

# The Talent Forecast

## Part 1: Adapting today's candidate priorities for tomorrow's organizational success.

A global study to uncover what today's talent acquisition leaders can tell us about tomorrow's workplace.



# Forward

## **Organizations need talented employees to drive strategy and achieve their goals, and with the improving economy, finding and recruiting the right people for the job is becoming more difficult.**

While the severity of the issue varies among organizations, industries and geographies, it's clear that the changing global economy has created a demand for new jobs, new skills and new capabilities – and organizations are scrambling to find the best workers to fill these positions.

Workers are changing too. Many are opting to work as independent rather than as full-time employees. And when choosing an organization, whether on a full-time or contingent basis, more workers are looking at organizational culture and quality of life in determining where and for whom they want to work.

To explore these issues, Korn Ferry Futurestep commissioned a global survey on talent acquisition (TA). The survey revealed that talent acquisition professionals can't rely on what worked in the past when recruiting top talent today -- and the future will probably bring a new set of candidate expectations. Organizations must understand the priorities and requirements of the modern-day candidate and adapt if they are to secure and retain top talent.

To address these trends and to compete effectively for top talent, organizations need to align their recruiting approach to the realities of the contemporary workplace. They should embrace a blended approach to talent management and recruitment that includes an effective campus recruitment operation; a robust contingent workforce; a strong social media presence targeted to their workers needs; a powerful employee brand; effective training and leadership development programs; and clear succession planning so employees see they can progress.

The stakes are high. Organizations that attract the best talent will be best-positioned to achieve their goals and succeed in today's challenging and fast-changing business environment.

**Byrne Mulrooney**  
**CEO, Korn Ferry Futurestep**

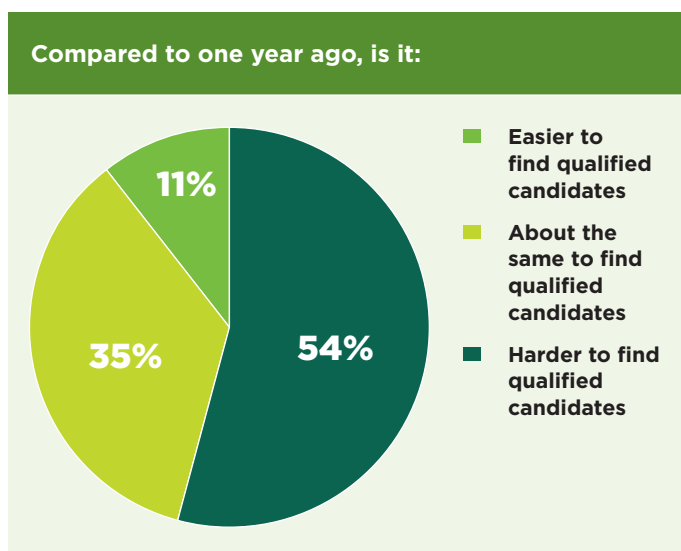
### **Key findings include:**

- More than half of TA professionals say it's harder to find qualified candidates than it was one year ago.
- **Five years ago**, salary and benefits were the top reason a candidate would choose one company over another.
- **Today**, culture is the number one reason candidates choose a company.
- **Five years from now**, TA executives predict "workplace flexibility" will be the top reason candidates choose an employer.
- 75 percent of survey respondents reported that they use a contingent workforce on either a regular or as-needed basis.
- Sales jobs are the most difficult to recruit, followed by research and development positions and technology jobs.

# A tighter market for talent.

**With unemployment in most developed nations at the lowest levels since the Great Recession, and with new skill sets required to keep pace with head-spinning technology advances, it's no surprise that we are in an incredibly competitive talent acquisition environment.**

In fact, in a Futurestep global survey of more than 1,000 talent acquisition professionals conducted late 2016, 54 percent said it's harder to find qualified talent compared to just one year ago. The same study found that identifying people with the right skills in a rapidly changing market is the top business issue impacting recruiting.



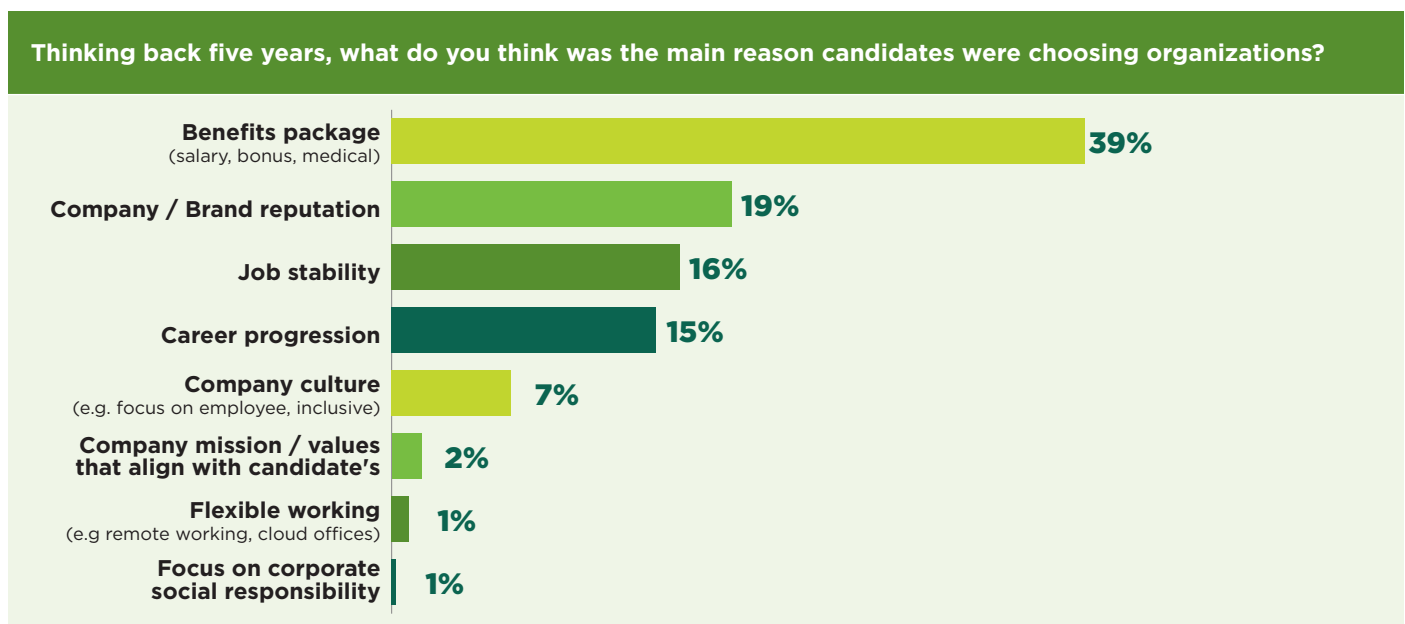
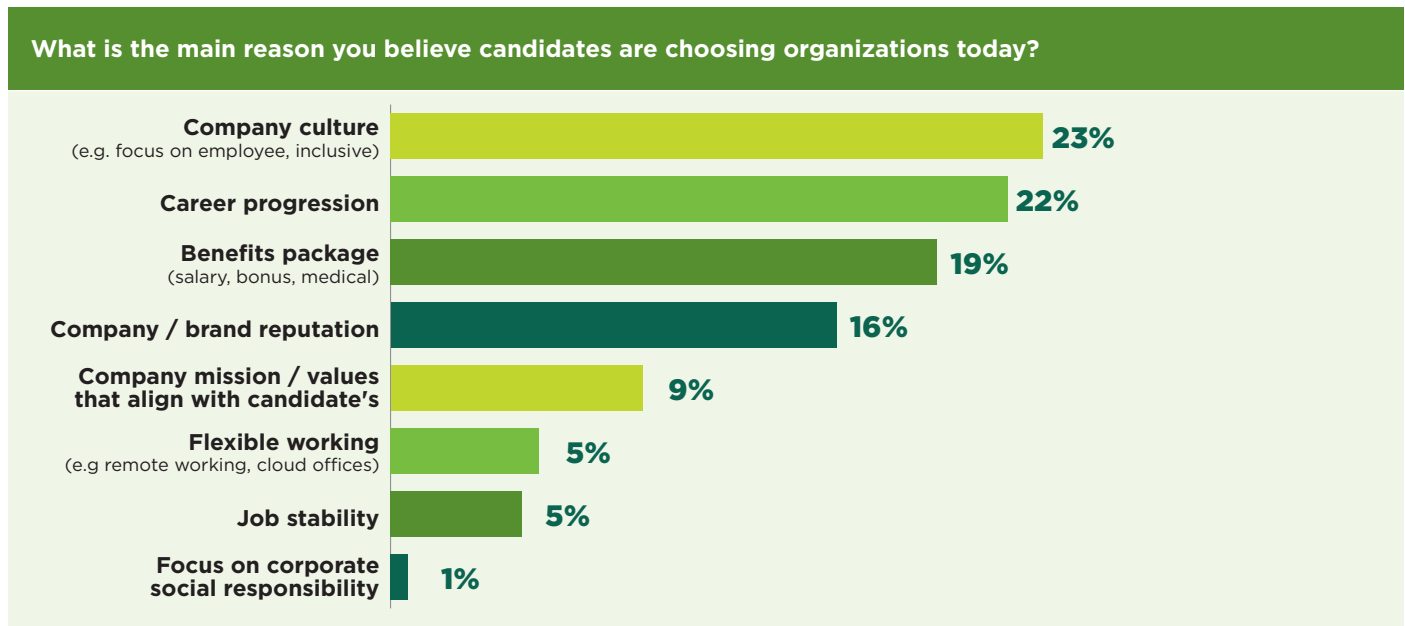
What is the top business issue impacting your recruitment?	
1	New skills in a rapidly changing market
2	Economic conditions/uncertainty
3	Rapid growth
4	Millennial expectations
5	Digital transformation
6	Globalization
7	Merger & acquisition activity
8	Consolidation
9	Rising retirement rates
10	Big data usage

“Talent acquisition leaders can’t rely on what worked yesterday when they’re eyeing top talent today, and tomorrow will probably bring a new set of candidate expectations,” said Jeanne MacDonald, global operating executive and president of talent acquisition solutions at Korn Ferry Futurestep. “Organizations must understand these new priorities and requirements of the modern-day candidate and adapt if they are to secure and retain the best talent.”

## Evolving candidate priorities.

The No. 1 reason candidates choose one job over another today is “company culture,” Futurestep survey respondents said. That marks a major departure from only five years ago, when talent acquisition professionals said “benefits packages” were the top reason.

“Five years ago the world was still reeling from the Great Recession, mass layoffs, and all-around jitters,” said William Sebra, global operating executive at Korn Ferry Futurestep. “It only makes sense that candidates felt the need for a stable paycheck plus healthcare and retirement benefits. Today, workers are generally moving beyond basic needs to different priorities.”



# Culture is more important than ever before.

**“Millennials are absolutely looking for culture and fit. They want to feel good about where they’re working, beyond cosmetic changes to creating a shared sense of purpose,” said MacDonald. “Gen X, on other hand, are more interested in taking their skill set to a place where they can make an impact. Organizations with a culture of acknowledging that impact also have a greater chance of retaining top talent of that generation.”**

In addition to assisting in the recruitment of new employees, a strong and positive culture improves organizational alignment and performance. The best performing companies almost always have strong cultures. According to a Korn Ferry Hay Group study, the earnings per share growth of organizations with “well aligned cultures” during a five-year period was 13 percent annually, compared with just 0.8 percent growth in other organizations.

Beyond change, nurturing a strong and consistent culture requires constant support from top management and buy-in from leaders at every level. From a recruitment perspective, it’s important that talent acquisition professionals are able to passionately articulate the organizational culture and provide tangible examples of how culture manifests itself every day in the organization.

## **Culture change requires patience and persistence. To begin, an organization needs to:**

- Understand its current culture
- Define the culture it desires
- Identify culture gaps and challenges
- Determine what actions it must take to transform its culture to align with its strategy

Culture is intimately tied to an organization’s employer brand. When employees embrace an organization’s purpose and values, their engagement with customers and other external constituents becomes an expression of the company’s brand. A brand that communicates its true sense of purpose and how all of the organization’s stakeholders, including employees, play a role in that purpose is especially attractive to most prospective candidates.

## **Show me the culture!**

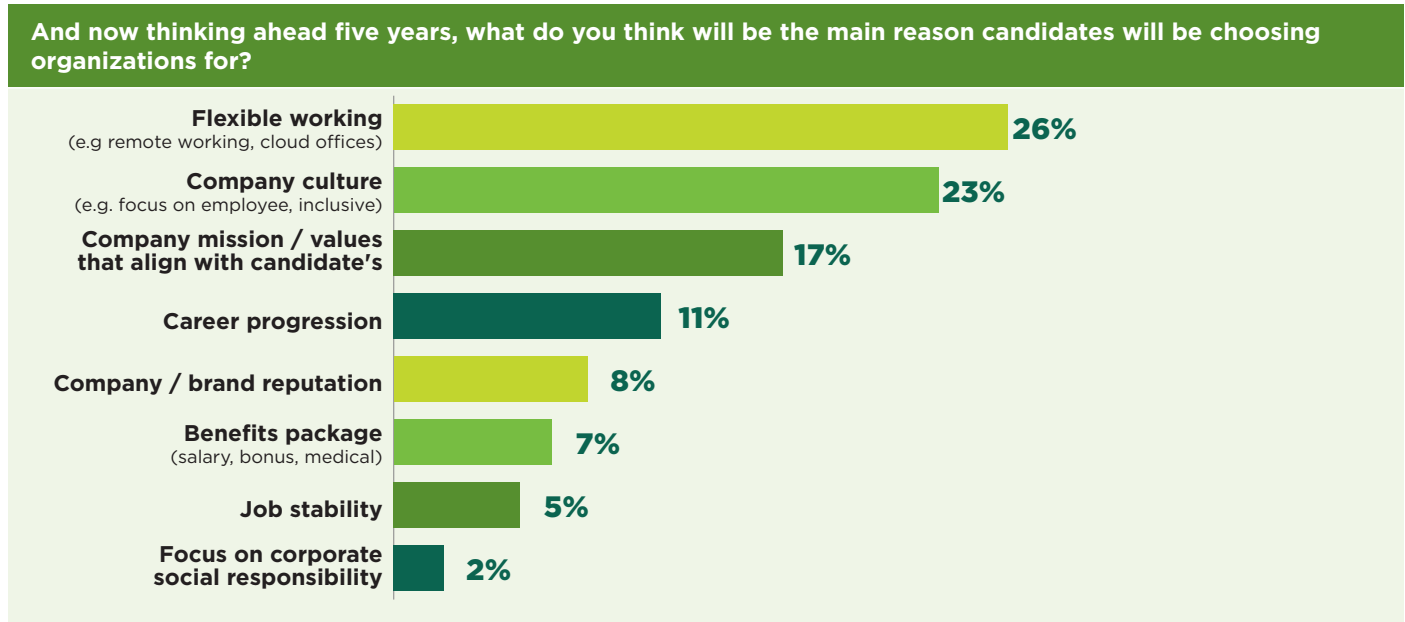
### **Benefits Package**

**Today:** Culture is the top reason a candidate chooses one organization over another;

**5 Years Ago:** Salary and Benefits were the most important factor.

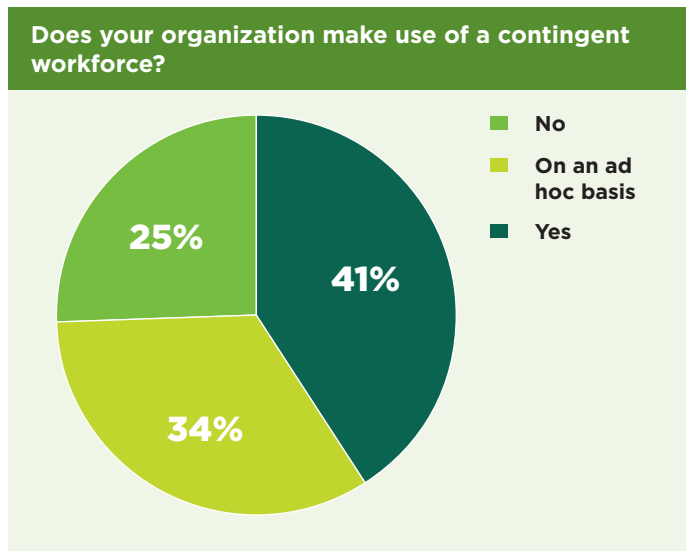
## Flexibility and the “gig” economy.

When asked what would be the No. 1 reason a candidate would choose one job over another five years from now, the highest percentage of respondents chose “flexible working.”



“We’re already experiencing a demand for flexibility, from working remotely to flex hours. Workers, especially Millennials, demand the ability to balance their work life with other responsibilities and interests,” said Jonathan Brown, managing director of talent acquisition solutions EMEA at Korn Ferry Futurestep. “Organizational leaders have to understand that offering these choices will add to productivity, not take from it. The goal is to focus on getting the job done, not punching the clock.”

According to MacDonald, flexibility is going well beyond the hours and location of the worker, to the very nature of the employee-employer relationship. “We’re seeing a growing trend to what many are calling the “Gig Economy” or “Me, Inc.,” noted MacDonald. “Instead of looking for full-time employment, talented, high-demand people will take contingent assignments, where they can showcase their unique skills and talents, then complete the project and move to the next gig.”



About 162 million people in Europe and the United States, which represents about 25% of the working age population, are now engaged in some form of independent work (Independent work: Choice, necessity, and the gig economy - McKinsey Global Institute, 2016) and those numbers are expected to grow substantially in the years ahead. Contingent workers offer organizations the ability to adjust the size of their workforce in concert with business demands, enabling them to quickly scale up for projects and ramp back when business activity drops. For individuals, contingent work provides greater freedom and flexibility.

“As income rises, employees pay more attention to their lifestyle, work life balance etc. and view rigid work schedules as ‘old economy,’ noted Chong-Meng Ng, president Asia Pacific at Korn Ferry Futurestep. “It’s not about working less, in fact some work more, just a matter of when and how the work is done.”

However, from a talent acquisition professional prospective, recruiting for contingent workers presents special challenges. Generally, most organizations expect a faster turnaround on contingent worker hiring. Organizations that want to avail themselves of the contingent workforce should not go about it in a piecemeal way or think of it as a means of saving money. Instead, they should think about it as a means to compete for top talent, said MacDonald.

## The hardest-to-fill positions.

As talent acquisition professionals work to adapt to the changing priorities of the candidate, they must also focus on attributes needed to fill the toughest positions. When asked what are the most difficult roles to fill, survey respondents cited Sales, Research and Development, and Information Technology.

When recruiting, what role is most difficult to fill?	
1	Sales
2	Research and Development
3	Information Technology
4	Other
5	Engineering
6	Operations
7	Finance and Accounting
8	Administrative
9	Call Center

## Changing nature of sales.

Information technology has made the sales function far more challenging at most organizations. In both the consumer and business-to-business segments, buyers are far more knowledgeable about vendors, products, pricing, and competitive offers than ever before. The traditional role of the sales person as a product educator is largely gone.

“Everyone has information about products and services they require at their fingertips,” noted Sebra. “It’s difficult for a salesperson to surprise a customer with a fact or feature. And because it’s harder, people are less inclined to go into sales.”

Many organizations are looking for sales people to be consultative rather than transactional. They want sales people who combine deep domain expertise and

relationship skills, with the ability to offer complete solutions to customers. Consultative sales people must be agile learners, problem solvers, and need to be able to enlist the resources of their organization on behalf of the customer.

When recruiting for the sales function, it’s critical to understand that different roles have different criteria. Outstanding sales people often do not make outstanding sales managers, according to Korn Ferry Hay Group research. When recruiting for a sales manager position, organizations should look for individuals with good sales skills, but who also show a strong propensity toward coaching and mentorship.

While sales managers understand they need to hire to a different skill set than several years ago, many are unwilling to extend an opportunity to candidates who have great potential, but don’t have exactly the right experiences. “The stakes are so high for some sales managers. They have shorter cycles and they are acutely aware they can’t afford to make too many mistakes,” Brown noted. “Consequently, they are less open to people who have great potential, but might need some development.”

Sebra recommends that organizations look beyond experiences to understand the how the candidate could fit into the organization for the long-term. “Hard skills, like understanding a product the company sells, can be taught,” said Sebra. “Smart companies look at the softer skills and drivers that will indicate whether that person has what it takes to succeed over time.”

The challenge for organizations in recruiting sales people is to define precisely the kind of skills, abilities, and experiences that are critical to succeed in the position and to recruit and hire to those criteria. Moreover, the organization should develop an onboarding and training program that maximizes the chances that newly hired sales professionals will succeed.

## Research and development roles.

Research and development roles cut across a variety of industries, from traditional manufacturing to high technology. Industry experts state that recruitment challenge varies from industry to industry and job level.

Traditional industries are often at a disadvantage in competing with high technology companies for top R&D talent because of salary differences and because high technology brands, in general, are more attractive to prospective employees. “Engineering talent is more drawn to high technology and emerging technologies in the STEM (science, technology, engineering, mathematics) space versus traditional industrial companies,” said Geddings Roche, market leader industrial, North America, for Korn Ferry Futurestep.

Moreover, many industrial companies are looking for R&D talent with broader leadership skills and competencies to work cross functionally with product management or other areas of the organizations. For the most part, scientists and engineers do not have this type of training.

**“We can find scientists with great technical skills,” noted Jeff Goodell, market leader, life sciences at Korn Ferry Futurestep. “But many don’t possess the leadership values and behaviors that will allow them to move into leadership roles, and that’s what many companies want.”**

“In general, the R&D talent shortage is most acute for mid-level positions. It’s pretty easy to find very senior level people and entry level people. The challenge is at the director or associate director level,” Goodell continued.

Larger companies have an advantage in recruiting R&D talent because they offer greater financial stability, better relationships with major universities, better technology and modern labs, and greater prospects for long-term career development.

## Technology worker shortage.

**The shortage of technology talent is a function of the heavy demand for tech workers from the ever-increasing utilization of technology across society. In addition to the growth of pure tech companies, virtually every organization now has some sort of technology component and many brick and mortar operations have been transformed into digital enterprises.**

The rapid development and acceptance of new technologies has exacerbated the talent shortfall by creating an almost continual demand for new competencies.

**“We’re producing new stuff so fast that it’s hard to get experienced people,” said Sebra. “A client will say I need someone who has five years of experience to run a system that has only been around for six years. The Cloud is a great example. Clients are asking for people with 10 years Cloud experience. The Cloud didn’t exist in the mainstream 10 years ago.”**

Many organizations lack a strong pipeline of workers because they have outsourced some tech functions and entry level positions offshore. As a result, they often have to look externally to fill positions. Recruiting tech workers is particularly difficult for organizations headquartered outside of major metropolitan areas where the local educational system and business community are not producing enough suitable candidates. In response to a dearth of local candidates, some companies are setting up satellite tech offices where the talent resides, such as in Silicon Valley or Seattle.

When recruiting technology talent, talent acquisition professionals are competing against a wide range of organizations, from high-tech startups to traditional industrial companies. To attract the best talent, it’s important for organizations to develop and articulate a brand and culture that is specific to its technology operation and that will appeal to tech workers.



**Sales positions  
are the most  
difficult position  
for which  
to recruit,  
along with  
Research and  
Development,  
and Tech  
positions.**

**More  
Difficult**

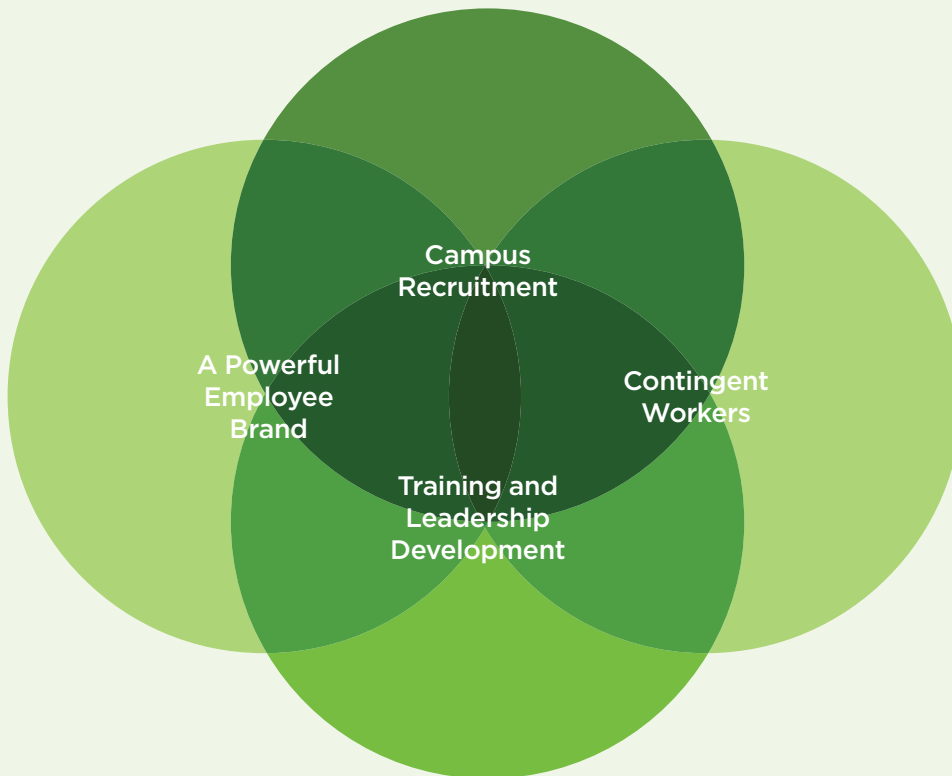
**Less  
Difficult**

## A blended approach.

**The challenges facing talent acquisition professionals are unlikely to diminish in the years ahead. The pace of technological and marketplace change will continue to create demand for new skill sets and brand new job categories. Candidates with the right skills will be looking for organizations that provide flexible working arrangements and a congenial working culture. They may agree to be available via their mobile devices at all times of the day and night, but, in return, they will expect to work from home and take time off during the day when the need arises.**

Demographics also suggest the talent shortage will become more acute in the years ahead. Between 2015-2025, the 167 million workers entering the workforce will barely outpace the 166 million of workers retiring (McKinsey & Company 2015). To meet these challenges and to compete effectively for top talent, organizations should first align talent acquisition with business strategy so that the talent acquisition professional has the insight and knowledge to establish relationships with potential candidates in advance of openings. Secondly, organizations should develop a blended approach to talent management and recruitment that includes an effective campus recruitment operation; a robust contingent workforce; a strong social media presence targeted to their worker needs; a powerful employee brand; and an effective training and leadership development program.

Organizations that create this kind of blended approach and provide flexible work structures in concert with employee desires will be best positioned to win the talent acquisition game in the years ahead.



**To recruit and secure the best people, organizations should take a blended approach that includes...**

## References

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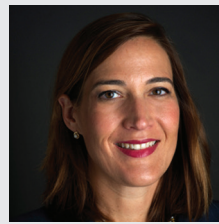
## Methodology

From mid-August until the end of September 2016, Futurestep ran an online survey to uncover the issues and trends influencing the talent acquisition leader role. The survey was designed for talent acquisition and human resources leaders across all geographies (NA, APAC, EMEA and LATAM) and conducted in the most appropriate language for each market. More than 1100 respondents spanning VP/SVP/EVP, C-suite, director, manager and individual contributor levels completed the survey. Six major markets: technology, industrial, life sciences and pharmaceutical, financial, professional services and consumer were represented.

## Contributors



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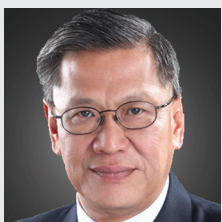
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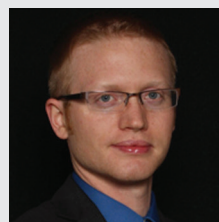
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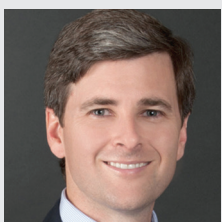
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The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books, and a quarterly magazine, *Briefings*, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.