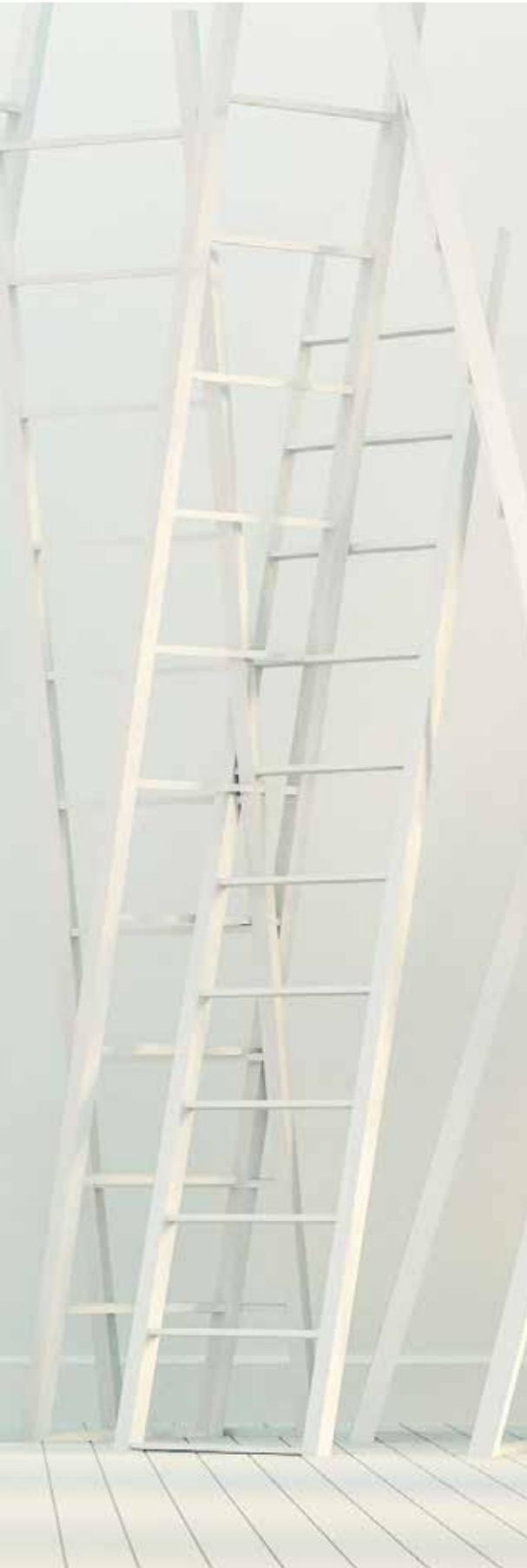


# How will your company cope with the 100-year life?

Andrew Scott, Professor of Economics at London Business School, explains why future generations of people living to 100 will completely change how we work and live. By **Rob Morris**



**M**edical advances, improved living and working conditions and greater wealth among the middle classes have boosted life expectancy in developed nations. But while younger people can expect to outlive their parents and grandparents, they will need to work longer to support themselves in retirement according to Andrew Scott, Professor of Economics at London Business School (LBS) in the UK.

In his book *The 100-Year Life: Living and Working in an Age of Longevity*, Professor Scott talks about how the traditional three-stage life of education, work and retirement is being replaced with a new structure. The multi-stage life will see people launch their careers later in life, work more flexibly and take time out to raise families.

Professor Scott and co-author Lynda Gratton, Professor of Management Practice at LBS, also expect today's younger generations to spend several years working before striking out on their own. Rather than launching start-ups in their 20s and 30s, people are likely to put their entrepreneurial plans on hold until they reach middle age.

These themes were explored by Professor Scott at the EFMD Sharing Best Practice CLIP Workshop, an event for leading HR professionals organised in collaboration with EFMD, at LBS.

### **Managing mature workers**

Given the demographic "time bomb" facing companies around the globe, organisations have to learn how to accommodate and manage an ageing workforce to avoid severe disruption to their business, according to Professor Scott. He said that at least 50% of babies born in 2007 were expected to become centenarians. Moreover, the number of people living longer – at least to their 80s and beyond – would completely change the nature of work.

"Global life expectancy will have increased from living to aged 30 in 1700 to 86 or 87 on average by 2050, and that's down to improved healthcare and knowledge about the effects of things like fat or alcohol," he said. "The three-stage life that involves education, career and retirement will no longer apply for people with an increased life expectancy. When reaching

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87

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50%

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their 40s or 50s, people will consider changing careers or becoming entrepreneurs, because they will be spending more years in work than their parents."

Unlike previous generations, people born over the coming decades will have to work more years to support themselves while enjoying a longer retirement than their parents. This will change the way people of all ages approach their careers, according to Professor Scott.

"People aged 18-30, who I call 'independent producers', are doing things differently from their parents," he said. "They are restructuring their time and the working week, while holidays and weekends are changing, meaning employers have to follow suit.

"These people want to do things differently; they want to blend work and pleasure, experiment and not work for a big corporation. They're asset-light, so they have no car or house, they hang out in coffee shops and are younger for longer, because they put off starting their careers, getting married, buying a house and having a family."

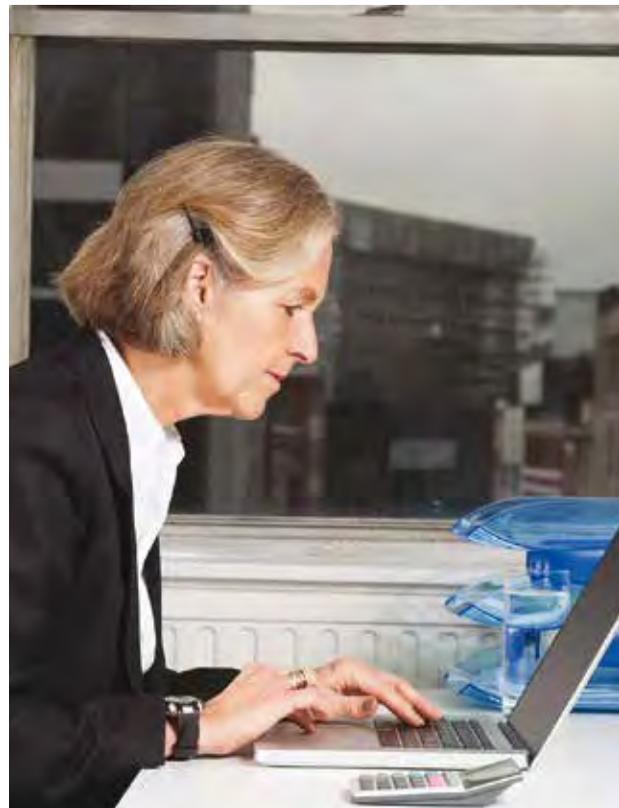
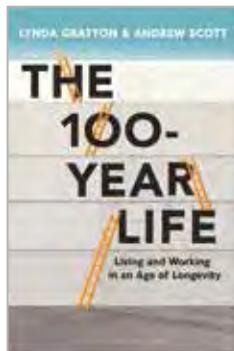
### Asset management

The way younger generations manage their tangible and intangible assets will also change. People will need tangible assets such as savings, property and pensions to support themselves for longer in retirement. Meanwhile, people living the 100-year life must also develop their intangible assets, which fall into three categories: productive, vitality and transformation.

Productive relates to someone's skills, knowledge and professional network, while vitality represents physical and mental fitness, friends and loved ones. Transformation refers to how ageing employees stay relevant in an ever-changing world.

Referring to transformation, Professor Scott said: "What you learn when you're 21 won't keep you in work until you reach your 80s – you have to reinvent yourself, otherwise the knowledge you acquired early in your career will become obsolete.

"People's cognitive abilities naturally deteriorate as they get older, so ageing workers will need to constantly exercise their brain – a muscle that



develops through training – to continue learning and developing. As they get older, they will also need to take responsibility for making themselves relevant and employable for new roles within their organisation."

The challenge for HR teams is to attract and retain young people who are less career-focused, while establishing new working policies for more mature employees. "Organisations need a model where the energy of youth interacts with the wisdom of people who have worked for many years," Professor Scott said. "Young people should have the opportunity to spend time with, and access the expertise of, their elder colleagues.

"If you have people in their 60s working at your company alongside younger employees, who do you want to keep? There needs to be a policy in place to deal with this issue, given that people will be working longer. Deals will need to be renegotiated and you'll have to decide who to let go. HR teams will have to base compensation on performance rather than age."

Professor Scott added that businesses would also have to learn how to revitalise older employees, by adapting their current role or giving them new ones and get people from different generations working collaboratively together.



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# 65

The mandatory retirement age for commercial pilots remains at 65, so airlines will need to think about retraining and deploying the pilots elsewhere in the business

### Art of reinvention

The HR professionals who attended the EFMD event at LBS understand the problems facing their organisation. They will be responsible for changing the workplace culture to accommodate different generations of employees and for training mature staff to take on new roles within the business. For example, if the mandatory retirement age for commercial pilots remains at 65, airlines will need to think about retraining and deploying them elsewhere.

However, one of the attendees – a former M&A partner – raised an interesting point: if someone in his profession earns £1 million a year, why would they consider retraining for another role? Providing they had saved and invested wisely, that person would have enough money to retire at 55 or 60.

He also highlighted other challenges for people in his former profession. He claimed that law firms were generally bad at managing and harnessing talented partners, making them ill-equipped to retrain mature workers. Moreover, he pointed out that an M&A lawyer would need to train for years to become a litigation expert, for example.

A Credit Suisse representative provided a more positive outlook on how companies could adapt to ageing workers. Senior personnel at the bank undergo an annual review and are given the opportunity to take on different roles.

Another attendee said that 40-something nurses in the UK's National Health Service have the chance to retrain as doctors and can then spend the next 25–30 years of their career in that role.

Similarly, one representative from a Danish company talked about how the business had no mandatory retirement age. Mature workers are encouraged to tell the HR team which role they would like over the next five to 15 years. The company also draws on the knowledge and expertise of 65–70-year-old former employees by hiring them as consultants.



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### Wasting no time

Some companies are already exploring ways to attract and retain staff of all ages to tackle the demographic time bomb. Management at the London office of global law firm Linklaters hold regular “jam sessions” where employees discuss their work-life balance and propose policies that would allow them to work more flexibly.

At Google, staff who attend the weekly “Thank God it's Thursday” meeting can quiz the management about any work-related issue. The company also provides informal learning and development training to their employees.

Other companies offer gap years and sabbaticals, experiential learning and team building to encourage employees to stay. Professor Scott said that in the coming decades, they will have to adapt to the needs of people living the 100-year life, by offering three-day weekends, more holiday entitlement and greater flexibility.

The warning for organisations that have given little thought to how they accommodate more mature staff while balancing the needs of younger generations is clear: the clock is ticking and time is running out.

For more information visit [www.100yearlife.com](http://www.100yearlife.com)

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#### ABOUT THE AUTHOR

Rob Morris is Senior Editor at London Business School, UK