

BRIMEYER

A message for graduates

May is graduation month. If you are graduating, care about someone who is, or are simply more than a couple of years from retirement, read on.

The two most powerful megatrends impacting the U.S. workforce since I walked across the stage roughly 35 years ago are globalization and automation. While both factors have been around for decades, they continue to accelerate and will influence the employment landscape of this year's graduating class over their careers even more.

Globalization is the world's countries becoming more interconnected as people, ideas, technologies and work flow freely across borders. I was in my late 20s before establishing friendships with German and Japanese business colleagues. Our three children had several friends of multiple nationalities by middle school.

Globalization simply increases the competition pool. We may isolate Turkey Valley High so it only has to compete against other small schools in sports; that doesn't work well when it comes to markets.

Manufacture of increasingly sophisticated levels of products has continuously flowed

to increasingly lower cost labor countries, starting with simple household items, toys and clothing and progressing to electronics and vehicles. The result has been a net halving of the percent

of the U.S. gross domestic product due to manufacturing, from almost 25 percent in 1970 to just more than 12 percent in 2010.

The trend hasn't been confined to manufacturing as knowledge-based work has also moved overseas. Help desk consultation, software and product design followed over the past 15 years or so.

The results have been both profound and complex. Obviously, opening up the global labor pool has cost the U.S. manufacturing jobs. The simple laws of supply and demand also explain why wages for lower skilled jobs have not kept pace with inflation.

But there's another side to the globalization coin (one that's conveniently overlooked by self-serving politicians when stumping to the disaffected).

First, products from low cost countries have arguably raised the standard of living for all, by making more products accessible to all, not just the affluent. Case in point ... according to research by Stephanie Vatz for Public Media,

the average American purchased roughly 25 garments per year in 1970, spending 10 percent of their income on clothing and shoes. By 2013, we were buying almost 70 garments per year (I'm pulling down the average!) and spending less than 3.5 percent. Today most houses and garages, regardless of income, are filled with items my middle class family would have considered luxuries 40 years ago.

Second, raising the standard of living in foreign countries that took on the lost work actually increased demand for American products that didn't relocate. Today we export more airplanes, medical equipment and agricultural products than we would if trade agreements didn't exist.

Finally, while some manufacturing is flowing back to the U.S., it certainly isn't returning in the same state that it left. That brings us to the second tidal force — automation.

It's hard to identify a job that technology and automation hasn't profoundly impacted. In some cases, entire industries have been replaced. As with globalization, displacement hasn't been democratic; those on the low end of the skills scale have been hardest hit.

For years my garbage was collected by a crew of two (sometimes three). Today, a single driver uses a joystick to control a mechanical arm to dump my trash. The new truck

moves at twice the pace of its predecessor with half the crew. The four-fold increase in productivity keeps my trash bill in check. I'm also glad that the remaining job is safer and much more satisfying, particularly on nasty weather days.

But I've always wondered what happened to the second operator? (This is where you come in graduates.) I hope he or she was smart and recognized how important skills would be to their future. This doesn't exclusively mean a four-year degree; learning a trade such as HVAC, electronics, engine mechanics or welding can arguably be a better choice than some degrees.

I hope they identified the aspects of jobs that will be less apt to be offshored or automated. These include the ability to make complex decisions, adapt to numerous situations, look someone in the eye and positively interact.

Again, the key idea is to continually build skills, both hard (technical) and soft (people). The alternative is to be angry, which is a terrible way to go through life or to choose a president.

RICK BRIMEYER is the President of Brimeyer LLC, an independent management consulting firm located in Ames which guides organizations to higher performance by focusing on process improvement and leadership development. Further information is available at www.brimeyerllc.com or by calling 515-450-8855.



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