

## Are you Prepared for a Candidate's Market?

*In a few years, you'll be wondering why you didn't take advantage of the opportunities you had today*

by Dave Lefkow

The national unemployment rate, now at 4.7%, continues to decline. Recruiting costs are rising, and it's taking longer to find and hire people again. Hiring managers are starting to get frustrated.

Believe it or not, employers still have the upper hand — but not for long. In 2011, the first big wave of Baby Boomers begin retiring. This has the potential to leave a talent void that stretches all the way up to the executive suite. But don't hit the panic button just yet. In a few years, you'll be wondering why you didn't take advantage of the opportunities you had today to capitalize on what was an employer's market in comparison.

Recruiting is often the hardest hit by an economic recovery. Stripped to the bone during a recession, fewer recruiters are left to do more work when a rebound happens. Because of the increased competition for recruiting talent (economists would be wise to watch the ERE job board (for signs of economic life), companies start hiring rookie recruiters to fill in where experienced recruiters left off. Team productivity often suffers, but in the long term, new blood ends up being a great thing as it becomes less difficult to implement the new approaches necessary to deal with new realities.

The ripple effect is just starting to hit other professions and the general media. The Seattle Post-Intelligencer recently posted a story about starting salaries for lawyers from top schools creeping above \$135,000, with multiple-offer scenarios becoming common again. Another sign of a heated talent market in an early stage is the level of competition for MBAs. When economies are having trouble, there are MBAs with three to five years of experience in the available labor pool.

During a swing like we're in now, it's less likely that you'll be able to find an affordable MBA who isn't "fresh off the boat." According to a recent survey from the MBA Career Services Council, the national job market for MBAs is growing quickly, with higher starting salaries, more jobs, and more employers competing for the same talent. Consulting, financial services, consumer products, and healthcare industries lead a rise in hiring across almost all industries.

### Signs of Trouble

There are many signs that companies have not seen the writing on the wall and aren't taking the steps necessary to prepare for an overheated talent market.

In a candidate's market, your organization may have a very rough ride if you:

- ◆ Have not optimized the candidate experience. Companies still expect candidates to fill out broken and painful online application forms that take up to 30 minutes to complete (if they're successful filling it out at all). Recruiters in these organizations know that they lost more than 40% of their online applications once they implemented their new applicant tracking systems, but they didn't cry about it when they had hundreds of people coming to them. If it ever really hits the fan again and you see multiple counteroffers flying around, you'll wish that you had taken the time to think of your candidate experience like a customer experience.
- ◆ Don't offer flexible or virtual-work arrangements. This will be a necessity if the economy heats up any more than it has already. The free-agent nation that was predicted has really evolved into one where virtual work-teams dominate, driven by the increased interconnectivity of our workforces and our ability to get things done from anywhere. Given the choice between a great person 1,000 miles away and a mediocre one five miles away, I know which one I'd choose.
- ◆ Have implemented overly-restrictive policies in reaction to the OFCCP or EEOC guidelines. When

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legal departments set your recruiting policy, you're in big trouble. The government Internet-hiring guidelines set this year have opened up a Pandora's box of legal meddling in recruiting issues, forcing many organizations to be overly cautious in how they find top talent and giving them a competitive disadvantage. I've been shocked to hear even some of the smartest recruiters I know tell me, "I'm not allowed to do anything except push this button and wait for responses." With any legal ruling, it's not the ruling itself that necessarily presents a challenge — it's how your own legal department interprets them that can be the rub. When the economy really picks up steam and the labor pool declines, these "scared sheep" will be forced to stand up for themselves, defy their legal teams, or develop workarounds. But by then, it may be too late.

- ◆ Still have a reactive recruiting process. Related to the above point about "button pushers," many recruiters have become very comfortable with this model. One staffing director confided to me recently that "most of the recruiters I've had to hire in the last five years are glorified administrators and job-board managers, not real recruiters." In a hot talent market, these recruiters don't survive for very long, and a sales/talent hunter mentality — ideally embedded within a central sourcing model for larger organizations — is an essential survival skill.

We've just started to get the early returns on a much more competitive market for talent. For now, only the early adopters who are in touch with market trends have taken the actions necessary to prepare themselves.

I had the distinct honor the other day of meeting a health care recruiting team that is setting up a proactive central sourcing group that will be building strong talent pipelines for the future (the average age of a nurse is 48 years old). Other groups I've met with are really thinking hard about how to apply the principles of networking and customer relationship management to their recruiting processes. A sales and marketing mentality is starting to work its way into the fabric of the top percentile of recruiting teams.

The job market is already as hot as it was in early 2001, but there's still time to prepare yourself for potentially hotter days to come.