce:

1. **Extended careers:** The concept of retirement at 65 is becoming outdated. Many individuals are choosing to work longer, either for personal fulfillment or out of financial necessity. This shift means that careers can span multiple decades and potentially multiple fields.
2. **Skills gaps:** As technology advances rapidly, companies have a growing need for workers with up-to-date skills. Older workers may find it challenging to learn new systems, while younger workers may lack the experience and soft skills valued by employers. This situation creates both challenges and opportunities for workforce development. We will explore these developments in more detail in Chapter 10.