Demographic and workforce trends are affecting business operations, workforce attitudes and the need for strong leadership to navigate the pace of change. The implications of an aging population are being felt across all industries, with experienced employees leaving the workforce to be replaced by a younger generation who have grown up in the digital world and have radically different expectations.

These demographic shifts—paired with the impact of innovations such as robotics, workflow automation and cloud-based technologies—are posing unique challenges and opportunities. One response being strategically implemented by many business leaders is to digitally transform their operations. In doing so, these leaders have several critical, overriding goals in mind that include streamlining core business processes in order to boost efficiency and contain costs.

To achieve these objectives, enterprises are reinventing their operations, restructuring their workplace and reconsidering the way that business gets done. Influencing these approaches is the growing presence of a new generation of employees who are bringing new attitudes to the workplace. These new perspectives, according to a study conducted by Hanover Research and sponsored by Canon Business Process Services, are marked by greater flexibility and a blurring of professional and personal goals. The desire for a more collaborative environment is another demand that business leaders will encounter.

**DEMOGRAPHIC DRIVERS**

According to AARP, approximately 10,000 baby boomers turn 65 every single day, and this is expected to continue into 2030 and beyond. Since the average retirement age lies somewhere between 61 and 65, it’s not hard to see that changing demographics are going to create some serious human resource challenges. How are organizations going to fill the talent gap that’s left behind as baby boomers retire, and will there be an adequate number of younger workers with the right skills to replace them?

The new generation of employees has a much different attitude toward work. According to the Hanover Research/Canon Business Process Services study, employees from age 20 to 60 prefer to work for “digitally enabled organizations.” As a result, business leaders will experience greater challenges in attracting and retaining employees. Businesses that fall behind will risk losing the support of their Millennial and Gen Z employees.
These demographic trends lead us to the first best practice highlighted in this paper that business leaders should consider when designing strategies to deal with the changing workplace and knowledge worker skills:

**Stay on top of ever-evolving skills.** Business leaders need to drive the conversation about addressing gaps in skills and related training as well as work to understand specific internal needs and external skill trends. The key is anticipating what the business might need in the next five years. There’s a wealth of data on trending skills that can be helpful in the evaluation. For example, SAP has introduced a maturity model created in collaboration with the European Research Center for Information Systems.4

The study outlines how companies can develop the expertise required to implement a successful digital transformation. This includes spotlighting best practices designed to help organizations overcome the digital skills gap and prepare for a winning transformation. As one example, the model suggests defining a digital transformation strategy that articulates the company’s vision, planning and implementation procedures that will support the change process. Formalizing a strategy that includes processes to document the course of actions can help ensure that digital transformation initiatives are well managed.

**WORKFORCE DRIVERS**

The future of the workplace will inspire new approaches to recruiting and retaining talent as employees seek greater flexibility and personal lives become more intertwined with work. Technological trends will be reinforced by the growing gap between requirements and available skills inherent in a more dynamic economic environment. While much of our attention is focused on the impact of automation on work and jobs, additional workforce disruption comes in the form of independent work, the open talent economy, and whether people work on an outsourced basis or not.

Another way to look at it: What the open-source model did for software development, the accessible talent economy is doing for today’s evolving workplace. Younger, digitally connected, mobile workers are managing their careers differently, often outside categories that have defined the workforce for decades. Consequently, enterprises will need to reconsider how they can attract talent and what kind of talent they want to bring on board.

The need for business leaders to respond effectively to these workforce challenges suggests a second best practice to think about:

**Explore business process outsourcing.** Changing technological and workforce factors are driving enterprises to explore business process outsourcing to elevate performance and remain competitive. The struggle to meet ongoing operational and talent needs can drain the essential resources needed to achieve strategic and revenue objectives. At the same time attracting and retaining the specific resources needed has become increasingly difficult. Business process outsourcing providers fill the gap as an invaluable resource as organizations reimagine how work gets done and develop their vision for the future of work as people work alongside smart systems and machines.
TALENT ECOSYSTEMS

A report from Capgemini and LinkedIn found that over 50% of businesses are feeling the pressure from the digital skills gap. As a result technology, demographic and workforce drivers will push business leaders to find expert service providers who can execute talent management strategies at increasing levels of complexity. Technologies are evolving so rapidly that skills training can’t keep up. With entire industries beginning to digitally transform, businesses need access to guiding expertise that currently isn’t available. This is creating a growing demand for capable digital talent.

One emerging strategy is the notion of a talent ecosystem that involves having a talent pool that is available as an extended, dynamic and evolving network of relationships instead of as a single static pool. Toward this end, business leaders are rethinking how they engage with strategic partners and business process outsourcing providers. The trend now is to regard the partner relationship no longer as simply one of convenience, but one of necessity. Third-party providers will be an essential way to obtain specialized talent or supportive services while organizations work to refocus their efforts on reinventing core competencies, services and experiences.

These challenges around the need to obtain and retain dedicated talent bring us to our third recommended best practice to think about:

**Retrain employees quickly for new roles.** With a massive skill shift underway, organizations need to move quickly to retrain employees for new roles and activities. Long course cycles or static classroom learning will not be effective. Instead, organizations should provide learning content updated in real time and learning tactics focused on speed, flexibility and collaboration. Artificial intelligence and machine learning can also help personalize learning so employees are served up relevant courses and learning paths appropriate to their responsibilities.

MOVING FORWARD

Executives must consider how the changing workplace and knowledge worker skills will impact their organization. Technological and demographic trends are shaping the future of work in ways that provide both great risk and great reward. Look for providers and partners with the right mix of expertise, vision and capability that allow you transition successfully.

CANON CAN HELP

Canon helps clients enable business agility and digital transformation as well as lead an increasingly evolving workforce. We achieve these goals by leveraging our experienced team backed by Six Sigma expertise and best-in-class technology. By partnering with you to implement leading-edge solutions such as robotic process automation and digital intake center services we can help your business meet challenges and continue to prosper in the days ahead.

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