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A Dirty Little Secret: The War for Talent is Over; and Talent Won

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You might think the last thing you need to worry about during this so-called “jobless recovery” is finding and attracting talent. But we think otherwise. There is growing evidence that within a year or two we will once again be facing dramatic talent shortages – especially among knowledge workers and other “creatives.” What to do? We have a couple of simple suggestions.

We’ve been saying this for over a year now and most people still think we’re crazy. But we’ll keep trying until the message gets through.

Beginning next year there is going to be a critical shortage of talent. There will once again be more jobs than people to fill them. Even though we still seem to be in a “jobless recovery,” we believe the pendulum is going to swing quickly back to the same kind of worker shortage we experienced in the late 1990’s.

It’s going to start in the more technical areas like systems administrators and applications developers, and then it will spread like wildfire into almost all “knowledge worker” jobs and even high-technology manufacturing.

The Information Technology Association of America (ITAA) estimates that next year there will be 600,000 unfilled high-technology positions in the United States due to a lack of qualified workers. And that’s not the half of it. *Business 2.0* in a recent article (“The Coming Job Boom,” September 2003, www.business2.0.com) predicts a shortage of **5.3 million** workers by 2010, rising to 14 million a decade after that!

So, what’s going to happen? Well, first firms will outsource what they can to places like India and China (as we all know, that’s already happening). But that’s not going to be enough to fill the gap. The talent pool available in those locations represents less than 5% of the U.S. workforce in these technical jobs. And besides we think there is going to be a political backlash against companies who “take work away from America” (and that’s already happening too).

But, you think, “We don’t have to worry; the talent we need is already on board.” Sorry, think again. Take a good look at the September 29, 2003, *Business Week* (www.businessweek.com). Louis Lavelle’s article, “After the Jobless Recovery, A War for Talent,” suggests that as the economy continues to improve annual turnover among white collar workers is likely to rise to 20% or more. In fact, Lavelle cites a recent study by Accenture suggesting that **half** of all U.S. middle managers are already actively looking for new jobs.

A recent survey by Spherion Corporation of what it calls the “Emerging Workforce” produced strikingly similar results. In Spherion’s study, 52% of respondents expressed a desire to change jobs. And a full 54% of those surveyed also indicated an increased confidence in their ability to earn a living by working on their own (www.spherion.com).

Our own *Future of Work* research, conducted over the past six months, found that almost the only thing keeping many managers and professionals at their current employers is the lack of portable pensions and health insurance. If they could find a way out of that difficulty, most of them would be gone overnight.

The fact is that millions of knowledge workers are highly dissatisfied with life in large organizations; and while many of them want to believe “the grass greener over the fence” in some other mega-company, our experience tells us that many more are actively considering going out on their own – becoming what author Daniel Pink calls “free agents” (www.freeagentnation.com).

Your need for new talent, and the critical importance of making your company more attractive to the talent you think you “have” today may be much greater than you realize.

Given this impending reality, what can a business do if it wants to continue growing, innovating, and bringing new products to market? First of all, it can make its workplaces highly attractive “magnets” for talent.

Compensation plans and stock options won’t be enough. The psychological contract between workers and employers was irreparably damaged during the last economic downturn.

Drawing talent from other industries might work for a while. But that only shifts the problem to someone else. And it doesn’t ensure those talent transplants will stay with you for long (and don’t forget how expensive it is to find, recruit, and assimilate every new employee).

However, there are alternative strategies we believe can work for courageous businesses with foresight. They can use the very technology they create to extend the physical limits of their work environments and reach out to non-metropolitan areas for talent.

Yes, ***move the work to the worker*** – not the other way around. Draw on the community colleges and career colleges (in the United States) to build the talent you need and leave those folks in the suburban and rural communities where they already live.

But this strategy means that companies will need to build better linkages and relationships (i.e., social capital) with those institutions. And sadly, most of them don’t know how to do that.

And they don’t know how to manage distributed workers very effectively either. In our experience, the reason most “telecommuting” and remote work programs don’t work has almost nothing to do with technology or workplace design. It’s all wrapped up in the fact that neither workers nor their managers really understand what it means to collaborate with people they don’t see on a regular basis. It takes new skills, new techniques for building social capital and community, and new knowledge about how to engage “new” workers who bring different values and expectations to the workplace. And, again, most companies don’t do that very well.

So, what’s the other option? Simply put: slow down business growth and expansion. But that will put you in a downward spiral. Slower growth, lower profits, and then shrinking investments: the result is collapsing industries. Business executives who “get it” that talent is the key to their success in a resource-scarce world will have to act quickly. NOW!!

About the Work Design Collaborative and *Future of Work Agenda*

The *Work Design Collaborative* is an applied research and development consortium focused on defining the future of work and helping its members achieve new levels of workforce and workplace productivity. The Collaborative is widely recognized as the leading source of knowledge and expertise related to the future of work. The Collaborative produces and distributes management tools, surveys, benchmark databases, white papers and technical reports, conferences and workshops, newsletters, books and articles, and public presentations on the changing nature of work. Our consortium is composed of senior business, IT, HR, and facilities executives, as well as smaller technology companies and service providers selling into these markets.

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