

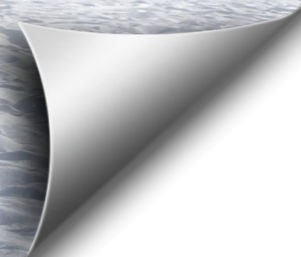


THE ROLLING TALENT DEFICIT

**WHY RECRUITING FALLS BEHIND AND
HOW TO TAKE ACTION TO REVERSE THIS TREND**



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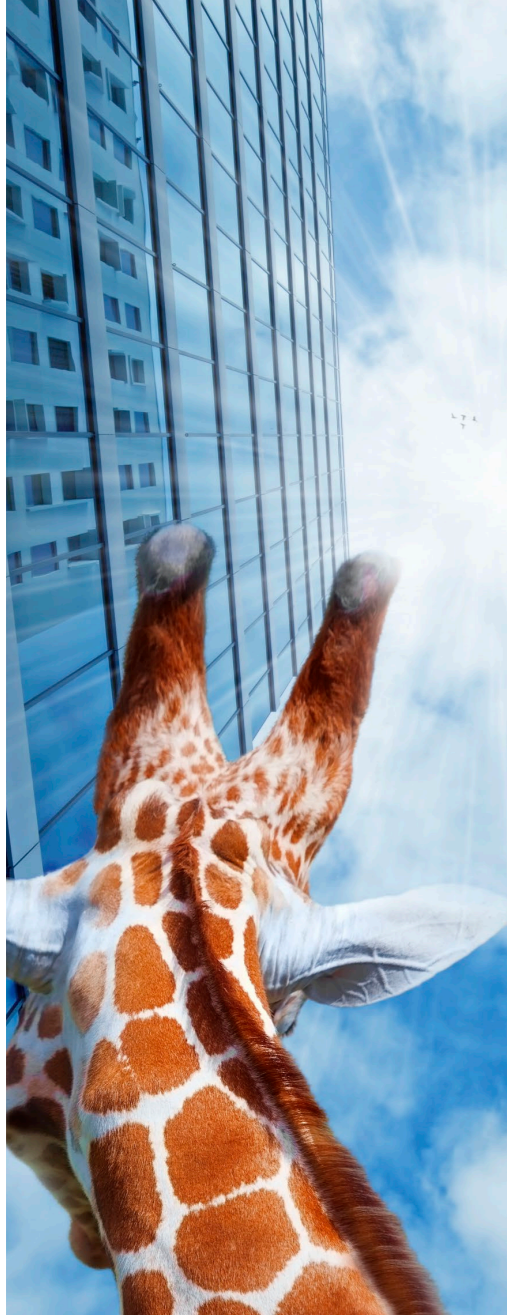
WHAT'S INSIDE

03 THE ROLLING TALENT DEFICIT

Uncover tips on how to survive and navigate the ongoing talent shortage that is plaguing U.S. companies. Can your organization relate to Adele singing about "Rolling In the Deep?" Read through this eBook today that will help you sing a different tune.



INTRODUCTION



As you probably know, the U.S. government operates with a staggering fiscal deficit. The government falls short by trillions of dollars every year. That amount of money is hard to imagine and is largely ignored as most Americans go about their daily lives.

But there's one deficit that is starting to take its toll on companies around the globe. The rolling talent deficit. This is the number of jobs that go unfilled, month after month, due to a company's inability to source and recruit the talent they need.

As Dr. Peter Cappelli, author of "*Talent On Demand: Managing Talent in an Age of Uncertainty*," has pointed out in his book, there's no single right answer to forecasting your talent needs and filling all of your jobs, however you

need to do some analysis and place your bets in a few key areas.

It seems evident that, like the U.S. fiscal deficit, there's no easy or quick way to end the talent deficit completely. The only way to manage it is to develop good, sound talent management strategies that reduce and minimize it.

But, it will take leadership at the executive level and within human resources to get it done. Only with commitment and attention to it now, can you stop the talent deficit from rolling forward and start to turn it back.

CHAPTER 1

What is the Rolling Talent Deficit?

The rolling talent deficit is the never-ending list of jobs that remain unfilled month after month at an organization. These are jobs that, due to lack of recruiting resources, unavailability of talent or financial constraints, remain open for long periods of time or create black holes of recruiting costs, never to be recouped.

It's that job on the recruiter's list that has been open for three months, with little activity. Or, the job "on hold" that never seems to come "off hold." It's the job that has a never-ending stream of candidates that don't quite fit, or the one that gets cancelled for financial reasons, long after the company has already spent significant recruiting dollars trying to get it filled.

But it's not just the current list of unfilled jobs



that is most troubling. It's the "rolling" aspect of the talent deficit. This is the compounding effect that, like the U.S. fiscal deficit has started rolling forward, faster and faster at some companies.

For example, where you had 10 openings, you now have 14. And before you can fill those 14 openings, other workers leave or retire and a new crop of positions open up. Eventually, you can never hope to catch up. Left unchecked, it grows and compounds, weekly, monthly and annually.

Another alarming factor is the toll this rolling talent deficit takes on current employees. Longer hours, increased workload and increased pressure means unhappy workers waiting for an opportunity to leave (more on that below). This is an unprecedented time in workforce management history and the pressure is mounting.

The rolling talent deficit was created partially as a result of the Great Recession (and the reaction to it) and partially due to the aging workforce

(and the reaction to that as well). It was also caused by shifting Human Resources priorities that demanded strategic as well as transactional support, with recruiting largely relegated to an automated, transactional process with scant resources or focus.

At many companies, entire recruiting teams were dismantled. At others, Human Resources has simply been asked to do more with less, with fewer actual recruiters and more generalists.

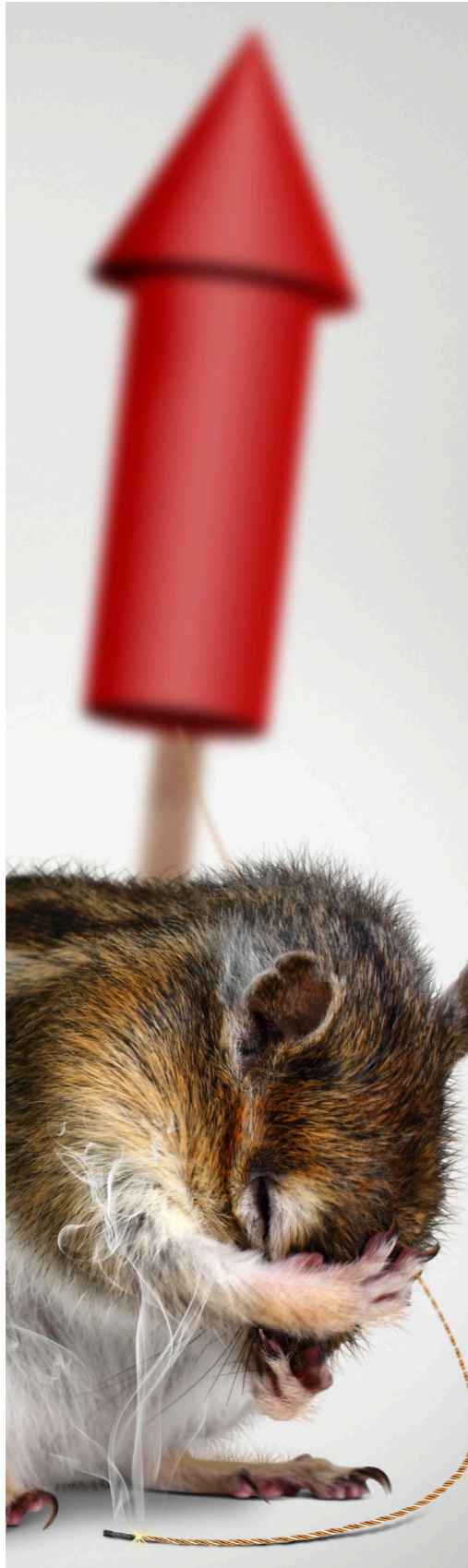
This deficit has snuck up on many companies and may be seen as just another symptom of a troubled economy. But, many factors, such as the increase in use of temporary labor, the aging workforce and the lack of experienced younger workers, means that this deficit will not automatically end after the recovery. The impact will be felt for years to come.



Another alarming factor is the toll this rolling talent deficit takes on current employees. Longer hours, increased workload and increased pressure mean unhappy workers waiting for an opportunity to leave.



BLOWING UP



CHAPTER 2

The Impact of Your Rolling Talent Deficit

In short, a rolling talent deficit hurts your employment brand and your ability to recruit in the future. This is not surprising; however, many companies discount the long-term effects this can have. Whether a company has a solid employment brand or not, a considerable talent deficit can impact sales, service and a company's reputation today and in the future.

When candidates end up in long submittal and interview cycles without hearing anything and without any progress, it's a bad start to an employment relationship. Also, if your organization can't make a decision on a candidate within a few weeks or a month, then there may

be communication, prioritization or commitment issues that may be worth investigating internally. This is also a sign to potential employees that something may be amiss.

In light of today's social media network, word can also quickly get out from frustrated job seekers. In addition, during screenings and interviews the question will arise, "Why has this position been open for so long?"

This also makes it tough for your recruiters and recruiting partners as they struggle to support your organization. For recruiters, whether or not



they are incentivized for hires, the inability to fill positions, long complex recruiting cycles or long hours taking calls from disgruntled candidates will take its toll. Also imagine the new recruiter who joins your organization to find that they are given the bottom of the barrel to work on – old jobs that have been open for months.

For your staffing vendors or recruiting partners, the impact is more business-like. Recruiters in these cases get compensated for hires. No hires, no revenue or commission. They will focus resources on other companies where they have success. And while this should generally not be the case, it's reasonable to expect that they won't send you their best candidates if there's little chance they will get hired.

This type of deficit and long cycle also starts to bog down your recruiting process. There are only so many resumes you can look at before some start slipping through the cracks. Also, it's harder to schedule interviews, get feedback and update candidate status when the volume exceeds the resources.

The result of all of this? Desperation sets in and you force a few hires, cut corners on processes and or make some

bad hires. Turnover goes up and now you've further compounded the problem with even more positions to fill and increasing questions about your company.

Even worse, if your product depends on people for delivery or service, your customers may see the effects of vacancies or turnover as they experience long wait times, missed deadlines or extended delivery schedules. For government contractors this could also mean the loss of contracts or penalties for missed deadlines or non-delivery.

This is what's so problematic about the ever-growing talent deficit. It's not one single element, but a combination of factors that compound to make the situation worse month-by-month and year-by-year.



VACANCY



ROOM AT THE INN



CHAPTER 3

Measuring Your Rolling Talent Deficit

How do you know if you are running in a talent deficit? Below is an easy method for determining your level of deficit today and the “rolling” effect it will have in the future.

First, the timeframe is important because we are dealing with humans in this process. A two-month timeframe is reasonable because while many professional positions take more than a month to fill, after two months, candidates become unavailable, disenchanted or both, and recruiters are typically re-focused on other positions as their experience tells them chances are becoming slim the position will

ever get filled. For high-turnover, clerical or light industrial positions, the timeframe would be even shorter. For these positions, having vacancies for even short periods of time can impact production, safety and maintenance schedules.

In addition, for many of the unfilled jobs, after about two months of recruiting, it will be like starting over. Even if you were to close the unfilled jobs, you have essentially wasted recruiting time and costs on those positions, without any gain.

Canceling or closing jobs without filling them also has a negative effect on your employment brand with candidates and vendors (as discussed above).

The next step is to take a look at the number of jobs you have open during a two-month period. This is simply the total number of jobs that opened during a two-month period.

Finally, find out the number of jobs that were filled in the same two-month period and subtract

it from the total number of jobs. This leaves you with a rough calculation of the number of unfilled jobs you have during the time period.

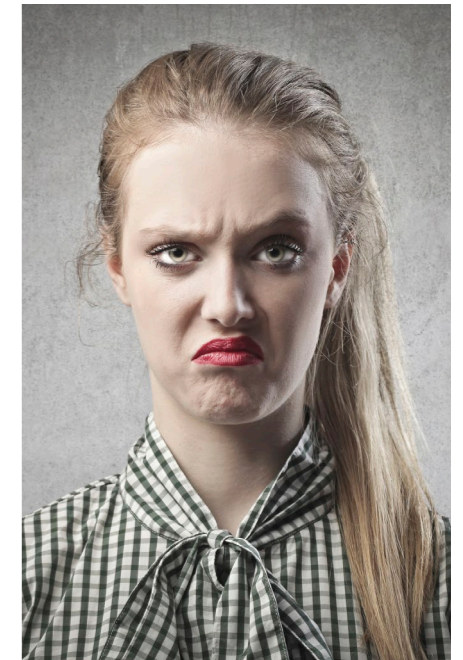
Here's the simplified calculation:

$$\text{Total Jobs Opened} - \text{Total Jobs Filled} = \text{Total Unfilled Jobs (Deficit)}$$

While this is not always the same each month, it's a good indication of your talent deficit. If you want to get an average, do the same calculation for three sets of two-month periods and average the results.

Here's the important part. Take a look at the number of unfilled jobs in this time period and imagine how those jobs compound each two-month period.

For example, let's say you have 25 open positions, and you are able to fill 15 of them. That leaves you with 10 unfilled positions. The following period, if you continue the same trend of 25 openings,



Canceling or closing jobs without filling them also has a negative effect on your employment brand with candidates and vendors



in reality you will now have 35 openings. And if you bring to bear the same recruiting resources on these openings, you will likely only fill 21 of these jobs (60%), and you will now have 14 unfilled jobs remaining.

And keep in mind that those left over 10 jobs will be harder to fill the longer they are open and many of the 14 jobs may never get filled after four months. The next period you will have 39 jobs to fill, and will likely end up with 16 or more unfilled jobs at the end of a six-month period, an increase of more than 60%.

For a company with double the number of jobs, say 50 in a two-month period, they could be looking at an additional 31 or more jobs at the end of six months.

If you are in procurement, think of them as inventory and you'll probably have no problem envisioning how you wouldn't want stock or products piling up month after month in your warehouse. These are sunk, unrecoverable costs that are providing no value to your organization.

Notice the calculation is not about the positions that take longer than two months to fill. While this is a good indicator, if your positions generally take longer to fill you should still be filling jobs on a regular basis, even ones that are open an extended period of time.

The importance of knowing your talent deficit directly impacts your planning and management of recruiting resources. What if your hiring picks up? With a talent deficit, you are loading another 40-60% on your recruiters in addition to the hiring increase.



 **READY. SET. GO.**

CHAPTER 4

Taking Action

As you think about how to tackle the problem, the first thing to understand is all of the factors that got you to this point. There are many issues to consider, from the great recession and multiple generations in the workforce to the rise of social media and employee engagement.

Any one of these could have more or less impact for your company or industry but all of them should be considered; what companies are learning the hard way is that one approach or the same approach they've used in the past will likely not work anymore.

There are however, some immediate areas to consider as part of your overall sourcing and





Project your needs in the future and apply resources or look for partners to increase candidate flow in specific areas.

recruiting strategy:

PERFORM A SKILLS INVENTORY AND ASSESSMENT

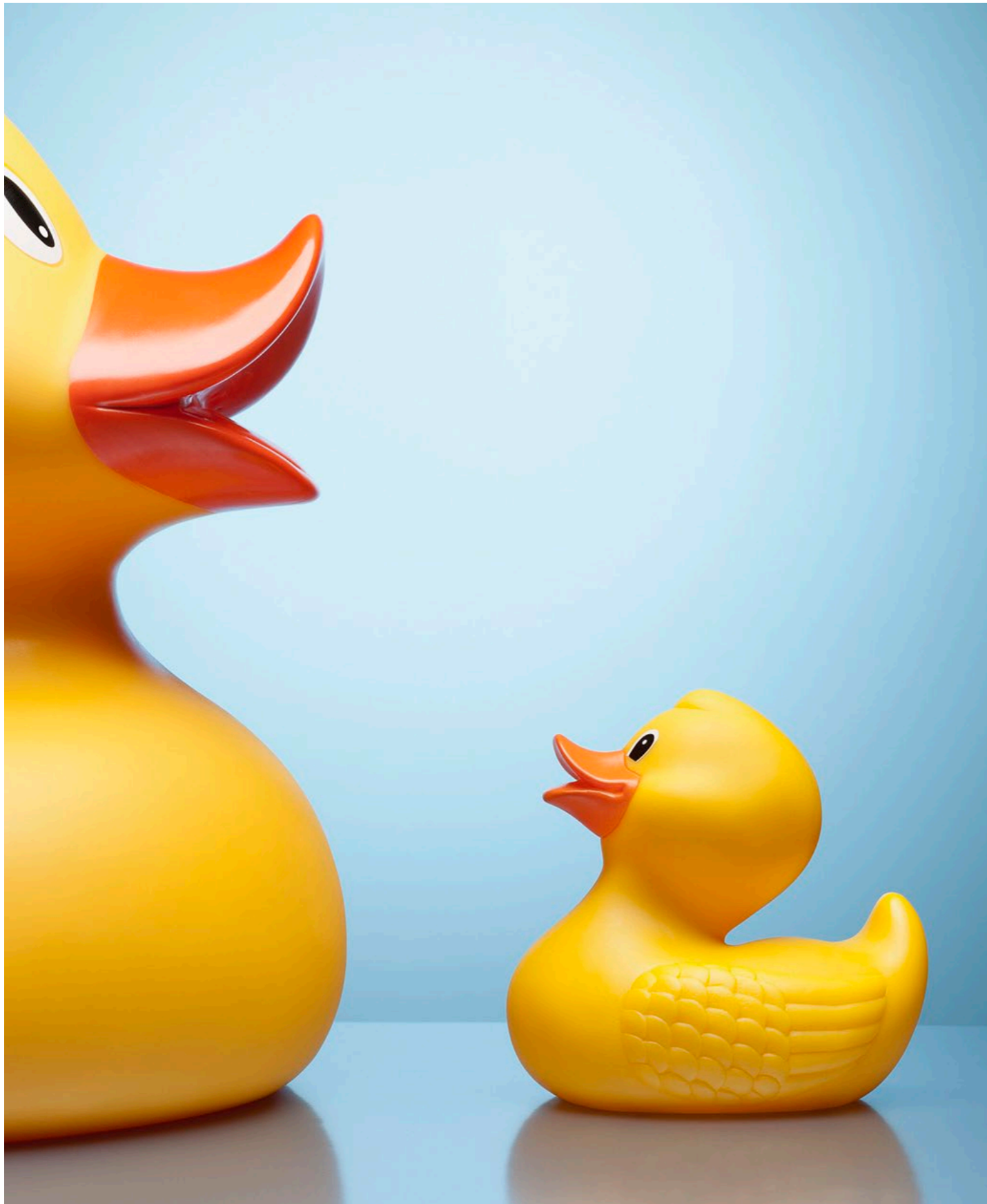
Few companies really understand the skills they need beyond their current job openings. Most companies could benefit immediately from understanding the skills they have now and their relationship to their company's ability to keep their products and services moving. Not just the areas, like programmers, but the actual technologies and discrete skills, like .Net, or Java for example. Once this has been accomplished, add to this list an assessment of how your strategic plans will be effected by your ability to find and keep these types of skills. What skills will you need to grow? Where are the most likely areas for growth or need for services? How will you meet these needs? Even if you only do this assessment at the highest levels (i.e. programmers), it will help inform some decisions in the other areas below.

EVALUATE YOUR SOURCING STRATEGIES

Take a look at your current sourcing strategies

and their effectiveness. Consider whether you need to expand your strategies or consolidate your efforts. Use temporary staffing or other immediate outsourcing measures to help stem the tide. Project your needs in the future and apply resources or look for partners to increase candidate flow in specific areas. Look to search engine optimization, social networking, college recruiting and other areas to start to develop new pipelines and sources for candidates. Also, for in-demand skills expect to spend more time and effort on recruiting, whether it's internal or external resources. Also, stay informed on labor trends and wages. For hard-to-find skills, you may need to be prepared to pay more in the short term while you shore up your long-term plans.

Probably the most useful thing to do in this area right now is to look for flexible strategies like contingent workers or recruitment process outsourcing (RPO) to help handle the overflow and buy you some time to rework your recruiting infrastructure. It's important to consider how different areas of the business might benefit from these types of engagements, while others might be better suited for internal resources.



One big myth in RPO is that there must be an enterprise-wide or huge investment in order to make it worthwhile. Quite to the contrary, in recent years many companies are looking more toward project RPO or smaller, more point-of-service efforts (outsourcing specific parts of the recruiting process) to provide concentrated recruiting or sourcing resources in a particular area.

INCREASE EMPLOYEE ENGAGEMENT

This is really two elements in one; there is the obvious need to engage employees as part of retention efforts, however, it can also be an important part of sourcing. First, engagement needs to start early in the sourcing and on-boarding processes. Candidates should have a good experience in the recruiting cycle and on-boarding should be an efficient, positive experience. Second, happy, engaged employees and high performers will attract other good workers and high performers (and tell them about your company through social media networks). Remember, this also extends to those working on temporary assignments and those sourced or recruited by outsourcing partners.

For temporary employees, keep in mind that they are also looking at your company as a potential employer



The younger generations, the millennials, generally seem to be looking for companies with a social conscience, or companies who are making a difference in the world.

for the long-term. They will also likely tell others about their experience with your company. For outsourcing partners, how you manage the recruiting process with them will likely be reflected in the success rate and the satisfaction of hiring managers and candidates. Make sure you have good processes in place and are managing the engagement process for all employee and non-employee populations. Another issue is the multiple generations in the workforce. The different generations are seeking different types of engagement and recognition for their efforts. In the very near future it's likely that there will not be a "one-size-fits-all" approach to employee engagement (also, see the next section).

IMPROVE YOUR EMPLOYMENT BRAND

Your company's employment brand is a critical component in your sourcing and recruiting efforts. The rise of social media means that your employees are networked with other employees, potential employees and other information streams. This means that your culture and environment are probably no secret and can either help or hurt you when it comes to acquiring new talent. It also means that other companies

are listening to your high performers and trying to understand what's important to them – and so should you.

Similar to employee engagement, the multiple generations in the workforce have different considerations when choosing a company to work for and your employment brand is an important consideration in that decision. The younger generations, the millennials, generally seem to be looking for companies with a social conscience, or companies who are making a difference in the world. They also look for companies that are very flat, with little stratification. The middle generations, Generation X and Y, are looking for stability and the ability to move up through an organization, while the Baby Boomers are seeking positive ends to their careers and validation for their years of hard work.

In short, your employment brand and ability to retain employees greatly impacts your ability to recruit.

CONCLUSION

The rolling talent deficit is quietly having an impact on companies large and small. While all companies go through hiring phases, the talent deficit is an undercurrent caused by many factors. It won't go away overnight, and without immediate action, it will continue to plague companies into the next few years.

Companies looking to stem the tide and reverse this deficit should immediately act by first looking at, then measuring, their internal talent deficit. Next, there are a number of areas to take action, including:

- Performing a Skills Inventory and Assessment
- Evaluating Sourcing Strategies
- Increasing Employee Engagement
- Improving the Company's Employment Brand

Focusing on short-term recruiting issues such the number of recruiters or specific recruiting processes and tools will not address the bigger issue. Looking at and taking action to correct a rolling talent deficit is a long-term recruiting strategy that will pay dividends for years to come.



YOU NEED IT. WE HAVE IT.

Yoh is here. Yoh is there. Yoh is virtually everywhere. All in and busy going all out, doing everything it takes to take you where you want to go – forward. How? By foregoing the talent pool in favor of our own sea of talent, helping you find just the right person for the job or just the career you've been searching for.

