

Where Have All the Good People Gone?:

A power shift in the employment market means it's time for hiring managers to revamp their hiring processes.
by Joanna Sherriff

It may be hard for individual employers and hiring managers to see, but it has arrived and has the ability to impact almost every aspect of your organization: it is a major reversal in the job market from employer-friendly to employee-friendly. In other words, it is no longer a “buyers” market for talent.

Being in the recruitment business, we have the benefit of seeing a street-level “snapshot” of the labor market, compiled from real-time data collected from hundreds of jobs on a monthly basis, each in a unique industry and location. For example, in the third and fourth quarters of 2005, we saw that more companies were struggling to fill “plum” jobs on their own (positions that they have been able to fill easily in the past) and an increase in hiring managers losing their top choice candidate to other offers. We also observed that qualified response from job board postings has dropped off steeply, job seekers are increasingly selective when considering interviewing for a job, and finally, we see an increase in offers declined by job seekers who are more willing to wait for that “perfect opportunity”. And, perhaps more telling is the fact that these trends have not only continued, but have *intensified* in January/February 2006, which is typically the time for a dramatic *increase* in job seekers on the market.

From a recruiter’s perspective, the power shift is no longer coming; it’s here. The pendulum has swung, and it’s time for employers to take off the catcher’s mitt and make recruitment a proactive, marketing-oriented function again.

OK, you might be saying, that is one company’s point of view, but what do the *real* numbers say? Before diving into the data, it is important to note that the labor market is tied very closely to the overall economic situation (duh) and *confidence* in the economy. When employees feel confident about the state of the economy, they also feel confident that there are better jobs to be had, and are more apt to quit *and* be more selective before signing on with a new employer.

Not only did the latest survey of consumer confidence indicate that more Americans believe jobs will be more plentiful in the coming months, but also that more people are voluntarily quitting their previous jobs in search of another. This so-called quit rate rose to 12.3% of the labor force in mid-2005, the highest level in almost four years. (In the past, Fed Chairman Alan Greenspan has looked at the quit rate to gauge how confident consumers feel about job prospects.)

Despite setbacks such as record energy costs, Katrina and other natural disasters, the US economy expanded at a healthy pace in 2005. Over 2 million jobs were created, which sets the stage for a vigorous job market in 2006. White House economists project 3.4 percent growth in the national economic output and expect to add 2 million more jobs in 2006. The latest figures from the US Labor Department show that net employment continued its steady upward climb and unemployment continued its trend downward, down to from 5.0% in mid 2005 to 4.9% in December 2005, and 4.7% in January 2006, according to the Bureau of Labor Statistics.

Finally, according to CareerBuilder.com, four-in-ten workers plan to change jobs in the next two years, and 28 percent will do so within the next 12 months.

If they haven’t put you to sleep, these numbers tell the same story as our recruiters’ anecdotal evidence: the labor market is tightening and a power shift from employer to employee has already occurred.

Staying Competitive

So the world has changed – what next? Almost like a rehab program, the first step is acceptance – accept that the labor market has shifted and that you (as a hiring manager) are no longer in the power seat. Second, focus your energy on refining three key leverage points in the recruitment process: 1) *your marketing message*; 2) *the speed of your interviewing and hiring process*, and 3) *closing the deal*.

Your Marketing Message

Take a long, hard look at how you are advertising your jobs. Are they long on requirements and short on description? Dry as toast, right? You are not alone, but you are missing perhaps the greatest opportunity to sell to the selective job seeker and make your job stand out in the crowd. Instead of using HR's job descriptions as ad templates, create a marketing piece that sells the *job* and its challenges, and present it within the context of your unique company culture. If you need subject matter, just ask your star performers why they choose to work with you versus your competitors and/or other companies. If at all possible, have your marketing department assist you (or at least have them create a template). Remember, studies have shown that employees rank mentorship and opportunity for advancement in the workplace above increased financial gains, so don't sell compensation and benefits – sell the opportunity.

Speed

We've established that "job seekers" have transitioned into "better opportunity seekers" and nothing diminishes an opportunity like time. What could be a greater turnoff than waiting weeks to hear feedback from an interview, or, worse, months for a promised job offer? Any kind of delay is a major turnoff for choosy talent and typically results in a "lose-lose" situation. It is a lose-lose because not only do you lose a top choice talent to other offers while you comparison-shop, you will be back to square one again, and weeks, perhaps months away from filling your open seat. A good rule of thumb is that the higher the caliber of the individual, the shorter their "shelf life." In other words, when you see your star – take action! Don't comparison shop. Move him or her through your process as soon as possible without taking shortcuts (background checks are still important) and keep in communication at all stages. If you don't, you *will* lose him or her to your competition.

Closing the Deal

Finally, and most importantly, hiring managers need to return to the "sell". It may seem distasteful at first, but "opportunity seekers" have greater confidence in their ability to land their ideal job and need to be "sold" on why your company fits the bill. We're not talking dog-and-pony-show, but be prepared to make a subtle shift in your interviewing style to incorporate a mini-marketing pitch for the company, and steer clear of canned questions like: "So tell me why I should hire you?" Finally, make the interview a positive two-way conversation as opposed to an inquisition. All are turnoffs for obvious reasons. Don't sacrifice quality, but again remember that if you are dealing with a highly qualified individual, he or she is likely reviewing multiple opportunities. Be thorough, but be prepared to sell and to act fast when you see a strong match.

By making these changes to your recruitment process, you will dramatically increase your competitiveness in the new talent market. Those who do not will find fewer and fewer qualified applicants for their openings, more offers declined, and positions remaining open for twice and even three times as long as in the past. As the economic and labor market trends continue to tighten the screws on employers, high caliber talent will become increasingly elusive, and only the most aggressive hiring managers and refined recruitment processes will succeed in lassoing them.

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