



## Insight Piece

### Looking Forward: A Tight IT Hiring Market Requires a More Personal Approach

20-year consultants becoming Real Estate Brokers; Director-level IT executives out of work for 2 years; Consultants earning \$10 per hour substitute teaching. Bring back memories? These are just a few of the real-world situations we saw in 2001-03.

One thing has always been clear: Economic uncertainty affects IT staffing. The downturn in the early 1990's hit direct placement jobs, but not contract jobs. The last recession hit both direct placement jobs and contract jobs. This time around, however, we see no indication that the uncertainty in the financial markets will affect IT staffing at all.

Typically, IT employment begins to decline three to six months before a recession is declared<sup>1</sup>. However, we see no signs of a decaying market. In fact, evidence of an upward trend is clear and tangible. We have experienced a consistent increase in business since the end of last year, and expect this growth to persist. We are not alone:

- Spending on IT outsourcing by global healthcare providers is predicted to have a combined annual growth rate of 9.3% through 2011<sup>2</sup>.
- 52% of large financial advisory firms plan to increase hiring while 29% plan to continue hiring the same – with IT professionals in *highest* demand<sup>3</sup>.
- US IT Careers in non-commodity jobs are predicted to be safe, with project managers, analysts, IT architects, and strategists in high demand<sup>4</sup>.

This demand for talented IT professionals is being lead by outsourced contract help. As many companies recognize the increased need for technology to create or maintain a compliant, efficient, and profitable organization, they have been looking to contract assistance to get the job done. The flexibility and expertise that an IT consultant can bring to an organization is a major driver towards this growing trend of outsourcing.



Another driver is the retirement of baby boomers. Demographics indicate far fewer people are in the job market with each passing year. Talented individuals are harder to find and difficult to retain. Many IT professionals see these market conditions as a real opportunity and are opting for a career as an outsourced IT consultant. They sign on for a number of months or even years to tackle specific assignments that are of particular interest to them. The dynamic of retiring baby boomers and an increased need for qualified IT professionals has greatly increased demand. This trend will most likely continue unabated for the foreseeable future.

As a growing IT labor shortage looms, employers and IT executives alike report difficulty recruiting and retaining qualified IT staff in the US<sup>5</sup>. While financially healthy firms continue to drive the need for qualified talent, struggling firms - also see advantages in upgrading their IT infrastructure. They often seek to reduce overhead by hiring contractors. We see a flexible labor force as a key component to meet demand in both up and down financial markets.

### Talent Versus Qualified Talent

The laws of supply and demand indicate that a shortage is created when demand surpasses supply. We just reported on the increased demand being placed on the IT market; however, we continue to see a sizable number of unemployed and underemployed IT professionals<sup>6</sup>. It is clear a disconnect exists; but where?

Employers and IT executives deem the shortage to be a problem of *talent* versus *qualified talent* in the field. With the shift of employment standards in recent years, certifications or credentials are no longer sufficient to be seen as “qualified” in the eyes of hiring managers<sup>7</sup>.

Gardner Resources has witnessed an increased demand by employers and IT executives for knowledge-based workers. Those IT professionals with a combination of technical *and* business prowess are the ones who are consistently employed. IT consultants that can grasp, and add to, the business objectives on an assignment are highly prized. In contrast, those who are technically proficient but have difficulty communicating or interacting with the business operations of a company are increasingly finding themselves unemployed or underemployed. This strong connection between the business unit and IT is the new norm.

The importance of business skills particularly manifests itself in the IT professional’s ability to identify and achieve organizational goals as well as bridge the communication gap between IT and the rest of the organization<sup>8</sup>.



## What is an Employer to Do?

With everyone seeking the same person, we are often asked how an employer can find the right consultant in the tight and limited talent pool available today. Our recommendation is to expand your criteria by taking a very personal look at each consultant.

A problem we frequently encounter is related to the extremely specific industry experience requirements of today's unyielding employers. In seeking very specific experience, hiring companies often rely upon a hiring process that primarily relies on scanning resumes for specific buzzwords instead of personally examining the work history, overall business acumen, and successes of each consultant.

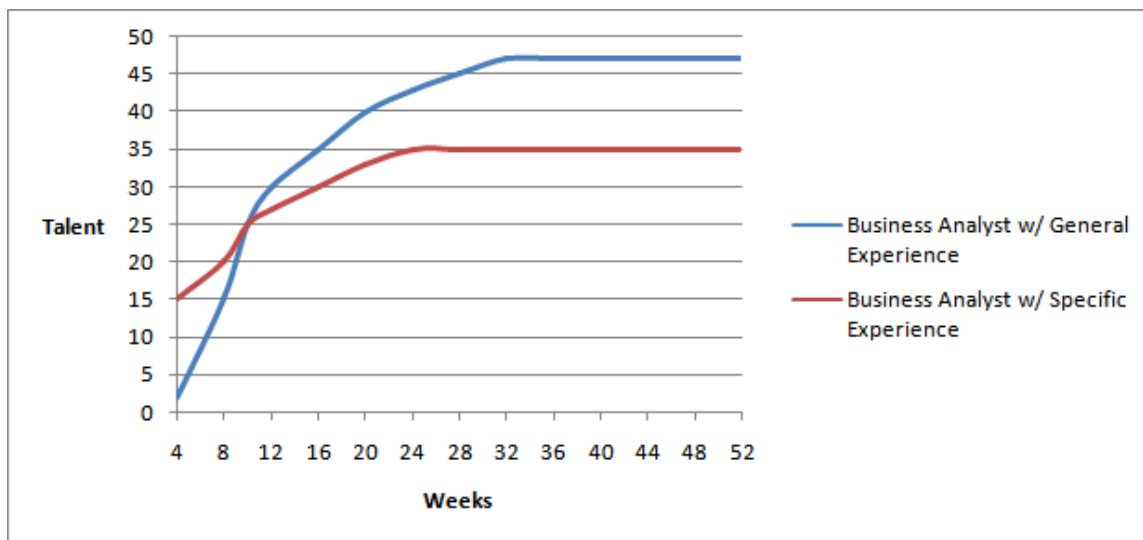
High expectations often bear disappointment, and in this case, too much emphasis on specific experience can do the same. Employers often struggle to fill their IT positions because they tend to focus on the specific industry experience of IT professionals thereby eliminating those truly talented individuals that can bring greater value to an engagement.

Let us present an example:

One of our financial services clients needed a business systems analyst for a long-term consulting assignment. We were told that the right consultant would be an expert with financial instruments known as derivatives. After months of searching unsuccessfully for this hard to find background, we presented a consultant with an Ivy League advanced degree, a 20 year history of successful engagements in a number of industries, including Financial Services but had no knowledge of derivatives. We convinced our client that given a very short ramp up time, this consultant would be on par with those consultants who had 6 months of relevant experience. More importantly, we knew that within 3 months on assignment, this individual would be one of the most valuable members of the team. Sure enough, our BSA was promoted to Project Manager in his third month on assignment and continued to drive the 10 person team to a successful project completion.

Two things are required to create this kind of success story: clients who are flexible in their hiring criteria and consulting firms who really know their consultants.

All too often an employer is inadvertently shortsighted. They tend to focus almost exclusively on ramp up time. Time and again, we have seen a consultant with broader experience, but a solid history of success, take a few weeks to ramp up on the project; but contribute greatly after that initial phase. Conversely, we have just as often seen consultants with specific experience required start well, but soon reach a ceiling in terms of ability. The graph below depicts our experience; the business savvy consultant will catch up and surpass the other in short order. Over the life of an assignment, this can represent significant value to an employer.



This flexibility in hiring criteria routinely raises the level of the consultants hired. More importantly, by carefully examining the entire portfolio of a candidate, one can find that individual that possesses the organizational, business, and cultural abilities to truly succeed in a particular organization.

This approach provides the opportunity to consider a greater number of talented IT professionals from which to choose the best. This saves time by filling the position quicker and ultimately insures a successful engagement over the long haul.



## A History of Success

The bottom line is to place a higher degree of reliance on an IT consultant's history of *successful* projects not simply on the number of keyword matches on a resume. Let this be your guide to hiring the right people for your assignments. To help uncover the *how successful* ask these questions:

- Did they complete the project on time or ahead of time?
- Was the project delivered on budget or under budget?
- Do they have the relevant, but not necessarily exact, experience being sought?
- Did they exhibit business acumen and a complete understanding of the assignment and the desired business objectives?
- Can they learn what they lack?
- Did their references demonstrate a history of success?
- What is their detailed approach to being successful in this position?

The business, organizational, and project goals must be the focal point throughout the hiring process. By not focusing on these goals and disregarding the questions above, employers and IT executives tend to disregard a track record of success and dismiss IT professionals with a record of bringing in project after project on time and under budget to rave reviews from their superiors.

Focus on the *how successful* by taking the time upfront to examine the total individual and whether they can achieve the organizational, business, and cultural parameters set for the engagement. This above all else will determine success.



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<sup>1</sup> Gina Ruiz, "Recruiters See Strong Hiring Ahead Despite Recession Talk," *Workforce Management*, 87:2 (February 4, 2008), p. 9-10, available from EBSCOhost, Business Source Complete, <<http://search.ebscohost.com/>> (accessed February 28, 2008).

<sup>2</sup> Jonathan Edwards and John-David Lovelock, "Care Delivery Organization IT Outsourcing: Market Drivers and Key Players," Gartner Industry Research (January 22, 2008), available from Gartner, Inc., <http://www.gartner.com/> (accessed February 28, 2008).

<sup>3</sup> Sam Evans, "Jobs Market Seen Strong in '08; Credit Markets Not Expected to Hurt Hiring Plans," *Investment News*, December 17, 2007, available from LexisNexis Academic, <<http://www.lexisnexis.com>> (accessed February 28, 2008).

<sup>4</sup> Philip A. Laplante, "IT Predictions for 2008," *IT Professional*, 10:1 (January/February 2008), available from IEEE Digital Library, <<http://www.computer.org/>> (accessed February 28, 2008).

<sup>5</sup> Don Tennant, "Entitled to Nothing," *Computerworld*, 42:6 (February 4, 2008), p.2, available from EBSCOhost, Business Source Complete, <<http://search.ebscohost.com/>> (accessed February 28, 2008).

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*

<sup>8</sup> Julie Zinn, "Upward Mobility in IT: Business Skills for the Technical Professional," *Certification Magazine*, 10:2 (February 2008), p. 34-38, available from EBSCOhost, Business Source Alumni Edition, <<http://search.ebscohost.com/>> (accessed February 28, 2008).