



CMIT
University of Virginia
IT Human Capital Trends and Strategies

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November 2009



Discussion Format

- How did we get here?
- Where are we going?
- Supply and Demand
- Changing demographics...changing needs
- Strategies to address
 - changing IT organizational needs
 - changing IT professional workforce



How did we get here?

The IT organization has moved from being transactional to an enabler of competitive advantage. IT has evolved over and over and over....

- Centralized – Decentralized – Hybrid
- Control over resources – indirect control over resources – mixed model
- Deploying business applications – business partner – strategic partner
- Order Taker – Partner to business – innovator of business applications
- Build and own technology – license and buy technology – lease HW and SW
- People to hire – no one to hire – people to hire – no one to hire!



How did we get here?

The roles in IT have become more strategic and conceptual.

- True Leaders and True Managers
- Business Relationship Management
- Investment Portfolio Management
- Supplier Management
- Vendor Relationship Management
- Emerging Technologist



How did we get here?

The changes in IT roles have resulted in the need for different skills and competencies to support the new requirements.

- ✓ Business Enterprise Knowledge
- ✓ Business Function Knowledge
- ✓ Business Process Knowledge
- ✓ Communication For Results
- ✓ Client Partnership
- ✓ Consulting
- ✓ Influencing Others
- ✓ Negotiation
- ✓ Strategic Business Planning



Where are we going?

Trends and Strategies

- Globalization and network connectivity are driving more enterprises to conduct work across time, space and cultural boundaries.
- The loss of the direct control of resources has placed IT managers in the position of matrix managers. This is a challenging form of managerial complexity.
- Staffing is a transformational strategy because leaders feel that the mechanics of the recruitment process needs to be improved to win their share of talent.
- Workforce planning is a driving pressure to pursue talent management because so many organizations are unable to reach desired candidates.

70% of Best in Class organizations have a formal talent acquisition strategy.*

** Aberdeen Report: State of the Market 2007*



Supply and Demand

All IT organizations will be affected by the changing landscape of the workforce.

- Each region of the world suffers from the same issues; an aging workforce and a decrease in future youth workers.
- Fewer entrants in the IT profession. There is a 50% reduction in college students enrollments for technology majors. Source: CIO Insight
- A 60% rise in college tuitions since 2000, is discouraging many young Americans from getting a college education. Source: Federal Office of Personnel Management
- The percentage of 25-29 year olds with at least a bachelors degree has actually fallen during this decade. Source: Federal Office of Personnel Management
- This generation of Americans is likely to be less educated than the previous one, creating a growing gap in the kinds of people that companies need and the workers who are actually available. Source: Federal Office of Personnel Management



Supply and Demand

The IT domestic workforce:
(Change in total employment: 2006- 2012)

- Computer software engineers, applications: +44.4%
- Computer systems analysts: +29.0%
- Computer software engineers, systems software: +28.2%
- Information technology scientists: +21.5%
- IT Managers: +16.4%
- Programmers: - 4.1%
- Computer Operators: -24.7%

Source: Bureau of Labor Statistics 2008

In the future, the workforce will be older, with fewer people available.



Changing Demographics...Changing Needs

- A baby boomer turns 50 every 7.5 seconds Source: Gartner
- By 2015, nearly one in five workers will be 55 and older Source: careerXact, Inc.
- The labor force will continue to age, with the number of workers in the 55 and older age group is projected to grow by 49.1%, which is a five times the 10% growth rate of the overall labor force. Source: AARP
- 60% of federal employees are over 45, compared with 31% of the total US workforce Source: Federal Office of Personnel Management
- The number of younger workers (25-44) will decrease, and a critical shortage of qualified workers is expected. Source: AARP

For the first time, there are three generations in the workplace.



Changing Demographics...Changing Needs

The global workforce

- India and China's potential workforce is ten times the size of the US and their wages are 85% lower than the US*
- The Chinese economy will be equal in size to the US in 2017*
- Eastern Europe and Latin America are emerging regions for outsourcing*

**Source: World Bank 2005*

The gender workforce

- College enrollment rates are 71.5% for young women and 65.9 % for young men*. **Source: Bureau of Labor Statistics*
- In 2008, unemployment rates for males was 6.1% vs. 5.4% for women. 2009 layoffs indicate this gap has widened. **Source: Bureau of Labor Statistics*



Changing Demographics...Changing Needs

Baby Boomers (1943-1960)

- Suffered declining economic prosperity.
- Lag in average net worth.
- Retirement acquires negative connotations of mindless consumption.
- Plan to replenish and reflect, if not simply keep working.
- Seek self perfection and deeper meaning to life.

Organizations that build processes and approaches to align with the changing needs and requirements of the future worker will win the war for talent.



Changing Demographics...Changing Needs

Generation X (1961-1981)

- Grew up with failing schools and marriages.
- Latch key children and ad hoc day care attendees.
- Distrust institutions and will switch employers on a moments notice.
- Less ideological passion than their elders.
- Prefer free agency over corporate loyalty, wanting to be their own boss and score their own deals. They are the greatest entrepreneurial generation.
- Like to work one on one.
- Largest group of immigrants.
- Most effective generation in business in pushing efficiency and innovation.

Winning the war for talent starts with engaging better candidates ahead of your competitors.



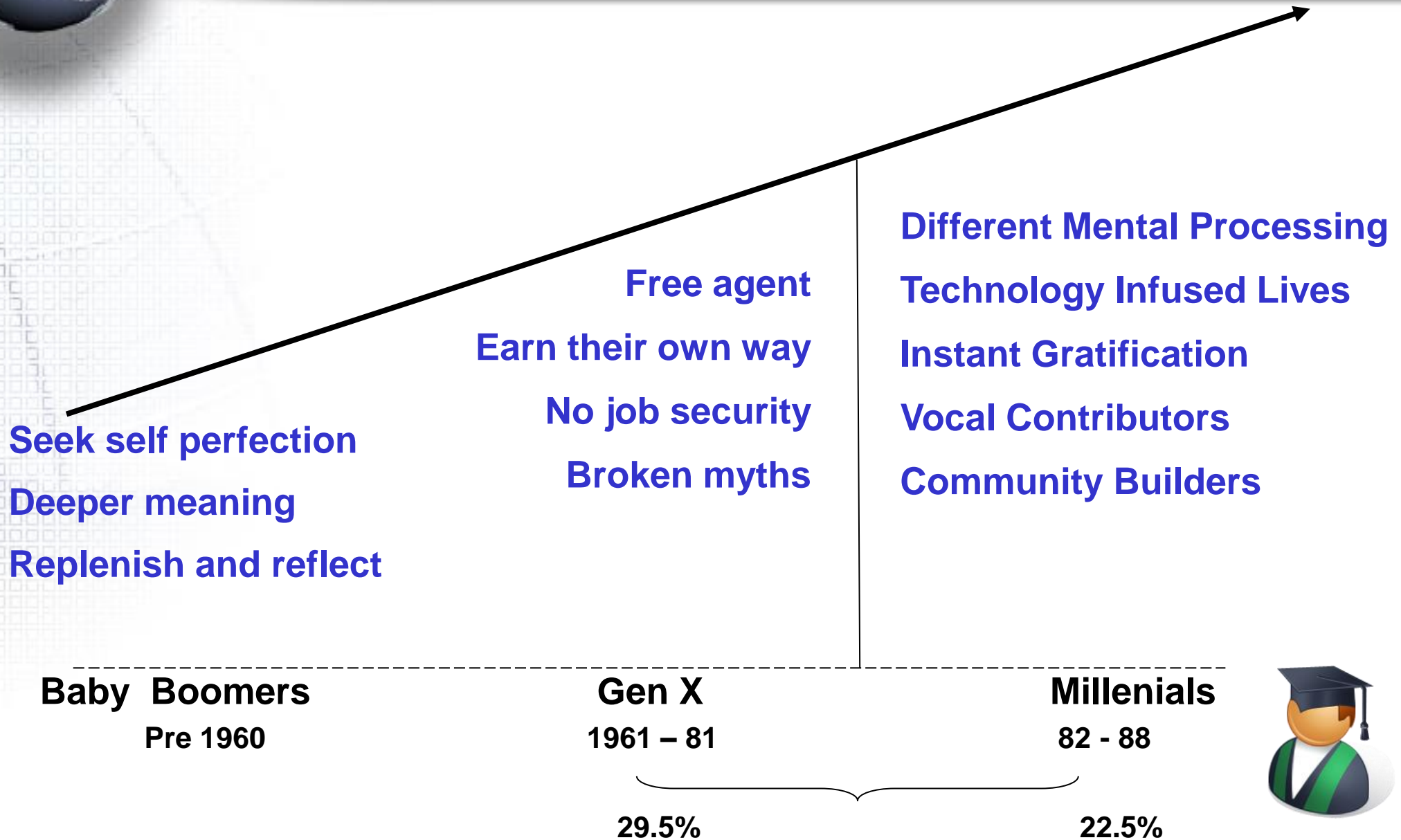
Changing Demographics...Changing Needs

Millennial Generation (1982 – 2004)

- “The Baby on Board” generation.
- Child abuse and child safety were hot topics, “No child left behind”.
- Gravitate toward government agencies and secure work environments.
- Seek teamwork, low risk, and solid work-life balance.
- Upbeat, team oriented, and risk averse and confident.
- Close to their parents.
- Plan ahead.
- Struggle with hefty education loans and high housing costs.
- Use digital empowerment to build strong close peer bonds.
- The future state of the workforce will see the most profound change in generations.



Another look at the workforce...





Strategies to Address...

Changing IT organization needs

- I. Access to candidates
- II. Workforce Planning

Changing professional workforce

- I. Recruit, Retain, Resize
- II. University Relationships



Strategies to Address...

Changing IT **organizational needs**

I. Access to candidates (both active and passive)

- Reinvent the process of gaining access to candidates.
- Develop intelligence on candidates you may wish to hire.
- Build a relationship with passive and active candidates.
- Define, deploy, and support a process that supports capturing candidate intelligence data.
- Design, build and launch a knowledge management database that captures and contextualizes data, exposing it to hiring managers.
- Create a data repository of desirable active and passive candidates, with an emphasis on long term workforce planning and talent acquisition.

*Aberdeen Report: State of the Market 2007

Those who have access to candidates will win the war for talent.



Strategies to Address...

Changing IT **organizational needs**

- I. Access to candidates (both active and passive)
 - Become an aggregator of internal information and external public data.
 - Efficiently capture sensitive data through multiple enablers such as; internal employees, joiners, public domain, relationship managers, associations, social networking sites etc.
 - Build an internal organization that will support the candidate intelligence process, gather intelligence and input the candidate data. They can also ensure data accuracy, as data will continuously change.
 - Talent planning and acquisition can directly drive business outcomes.

Understanding the structure, types of roles and talent in other organizations will likely shed insight into trends in hiring and business strategy.



Strategies to Address... Changing IT **organizational needs**

II. Workforce Planning

- Develop workforce sourcing strategies to meet organization needs in the midst of certainty and uncertainty.
- Top factor driving organizations is focusing resources on talent acquisition.
- Many organizations are rolling out strategic workforce management tools/applications.
 - The focus has been on technology solutions that can source and gain knowledge on passive candidates, especially those of direct competitors in like positions.
- Link talent management and recruitment solutions with workforce planning.
- Support and sustain a knowledge creation and workforce driven culture.
- Employee time spent on contributing to a knowledge database of passive candidates must be valued and rewarded.

*Aberdeen Report: State of the Market 2007



Strategies to Address...

Changing IT **organizational needs**

Workforce Planning Benefits

- Faster candidate identification from both internal and external pools
- Greater accuracy in workforce decision making
- Increased understanding of who you need, in what position and when
- Higher success ratios in ability to win the candidates you seek to hire
- Decreased overall cost of hiring, significantly lowering external search fees

In an economy where the only certainty is uncertainty, the one sure source of lasting competitive advantage is knowledge



Strategies to Address...

Changing IT professional workforce

I. Recruit, Retain, Resize

Recruit

- “Branding”
- Demographic Based Value Propositions

Retain

- Breadth of Role
- Opportunities for Growth
- Innovation
- Re-skilling

Resize

- Sourcing Strategy
- Performance Management
- Commitment

“About 70% of turnover in IT comes from workers with less than 3 years tenure.” Source: Gartner



Strategies to Address...

Changing IT professional workforce

II. University Relationships

- Fewer applicants changes the game
- Build strategic University relationships
- Curriculum influenced and funded by companies
- Company contributions a bigger part of the strategy
- Reputation comes from brand, ratings, speakers, alumni gifts.
- Industry leaders becoming part of the faculty
- Build and market a value proposition that aligns with student needs
- Develop and deploy a college recruitment program that benefits both universities and students
- Outsource customized “executive education” programs to Universities



Conclusions

- ✓ The roles in IT have become more strategic and conceptual.
- ✓ The changes in IT roles have resulted in the need for different skills and competencies to support the new requirements.
- ✓ The supply of IT workers will not meet demand.
- ✓ Three generations in the workplace requires new approaches to management.
- ✓ Those who have access to candidates will win the war for talent.
- ✓ A strategic workforce plan should be developed that considers the future workforce.
- ✓ Leverage market intelligence of passive and active candidates
- ✓ Align yourself with strategic Universities that can yield you talent
- ✓ Continuously invest in people initiatives that build employee loyalty and retain your superior performers.
- ✓ The key for sustained success for Companies is building strategic relationships with Universities and the reverse is true.



Thank You!

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Panel/Roundtable Questions

- How do you see your workforce changing?
- What do you look for in an IT worker that is different than what you used to hire for?
- What skills or competencies are making a difference for your organization?
- Have you changed your college recruitment practices? If so, how?
- In what ways are you finding success or failure in your recruiting efforts?



Panel/Roundtable Questions

- Do you have a workforce plan?
- What role can analytics play in recruiting?
- What role can social networking play in recruiting?
- How will companies address the lack of employee loyalty when trying to retain the best and brightest?