

# The Worldwide War II for Talent is Coming: Are you Prepared?

By Dr. John Sullivan

Do you remember the war for talent in the late 1990s? Well get ready, because it's about to return with a vengeance.

In the past, I've forecasted the beginning and the end to the last hiring boom and the hiring turnaround that most of you are now currently seeing. My most recent forecast is one that all recruiting and hiring managers need to take note of: during the beginning of next year, you will see the return of the war for talent.

## WWII Is Around the Corner

This reincarnation of the war for talent will differ from the last in that, instead of being a localized fight for talent, this time it will be a truly global battle. As a result, I'm giving it the moniker "Worldwide War II for Talent" or "WWII for Talent" for short.

There are many reasons why WWII will soon begin. Some of them include:

- Job growth. As the economy continues to turnaround, nearly every firm can expect some degree of growth. Many firms are already forecasting 5% job growth during this year, and those that are currently lagging will see their hiring increase early next year. This modest 5% growth will not by itself be enough to trigger a second war for talent. But coupled with the coming "tidal wave" of turnover, job growth will cause the worldwide war for talent to begin in earnest.
- Low employee engagement. Numerous polls and surveys have shown that between 20% and 40% of the current workforce is less than fully engaged in their job. These low engagement scores are an indication of frustrated workers.

It should come as no surprise to most managers that their employees are frustrated because of the way we have treated them during the last three to four years. As the power shifted during the down economy toward employers, managers took advantage of their new leverage and essentially ignored motivation, retention, and work-life balance all together. Workers stayed and produced no matter how bad we treated them (because they had no choice).

Workers were abused in many ways. In addition to the obvious trauma caused by layoffs, there have also been few promotional opportunities, severe cutbacks in training, and low or no raises.

The net result for corporations has been record high workforce productivity – but for workers the net result has been that they feel ignored or unappreciated. Their low engagement scores reflect what the workers are feeling. Unless managers act quickly, these low engagement scores will eventually translate into dramatically high turnover as soon as 1)

current employees see outside job opportunities, and 2) their confidence rises in the economy to the point where they feel comfortable jumping to a new company.

- Job boredom. In addition to being less than pleased with the way they have been treated during the downturn, many employees are just bored with their current situation. Others are facing increased job burnout as a result of years of "overwork" due to layoffs, de-layering, and downsizing. This pent up frustration and overwork will cause an increasing number of employees to look for greener pastures once opportunities begin to open up.
- Opportunity begins to win out over job security. Most employees have stayed in their current job not just because there are few other opportunities, but also because during bad economic times workers frequently prioritize job security over job opportunities. A job security "fear" has gripped most employees for the last three of four years, but that will begin to ease soon.
- The delayed job search factor. Many individuals who would normally look for a new job every two to three years have postponed that search because they knew it would be a difficult search due to the low number of job opportunities available and the high competition for each opening. As increased employment opportunities open up, people who have been "locked" into their jobs for the last three or four years will begin to see a way out. Recent surveys show that between 20% and 40% of the current workforce will begin looking for new jobs immediately after the economy turns around. As these delayed job searches begin, the relatively low turnover "trickle" of today will become a tsunami tomorrow.
- Memories of the first war for talent. The first war for talent taught employees that it was okay to frequently "job jump." Many employees discounted company loyalty and learned the value of the continuous job search during the mid 1990s. Unfortunately for managers, employees liked the freedom of that era and many are eager for it to return. When it does, the forced loyalty that employees have had for the last few years will be replaced with a continuous search for "the best" job opportunities. Upcoming IPOs at noted firms like Google will only further remind employees of the boom times during the last war for talent.
- Easy job search. During the last war for talent it was much more difficult to identify and apply for job openings. Today, however, it becomes easier everyday to find and apply for job openings at any company around the globe due to the growth of Internet job boards and corporate job sites. Because more individuals have access to the Internet, and because they now feel comfortable using it to search for jobs, the number of current employees who will find the time to look for an outside opportunity may be double what it was at the during the last war for talent. Firms that are now seeking out new talent will exacerbate the problem by making the process of looking for a job much easier. In addition, now that firms have the

capability of automatically emailing relevant jobs directly to any individual, top performers can be teased literally every day about new opportunities outside their current firm.

- The coming leadership gap. The upcoming large wave of "baby boom" retirements will hit almost all organizations. Some will lose as many as 50% of their senior managers and professionals to these retirements. These large-scale retirements will further compound the turnover flood in the middle of the organization (which will be caused by increased job opportunities) by also increasing the number of losses at the top. If these senior leadership positions are not filled quickly and wisely, the lack of leadership in the organization may lead to further disillusionment and more retention problems in the middle of the organization.

### This War for Talent Will Be a Global One

The WWII for Talent will differ from the last battle for talent in that this one will be a truly global one. Instead of fighting for talent primarily within your home country, firms will now fight to attract and retain the very best in every region around the globe.

One reason for this expanded geographic scope is that firms are getting larger. As the economy and the stock market continue to improve, industry consolidation will only increase. These increased rates of mergers and acquisitions will have several impacts on recruiting and retention.

First, because mergers make employees nervous, they will increase turnover among top performers because of the uncertainty caused by these transitions. In addition, as firms become larger in size, they almost always expand both sales and operations to other countries. As their operations expand, senior managers will quickly realize that they must learn to attract top talent in those locations.

Quite naturally, they will first invariably target hiring experienced people at other firms to quickly ramp up their operations. This means that established firms will need to institute "blocking" programs, or else they will see a dramatic increase in turnover among experienced managers and professionals.

Even small and medium-sized firms have begun to realize the importance of globalization. As even these businesses begin to expand into other regions, they too will realize the importance of recruiting top talent wherever it might live.

### What Else to Expect During WWII for Talent

Just as military wars have dramatically transformed over time, this next-generation talent war will include new tools and strategies. Some of the things you can expect to see during the upcoming war for talent include:

- Online "bidding" for top talent

- Free agents and free-agent teams that will utilize "talent agents" (very much like Hollywood talent agents) to sell their services
- A dramatic increase in the number of companies that will allow remote work (from anywhere in the world) in jobs that were formally located within a facility
- The increased use (acceptance) of remote assessment and video interviews for hiring global workers
- The increased use of employment contracts to tie down top talent
- A focus on the hiring of "the very best person" in every country around the world, rather than offshoring numerous jobs to a single country
- As the price of top talent increases, the increased use of contractors (versus hiring permanent workers) because they can be let go (thus saving money) immediately after they are no longer needed
- An increased focus by managers and HR on employee retention tools and strategies
- Because of the availability of easier to use recruiting tools, a great deal of the recruiting burden shifted to managers
- An increased emphasis on calculating the costs of turnover and the dollar performance differential as a result of hiring a top performer (versus an average performer)
- An increased focus on forward-looking HR programs like workforce planning, succession, and replacement plans
- A shift of focus in HR away from administration and towards the more strategic concept of "talent management"
- A shortage of experienced recruiters, because so many who were laid off during the downturn will be reluctant to return due to their fear of future layoffs once the inevitable "next" downturn occurs (Note: Fewer will be willing to enter the field of recruiting because of that same feeling of insecurity.)

## Conclusion

Most people in HR seemed to have learned very little from the last boom-and-bust cycle. When I ask senior recruiting and HR managers how they plan to approach this war for talent differently from the last, I generally either get blank looks or "we'll do it the same way" responses.

Unfortunately, it seems that senior HR managers have learned nothing from the chaotic hiring and painful layoffs of the last few years. Most have not forecasted its return, and literally no one has a written plan on how to handle it. I understand how some professionals and HR could argue about "when" the next war for talent will occur but only a fool would believe that the war for talent will never return. "When" not "if" is the only question open to debate.

Wise HR managers should begin preparing now before the inevitable increase in turnover and the corresponding need for large-scale recruiting begins in earnest. In addition, smart managers will review the mistakes of the last boom and bust and come up with new strategies, approaches, and tools so that they can avoid repeating the trauma that occurred during and after the last war for talent.

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