

# Whitepaper

## “Winning the IT Talent War”

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## Introduction

The pace of change is relentless. Customers whether they be consumers, businesses or citizens are expecting more for less with the passing of time. Only companies that can continuously address this conundrum will survive. Smart organisations realise that IT is core to achieving more with less.

IT is an increasingly important tool for:

- o Cost management
- o Risk management
- o Innovation
- o Governance.

However a company's IT investment is only as good as the people that develop and maintain it. Thus the extent to which an organisation levers business value from it's IT investment boils down to the ability to find and retain talented new technology professionals.

This paper looks at the trends and associated issues related to IT talent management. It also provides ten actions that can be taken to help you be successful in what is increasingly a war to secure the best IT talent.





## Trends in IT talent

### *Globalization*

Market downturns coupled with globalisation has caused organisations to look for IT talent beyond their national boundaries. Thus many organisations have set up off shore IT locations or are using the services of an off shore vendor. Thus the talent pool is now global in size, as is the market for those competing for the talent.

This increases the challenge of recruiting and retaining talent. It also means that those responsible for managing technologists need to be skilled in managing distributed and multi-cultural teams.

### *UK Talent shortage*

A number of factors have led to a reduction in the talent available to employers:

- o **Fewer people took IT degrees** – The dotcom crash caused young people to realize that an IT degree was not an automatic ticket to becoming a multi-billionaire. The negativity associated with the IT industry after the crash made IT an unattractive career option. The situation is improving but it has to some extent given rise to a missing generation of IT graduates in the UK.
- o **IT people retiring** – The IT industry has reached a level of maturity where we are now seeing high volumes of experienced personnel retiring. As they leave so does the wisdom that they have acquired over their working life.
- o **Lack of development** – Many organisations within the UK chose to cut the learning and development budgets associated with their IT staff during the post dotcom wilderness years. Consequently many technologists have not matured at the rate one would have expected. The technology firms were perhaps the guiltiest of all. They had to bring their costs into line with their depleted incomes and took the view that their staff, clinging to employment, were unlikely to leave even though the organisation had chosen to abandon their development.
- o **Increase in demand** – Increasingly IT is playing a major role in the success of organisations. Thus there is a greater demand for IT staff. This has exacerbated the shortage.

### *Sector specialisation*

Organisations are increasingly looking for business knowledge as well as technology skills. The trend is towards sector specialisation. As technologists are expected to engage with users, they need to be able to speak the users' language and understand their associated business challenges.





## The challenge of IT talent management

The trends in IT talent management have led to issues that are making the acquisition and retention of talent more challenging. These include:

### ***The talent war***

The paucity of IT talent has led to a war where employers have to compete to secure the best talent. This has the effect of putting technology staff in the driving-seat in respect of employment offers. This in turn has given rise to an upward spiral with regard to of remuneration.

Invariably the best payers attract the best talent, or at least the best financially motivated talent.

### ***Poor understanding of IT***

Many of those involved in the acquisition and development of IT staff have a poor understanding of IT and what motivates IT staff. A poor understanding of IT terminology, issues and trends results in, for example, IT recruiters being unable to form a relationship with potential employees, or even to have a basic dialogue.

Learning and development functions that do not understand IT terminology revert to buzzword matching when sourcing training courses. This is generally a value-free exercise. This does not impress technologists.

### ***Many technologists suffer from low self-esteem***

There are many in the user community who do not hold the IT industry in high esteem. The IT industry through high profile project failures, bug-ridden software and user-indifferent IT departments has played an active role in this perception. Consequently many technologists have lost interest in being service-oriented; reverting to doing what they have to with a view to getting through the day without incurring abuse from users. This may sound extreme but it is actually quite common. This has a de-motivating effect on technologists and as a result the organisation fails to get a reasonable return on their talent investment.

### ***Technologists perceived as stationery***

A lack of knowledge in respect of what IT people actually do causes procurement of IT talent to treat technologists as commodities. So if the organisation needs, for example, Java programmers. The procurement team seeks out the best deal on Java programmers in much the same way as negotiating stationery. A lack of interest in the candidate's motivations and cultural suitability leads to poor and thus costly recruitment errors.





## 10 approaches to better IT talent management

This section details actions your organisation can take to improve your IT talent management process.

### ***Understand IT Staff***

Technologists are often quite different from users in both outlook and motivation. Of course there are users that seem very like technologists and vice versa. But taking the norm for each group there are clear differences.

High salaries and excellent remuneration packages coupled with minimal working hours may appeal to many users, but a significant number of technologists are driven by the technology challenges that organisations will offer them. Some will even be motivated by altruism, and so are pro 'open source' technologies, as these make IT more accessible to poorer nations. Working in technology is much more a lifestyle decision than a mechanism for paying bills.

Be clear on what employees and prospective employees value. It may not match with current practices.

### ***Pay close attention to cultural compatibility***

We mentioned earlier that some organisations take a bulk procurement approach to acquiring IT talent. We need two Oracle DBAs and three Java programmers. These specifications are then given to the recruitment function, whether internal or external. The exercise then becomes one of buzzword bingo; do the buzzwords on the specification match those on the resume?

Many IT recruitment agencies, particularly those that do not understand IT, are most comfortable playing this game. Their market stall approach is sales-driven. There is no time to get to know either the candidates or the employers.

The absence of cultural screening will lead to problems. Aggressive technologists introduced into a collegiate IT department (or vice versa) will create problems that may well impact business performance. We need to ensure the talent supplier takes the time to get to know the candidates and similarly gets to know your organisation. Resumes do not contain this critical cultural information. Focusing on how cheaply staff can be acquired is a false economy. Culture matching is one of the key ways in which people-based recruitment agencies can add value over and above their online competitors. Agencies that fail to do this are adding very little value to the recruitment process.

### ***Provide a clear career framework***

Like everyone else, technologists need to have a sense that they are evolving in terms of their skills and experience. However many IT functions and technology providers pay little attention to the career development of their IT staff. They may have the notion of junior and senior analyst, or team leader and project manager but rarely do I encounter clearly defined career paths that offer staff the options of a technology-centric or people-management focused career.





Are opportunities made available for staff to one day become the Chief Information Officer (if for example people management appeals) or Chief Technology Officer (if technology leadership appeals)?

Those organisations that can present prospective and existing staff with a clearly defined career framework are most likely to attract and retain their talent.

### ***Demonstrate strategic importance of IT***

Some organisations treat the IT function in the same way as they treat the catering department; important to the day-to-day running of the business but not strategically interesting. Clearly IT is strategically important to most organisations today, but if the senior management team and the users behave as if that is not the case then the technologists will draw their own conclusions and move to where their expertise can make more impact on the success of the business.

An indicator of how important IT is to the organisation can be gleaned by how close one's CIO is to the CEO. The appropriate scenario being that the CIO sits on the board.

### ***Ensure suppliers are value-adding***

This was explored to some extent above in respect of cultural capacity. The critical suppliers in respect of IT talent management are IT recruitment agencies and learning/development organisations. The key questions are whether they actually understand:

- o IT terminology
- o The business rationale for why their clients need their services
- o What the emerging trends are in the market and so are able to provide a consultative service to their clients.

Recruitment and training are seen as easy money opportunities for some suppliers. Consequently there are many providers who are damaging the reputation of their more professional rivals.

If your suppliers are simply order takers who go silent when IT specifics are discussed, then it is highly likely that they are not value adding.

### ***Improve business-IT relations***

This is a tall order for many organisations. Over the years tensions between users and technologists have led to high degrees of distrust. Technologists thus find themselves working in a combat zone. This is unnecessarily stressful and ultimately de-motivating. A stressed IT function cannot operate at peak performance. There have been, in the past, stories of systems analysts be physically assaulted by users in the high pressure environments. This is a parlous state of affairs both for the technologists and the organisation's sustainability.

Breaking down the business-IT barrier is critical to attracting and retaining IT talent.

### ***Offer staff employability***

The era of 'one career one employer' has come to an end. Staff join organisations for many reasons, but an increasingly important one is to give their career a boost. Like it or not they are using your organisation as a springboard to their next opportunity.





The deal today is that you pay technologists to enhance their resumes. However this of course needs to be structured in a manner that ensures that the employer extracts value from the technologist during this period.

If your organisation uses technologies that are not widely used in the marketplace it is unlikely that the top talent will want to invest their time with you. Similarly if your organisation is underpinned by legacy technologies, you will be given a wide berth. If either of these apply to your organisation then I recommend you dig deep to establish what your organisation can offer that will be attractive to technologists. Dangling money should be the remedy of last resort.

### ***Value your IT talent***

This paper has already touched on the importance of valuing your IT talent. Remuneration is an indicator, but is less motivating to many technologists than say having more flexible employment conditions.

Your most senior management should be encouraged to acknowledge your best talent. Having the CEO come into the IT function and spend time getting to know and engaging with your top talent will pay dividends.

### ***Broaden the gene pool***

Many IT functions take an identikit approach to IT recruitment. The person in charge tends to determine the profile and thus the culture. This is good because it encourages commonality. However the danger is that it creates a group think mentality with its attendant problems.

Diversity is to be encouraged in respect of age, race, beliefs and gender. The greater the biodiversity so to speak the more creative the IT function will be. This will perhaps feel painful at first but we only have to look at the state of the IT industry today to realise that we will benefit by changing the mix.

### ***Source team players***

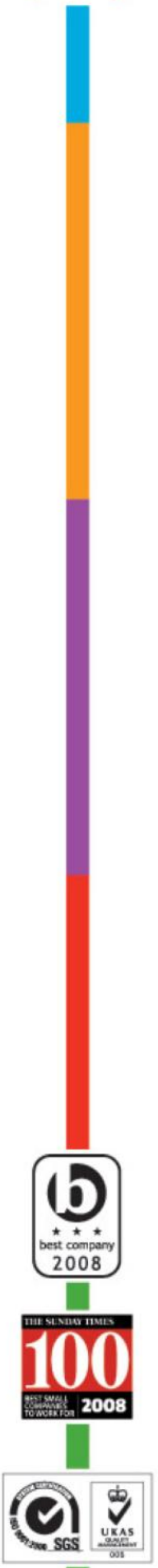
There are many aspects of technology that would on the face of it appear to be antisocial. Watching programmers at work is not unlike watching Tibetan monks. Both appear to be in a Zen-like state oblivious to what is happening around them. This is a natural element of some aspects of IT.

But it is important that your technologists are not asocial. IT is a team game. Good communication, a common esprit de corps and an inclination to support others in times of need are very important.

Asocial technologists, particularly when they get promoted into positions of responsibility, quickly create dysfunctional teams and quickly spiral morale into the ground.

### **Summary**

The dearth within specialist areas of IT talent is set to increase. This is an issue given how important IT is to one's organisation. Therefore securing and retaining IT talent needs to be given more thought and management time. This paper provides a number of approaches you can take to increase the return on the time and money you invest in IT talent management.





## About the Author

Ade McCormack is an author, FT columnist and advisor on IT matters, in particular talent management, IT leadership, the IT market and IT value maximization. He is author of the acclaimed IT Demystified and more recently the acclaimed IT Value Stack.

He is an advisor to the UK Government in respect of IT talent and its impact on UK plc. He is also an advisor to the Chartered Management Institute in respect of their future of work initiative.

He has a long association with Jenrick CPI in respect of both staff development and advisory support.

## About Jenrick CPI

Jenrick CPI has been at the heart of IT recruitment since 1984, developing a business ethos centred around the creation of long term relationships with candidates, contractors and clients alike.

Furthermore, Jenrick CPI has utilised this pro-active partnership approach internally, enabling them to achieve one of the most outstanding records for staff retention for any company within the UK.

As a direct result of this passionate and personal approach to business, 2008 witnessed Jenrick CPI being accredited with a 3\* Best Companies Award and achieving 7<sup>th</sup> place in the Sunday Times Best small companies to work for in the UK.

Quality recruitment is more about discovering core competencies than simply ticking skill boxes. Jenrick CPI has developed a unique competency based recruitment model that explores not only current skills, but also talent and potential, together with future behavioural indicators. This ensures that delegates will adopt the core values of potential employers.

It is this concept that has led to Jenrick CPI releasing this white paper - "Winning the IT talent war."

