

# 2016 IT Workplace Trends

Key aspects of IT talent recruitment & and retention

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# Biggest threats to meeting revenue or business performance targets in 2016

## Top external factors

67%

increased competitive pressures

44%

uncertainty around or the tepid performance of the U.S. economy

42%

inadequate supply of qualified labor/talent



# Biggest threats to meeting revenue or business performance targets in 2016

## Top internal factors

55%

finding the skilled talent needed


55%

reducing operating expenses

50%

retention of qualified talent





**79%** of leaders surveyed report it is more difficult to find and hire quality IT talent now than it was one year ago.




“When positions become available at my organization, we struggle to find people whose skills match the job requirements.”

89%





A man in a dark grey suit and white shirt is sitting at a desk, looking down with his hand to his face in a gesture of stress or frustration. He is wearing a watch on his left wrist. In the background, there is a desk lamp and some office equipment. A blue semi-transparent rectangle is overlaid on the left side of the image.

*The  
struggle is  
real.*



# Today's focus

## **Recruitment Effectiveness**

How can you ensure you are attracting the best possible IT talent?

## **Turnover & Retention**

How can you ensure you are engaging and keeping your top talent?

## **Workforce Outlook:**

How can taking a holistic approach to talent ensure you are prepared for your company's future?



# Hard Facts



# Supply and demand

## Cloud Architect

Miami, FL (within a 30 mile radius) for November 2015 to October 2016

Supply ?

**296**

Active Candidates

[View Details](#)

Demand ?

**2,061**

Job Postings

## IT Security Engineer

Miami, FL (within a 30 mile radius) for November 2015 to October 2016

Supply ?

**989**

Active Candidates

[View Details](#)

Demand ?

**3,721**

Job Postings

## Devops Developer

Miami, FL (within a 50 mile radius) for November 2015 to October 2016

Supply ?

**47**

Active Candidates

[View Details](#)

Demand ?

**185**

Job Postings





**2,055 IT  
job postings**

McDermott  
Will & Emery





*recruitment  
effectiveness*



*Which recruiting methods do you think are **most effective**?*

**52%** staffing/recruiting company

**37%** LinkedIn

**37%** traditional job boards

*Measures companies have taken to improve IT recruitment:*

using a wider range  
of recruitment  
channels (i.e., social  
media, etc.)



45%

offering  
higher salaries



37%

developing  
relationships at  
local colleges and  
universities



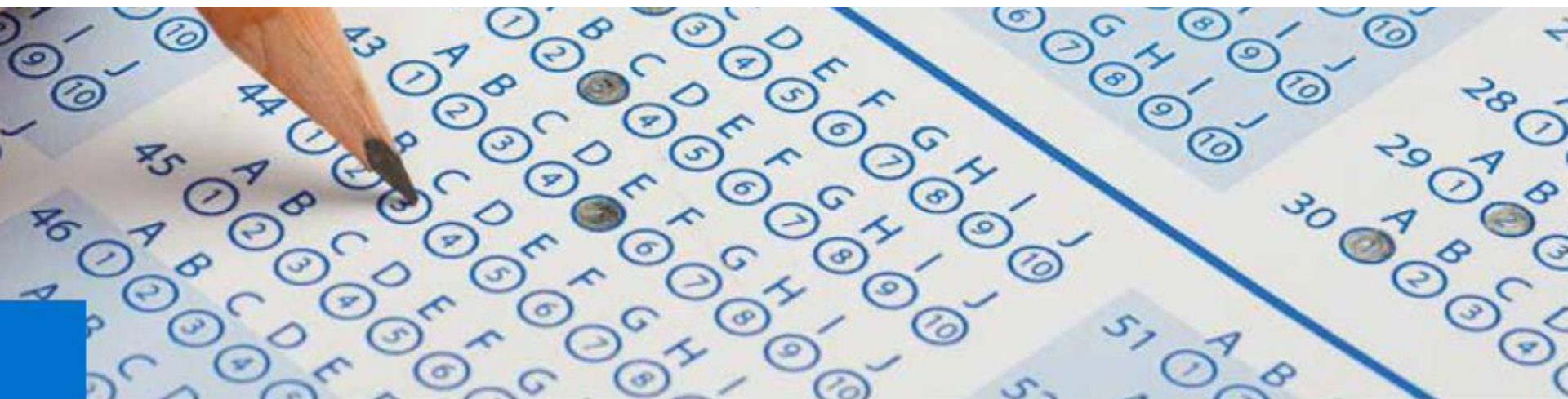
29%

offering better  
benefits



23%





## Hiring accuracy

**Areas of concern:**

**Finding the right cultural fit**

**Perceived lack of skills required for evolving roles.**



*Areas IT job candidates tend to be most lacking:*

**46%** relevant on-the-job experience

**41%** technology skills

**31%** soft skills/communication

**26%** right culture fit for the company/department

“ We struggle to find people who are a good cultural fit. ”



**83%**



**83%** of IT leaders that use skills assessments say the tools are critical to the hiring process.

*“Hiring the right fit candidate the 1<sup>st</sup> time not only prevents turnover, it typically ensures the new hire will contribute and add value immediately.”*





## Tips for a better hiring process



# Ensure your hiring process is **AGGRESSIVE**

**The top 10%**  
of candidates  
*are often gone from  
the marketplace*  
**within 10 days**





# Be creative and proactive

- Identify interview times in advance
- Speed hiring
- Google hangouts
- Flexible interview hours (great talent often employed)








## Tips for a better hiring process


- Set expectations and be transparent about your timeline.
- Reflect on your ideal candidate profile.
- Have a clear vision for the job description and criteria.
- Ask candidates what they know about your company and why they want to work there.





*turnover &  
retention*



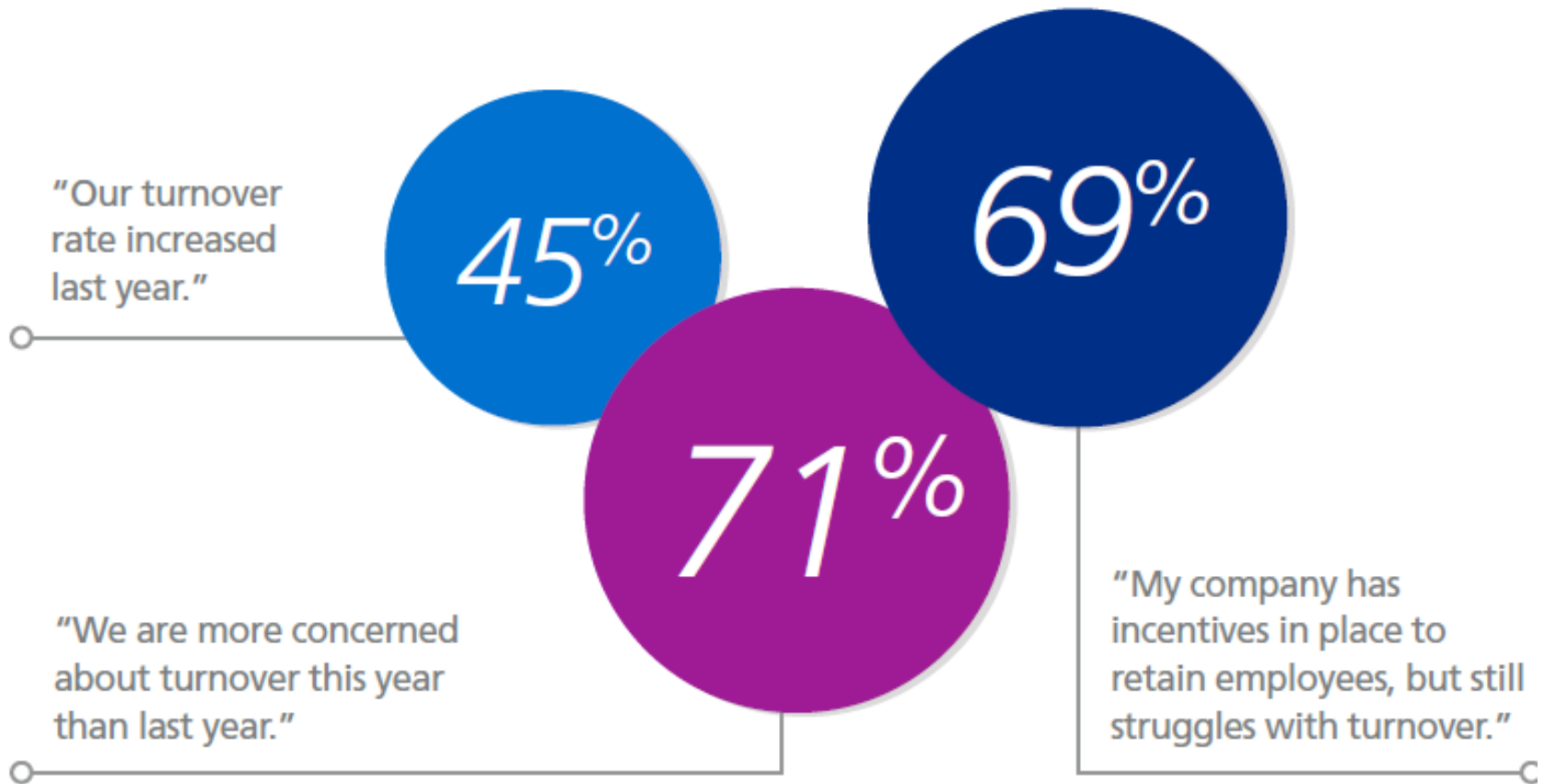


# 39%

*of technology professionals  
say it is likely they will look  
for a new job in the next 12  
months.<sup>4</sup>*



*IT decision-makers surveyed that somewhat or strongly agreed:*







## Get ready for the wage wars

*Top reasons for companies' increasing turnover rates:*

**#1** talent being recruited by competitors

**#2** poor company culture

*Top reasons for IT employees' decisions to leave:*

**#1** received a better offer elsewhere (better pay, benefits)

**#2** pursue a different career path





## Money talks, but are we listening?



57%

salaries are the  
same as they were  
12 months ago

37%

salaries are higher  
than they were  
12 months ago

6%

salaries are lower  
than they were  
12 months ago



*Of the companies that reported salaries are higher than they were one year ago:*



rewarded employees for exceeding revenue goals



provide regular salary increases to keep up with cost of living increases



feel their previous compensation levels were not in line with market trends





## The bottom line: sample business case

### *Company A*

#### Profile

- Number of employees: 1,000
- Average salary: \$95,000
- Current turnover rate: 15%
- Number of open positions: 79

#### Cost of annual turnover: **\$2.4 million**

- $150 \times \$16,000$  (average cost to replace employee)

#### Cost of vacancies: **\$2.9 million**

- Average number of open positions  $\times$  the average cost of one unfilled position for 2.5 months\*



Company A raises salaries of existing and open positions by 10 percent. Total investment: \$1.4 million

### *Company A: after salary increases*

#### Profile

- Number of employees: 1,039
- Average salary: \$104,500
- Current turnover rate: 10% (reduced turnover rate by 5%)
- Number of open positions: 39 (filled half of vacant positions)

#### Cost of annual turnover: **\$1.6 million**

- $104 \times \$16,000$  (average cost to replace employee)

#### Cost of vacancies: **\$1.5 million**

- Average number of open positions  $\times$  the average cost of one unfilled position for 2.5 months\*

### *Company A*

**\$800,000 in cost savings**

plus increased employee satisfaction, engagement and retention

\*based on average cost of unfilled position per day: \$500<sup>6</sup>





## *Company B*

### Profile

- Number of employees: 1,000
- Average salary: \$95,000
- Current turnover rate: 15%
- Number of open positions: 79

### Cost of annual turnover: **\$2.4 million**

- $150 \times \$16,000$  (average cost to replace employee)

### Cost of vacancies: **\$2.9 million**

- Average number of open positions  $\times$  the average cost of one unfilled position for 2.5 months\*

Company B keeps salaries at the same level and has no increase in salary costs.



## *Company B: no salary increases*

### Profile

- Number of employees: 962  
(38 employees took higher paying jobs with Company A)
- Average salary: \$95,000
- Current turnover rate: 17%  
(turnover rate increased 2%)
- Number of open positions: 114

### Cost of annual turnover: **\$2.6 million**

- $163 \times \$16,000$  (average cost to replace employee)

### Cost of vacancies: **\$4.4 million**

- Average number of open positions  $\times$  the average cost of one unfilled position for 2.5 months\*

## *Company B*

**\$1.7 million increase in costs**





## Keeping employees engaged



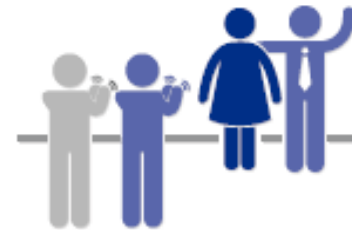
Provide clear development paths to help workers grow their careers. If you don't proactively show an employee how he or she can succeed within your company, another organization will.



Consider that employees cite a promotion as the thing most likely to boost their happiness at work, followed by workplace flexibility.



Show workers they matter, and that you value their feedback and ideas.



Hiring the right people from the start is one of the most effective ways to reduce turnover, but ensuring they remain engaged and satisfied on the job is equally critical.





# *workforce outlook*





## Tap into next generation talent

**65%** *of IT decision-makers say their organizations make an effort to tailor retention programs to the specific needs and preferences of different generations of workers.*



## What do Millennials want?



Millennials expect to work for four to five companies in their lifetime.



More money and more opportunity for advancement are their top incentives to work harder and stay longer.



68% of Millennials say corporate social responsibility is important to them.



Honesty is the most important quality in a good leader, followed by exhibiting a solid vision.\*

*\*data from global survey*





## A holistic approach to talent

It is estimated that more than **40 percent** of the U.S. workforce will be **contingent** by the year 2020.



# the gig economy

1/3



of the workforce is engaged in some form of contingent work: on-demand, freelance, or contingent work

54%

of the talent in businesses today is made up of traditional workers, but by 2017 that percentage will be down to

41%

In research released in 2015, the US Government Accountability Office found that **40.4 %** of US workers had a **contingent work arrangement** - meaning they were small-business owners, freelancers, contractors, temps, on-call workers, contract company workers, and traditional part-timers



Millennials now make up **44%** of the on-demand workforce, and are increasingly comfortable with much more distributed work environments, and with mobile and other technology that enables a much more fluid work/life balance

70%

of organizations are expected to hire more contingent workers in the next 12 months  
Ardent Partners research found