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Technology, Media & Telecommunications

Competing for Talent

A survey of talent trends in
technology and telecommunications

Deloitte Consulting LLP, 2008



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Executive Summary

Attracting workers by changing the nature of work

Most technology and telecommunications companies surveyed don't seem worried about the global talent shortage that is looming on the horizon. Their main concern is getting their fair share of talent *now*. Yet according to a survey of more than 150 companies in the United States and Canada, conducted by Deloitte Consulting LLP (Deloitte Consulting), the majority of technology and telecommunications companies continue to rely on financial incentives and other traditional approaches for luring and retaining talent. These outmoded techniques might work for awhile, but they don't address the long-term problem.

For today's workers, hefty compensation packages and fancy retirement plans just aren't as appealing as they used to be. What they really want – more than anything else – is to control when, where, and how they work. They're happy to work hard, but want to do it on *their* terms.

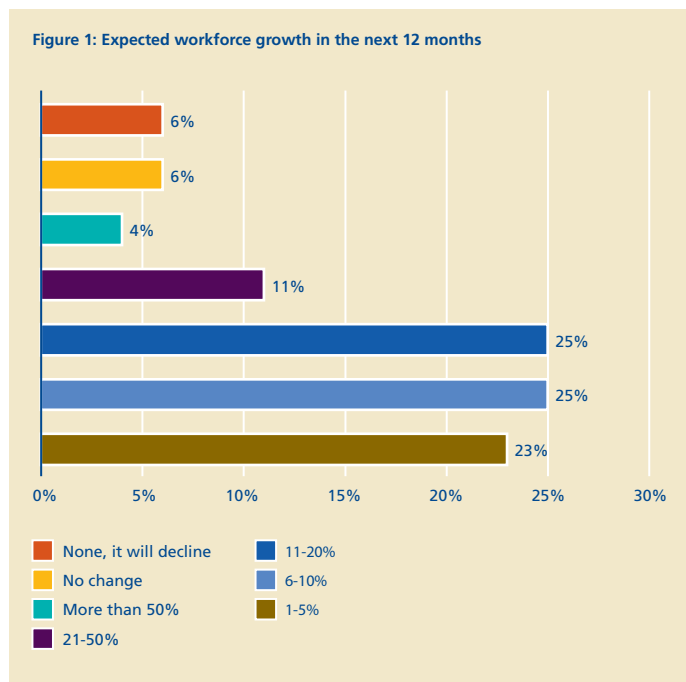
And by the way, we're not just talking about "Gen Yer's", also known as, "Millenials." As it turns out, recent retirees who are re-entering the workforce want many of the same things as their younger counterparts. So do "Gen X'ers," although most are too afraid to ask.

According to the survey, companies in technology and telecommunications are starting to take steps in the right direction. However, most still have a long way to go to meet the needs of today's workers.

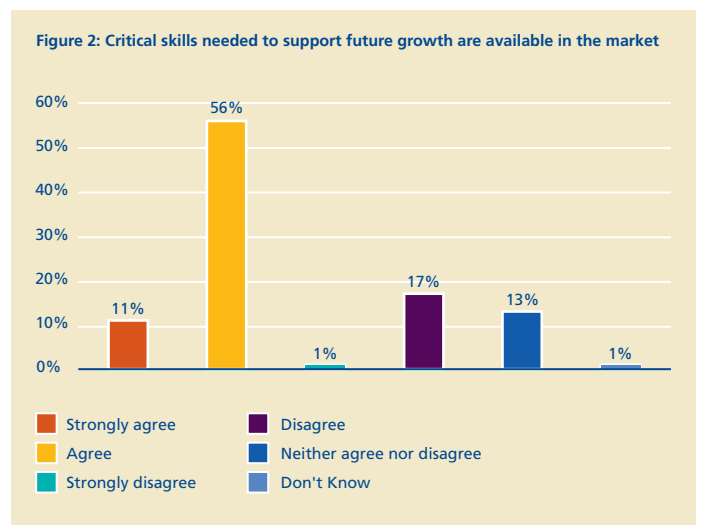
Getting your fair share

Deloitte Consulting LLP recently surveyed more than 150 technology and telecommunications companies in North America to understand their most significant talent issues and what they are doing to address them.

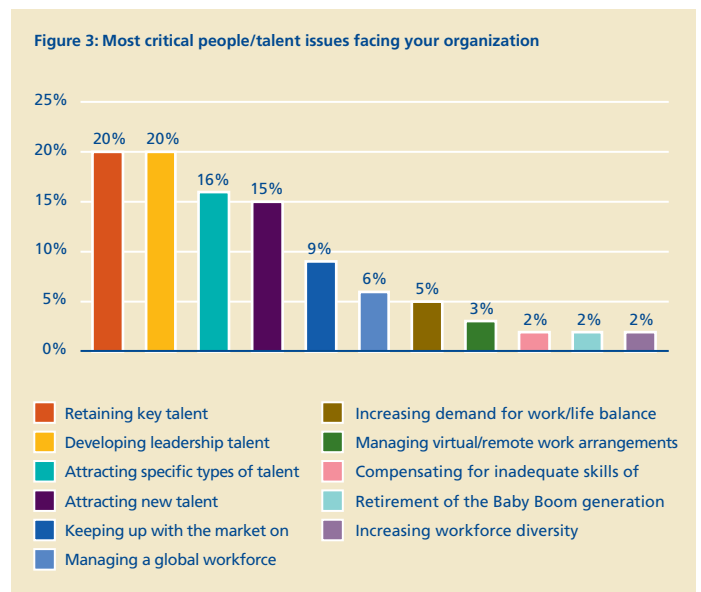
The survey shows that the vast majority of respondents are poised for growth in the coming years. Two-thirds expect their workforce to grow by at least 6 percent over the next 12 months. Meanwhile, only 6 percent expect their workforce to shrink (Figure 1).



But, where will the talent come from? According to the survey, 67 percent of respondents believe that the critical skills they need to support their future growth are readily available in the marketplace (Figure 2).



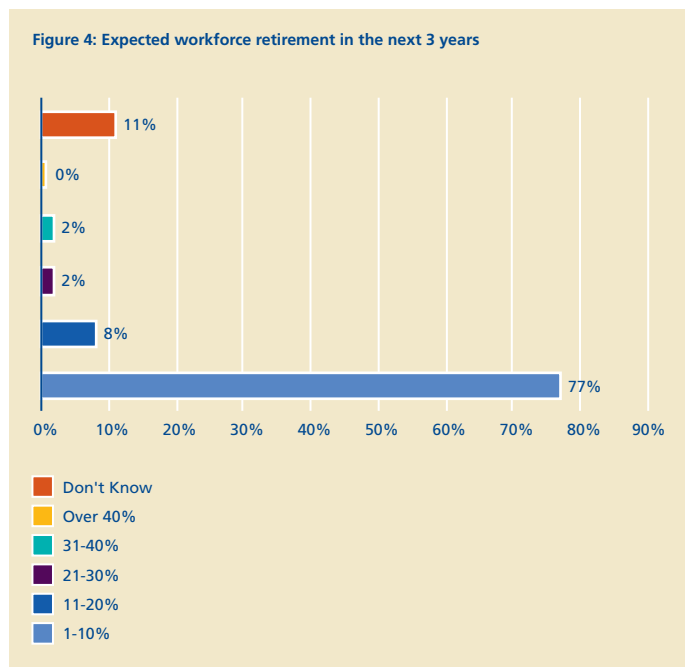
Yet survey respondents also consider talent management – attracting, developing, and retaining talent – to be their most critical people-related issue (Figure 3).



These conflicting perspectives suggest that respondents are mostly concerned about capturing their fair share of talent in the near term, and less concerned about a long-term shortage.

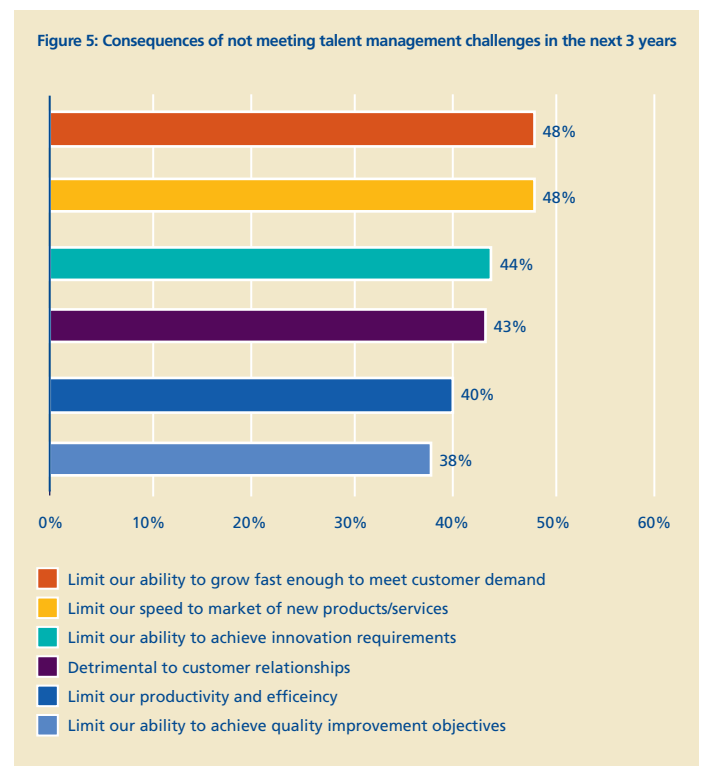
Moreover, in comparing these results to another Deloitte Consulting survey, Global Talent Management, that covered a broad cross-section of industries, it appears that technology and telecommunications companies surveyed are generally less worried than companies in other industries about a prolonged global labor crisis. This may be due to the fact that technology and telecommunications companies are considered “sexy” and, therefore, have an easier time attracting talent. It may also be attributable to their younger workforces, which are less affected by Baby Boomer retirements.

According to the survey, only 11 percent of technology and telecommunications respondents expect to see high levels of retirement over the next three years – defined as more than 10 percent of the workforce retiring (Figure 4). This result is much lower than in the all-industry survey, where 33 percent of respondents said they expect to see high levels of retirement over the same three-year period.



Business results hinge on talent

One reason respondents are competing so fiercely for their fair share of talent is because the consequences are so severe. According to the survey, respondents that fail to address their talent management challenges over the next three years will feel the pain where it really hurts: in limited growth, increased time to market, reduced innovation, damage to customer relationships, and more (Figure 5).



Identifying the talent that matters most

When it comes to competing for talent, it's important to recognize that some types of talent are more critical than others.

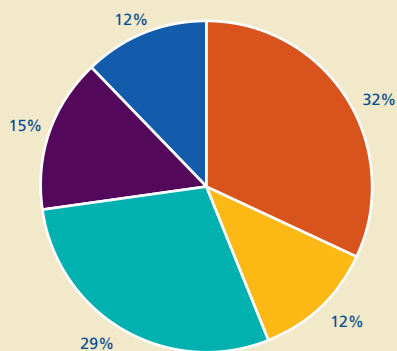
"Critical talent" refers to groups and individuals that drive a disproportionate share of their company's business performance and generate greater-than-average value for customers and shareholders. These critical workforce segments vary by industry. However, in all cases, critical workforce segments possess highly developed skills and deep knowledge – not just about the work itself, but also about how to make things happen within the company.

The availability of critical talent has a direct impact on strategic objectives, such as product differentiation, innovation, speed to market, and revenue growth. Yet the majority of companies surveyed have not yet defined the critical skills needed to support their companies' future growth (Figure 6).

Moving forward, technology and telecommunications companies need to identify which job segments have the greatest impact on their company, and then actively focus their talent management activities in those critical areas.



Figure 6: To what extent has your company defined a list of critical skills for future growth?



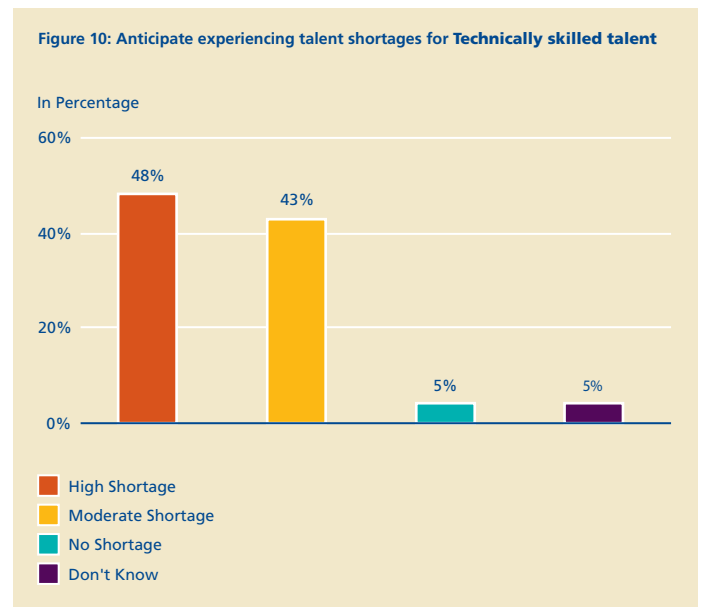
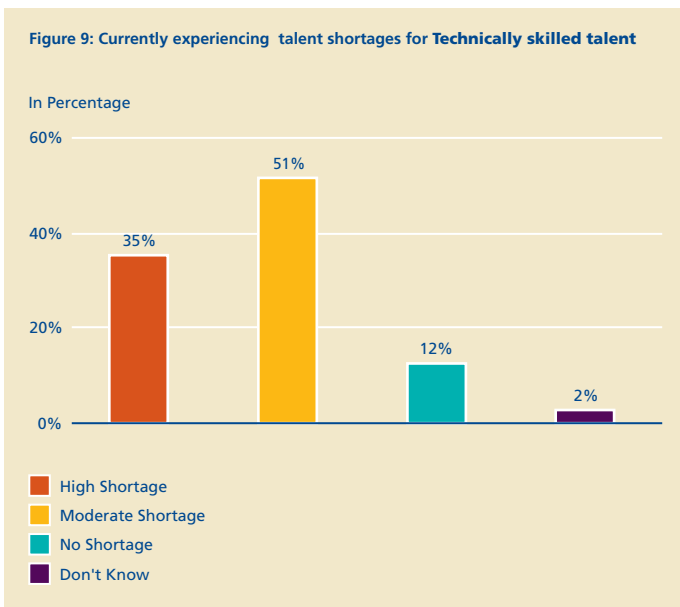
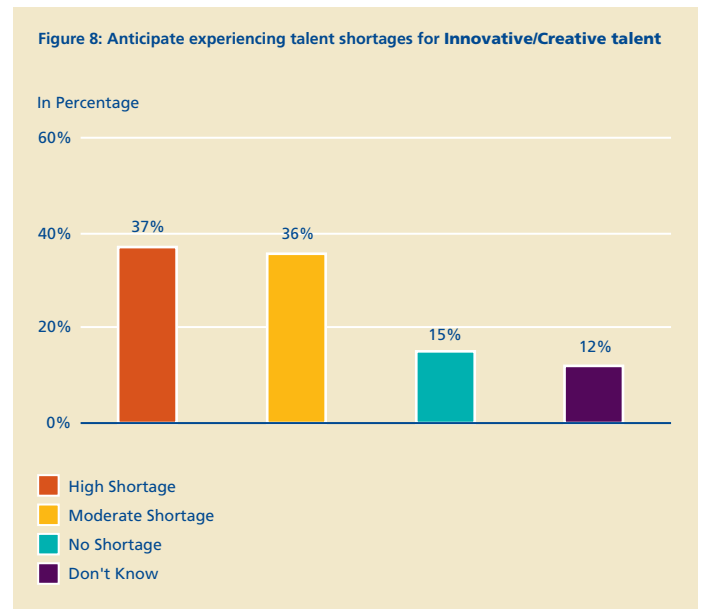
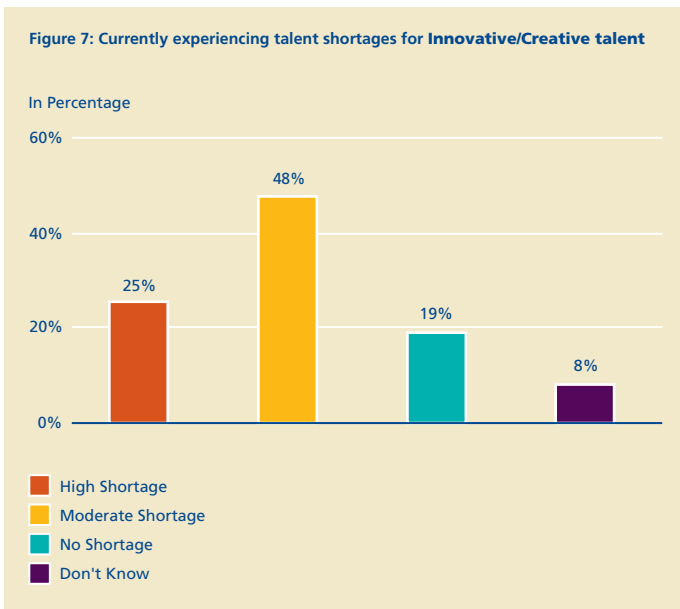
- We haven't done this exercise
- We've done this exercise in the past, but it needs updating
- We've started this exercise, but it's not completed
- We completed this exercise and it's embedded in our HR plan
- We do this every year as part of our planning

Technical and creative talent in short supply

The survey results show that technical and innovative/creative talent is generally the most difficult to come by. And, the problem is expected to increase over the next three to five years (Figures 7-10).

Current

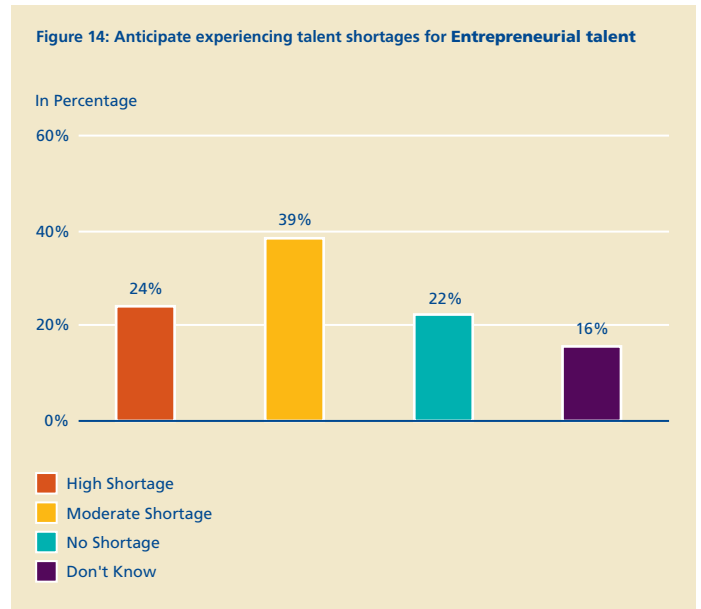
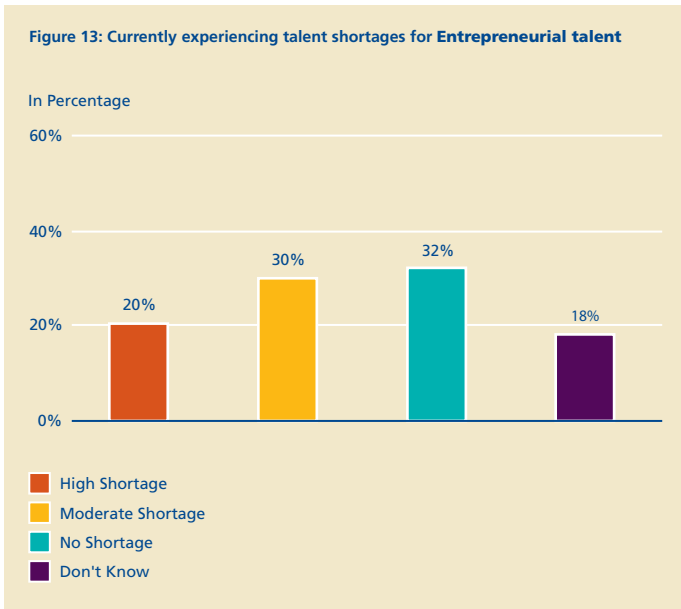
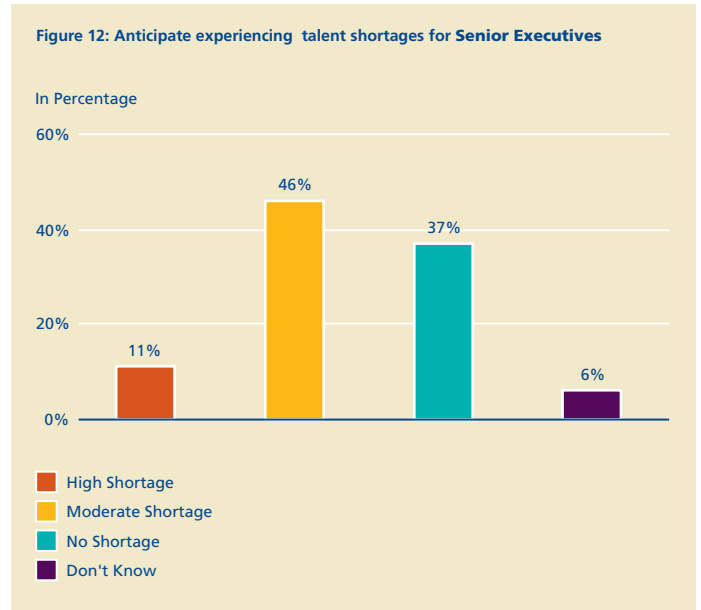
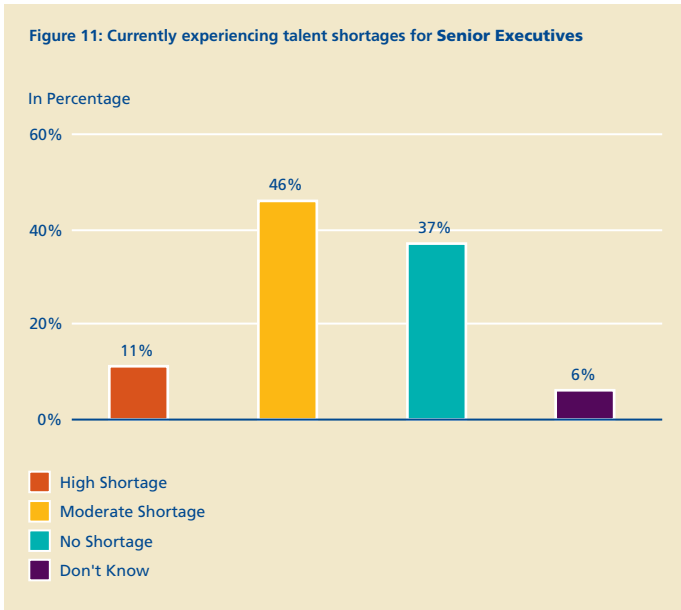
Anticipated



Most respondents also expect a moderate to high shortfall in senior executives and entrepreneurial talent (Figures 11-14).

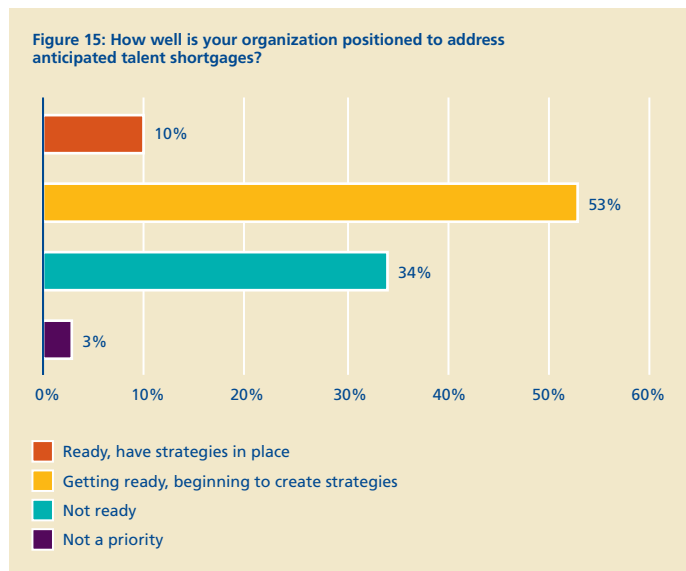
Current

Anticipated

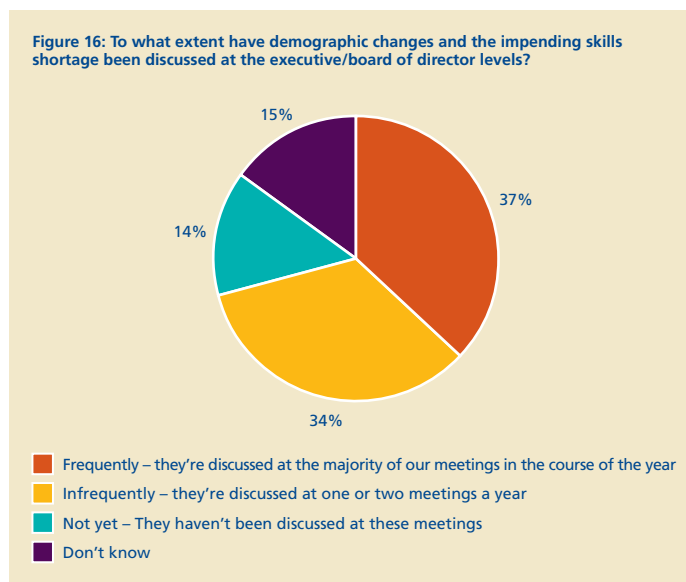


Are you ready?

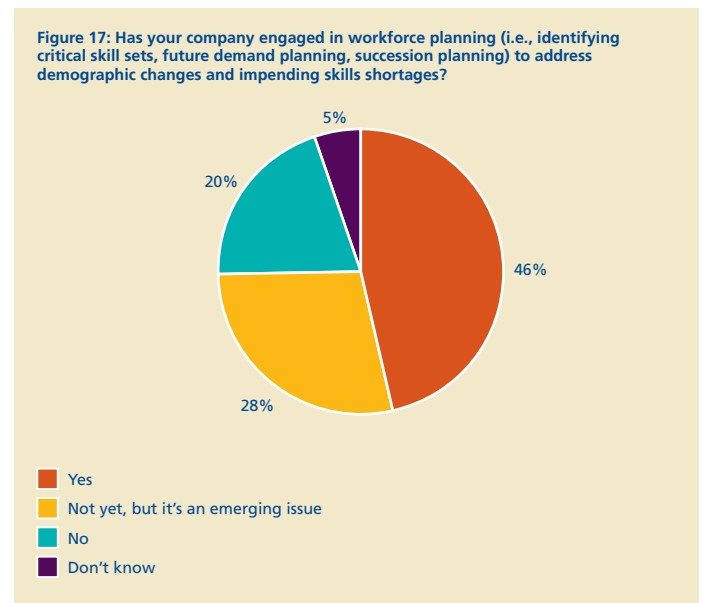
Acknowledging the shortage of critical talent is only the beginning. The real question is: *What are companies doing about it?* According to this survey, only 10 percent of respondents believe they are currently ready to tackle the talent challenge (Figure 15).



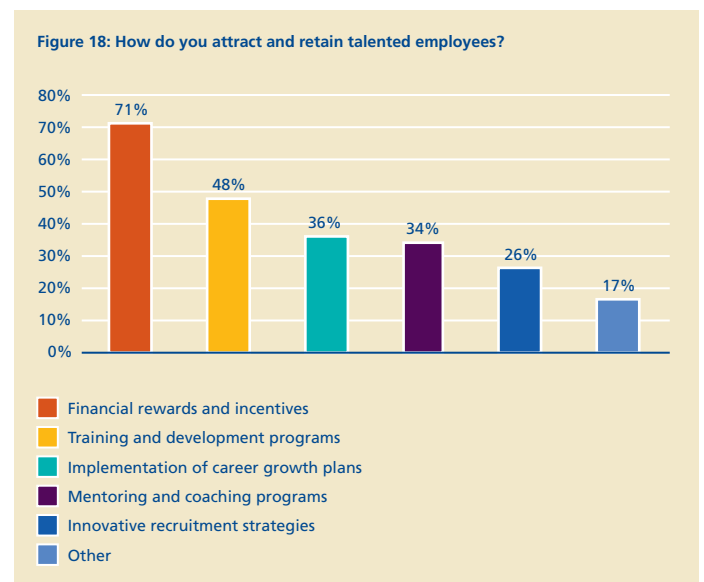
However, most respondents recognize the issue and are in the process of getting ready. Roughly a third regularly discuss the talent shortage at board meetings, while another third discuss it once or twice a year (Figure 16).



Moreover, nearly half of the surveyed companies have started to conduct workforce planning to identify critical skills and talent gaps, which is a key first step toward addressing the talent problem (Figure 17).



Unfortunately, the vast majority of companies in the survey continue to rely primarily on financial incentives to attract and retain talented employees (Figure 18).



A new approach to talent and work

Big salaries and bonuses might help solve the talent problem for awhile, but they don't address the fundamental shift that is occurring in the workforce.

Workers today aren't as interested as they used to be in hefty compensation packages and fancy retirement plans. What they really want – more than anything else – is direct and personal control over when, where, and how they work.

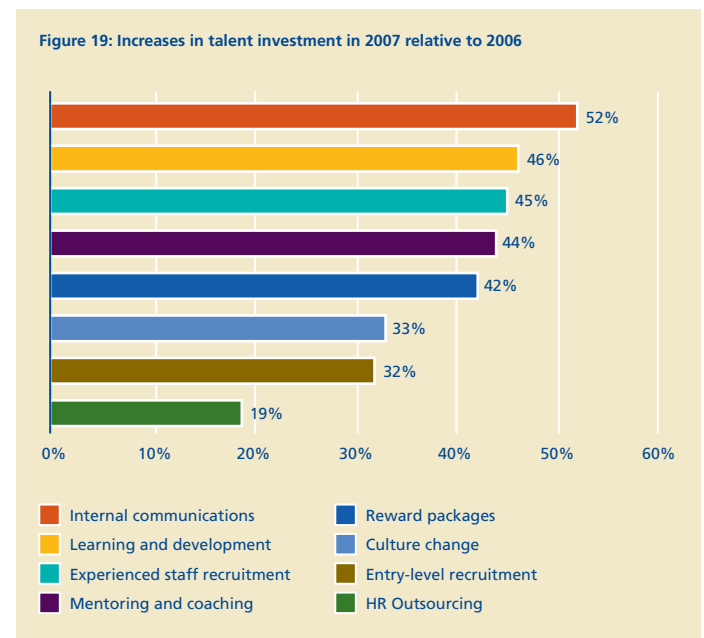
It's not just about work/life balance, which often amounts to working less. Today's workers don't mind working hard. In fact, one of the most common complaints about younger workers is that they insist on doing too much too soon. They just want to do it on *their* terms.

That might mean staying plugged into work every waking hour of the day, but doing it from home or the local coffee shop. Or doing work that closely aligns with their skills and interests. Or pursuing a personalized career plan that lets them develop marketable skills so they don't have to rely on one company to provide them with lifetime employment (because, let's face it, the odds of that happening are slim to none).

To attract their fair share of talent, companies should consider adopting programs that meet the needs of the company – and each employee – instead of offering people big financial incentives, but then forcing them to adapt to the requirements of the job. These days, that traditional approach just doesn't fly.

By the way, this new approach isn't only for "Gen Yers/ Millennials" It turns out that recent retirees who are re-entering the workforce want many of the same things as their younger counterparts. So do "Gen X'ers," although they are probably too afraid to ask.

The good news is that many respondents have already started down this new path. The survey shows plans for a significant increase in communications, mentoring, training, and other things that appeal to today's workers (Figure 19).



The next step is for companies to develop such programs as mass career customization that make personalized career development a standard operating practice, rather than a one-off exercise reserved for special circumstances.

In the end, it doesn't really matter what drives technology and telecommunications companies to improve the way they manage talent. If it's fear of a prolonged talent shortage, fine. If it's a burning need to compete for – and win – their fair share of talent, so be it. All that matters is that they do it.

Respondent profile

This survey was conducted in the Spring of 2007. Over 150 North American Technology, Media, and Telecommunications companies participated in the survey.

Figure 20: Current total work force of participating companies

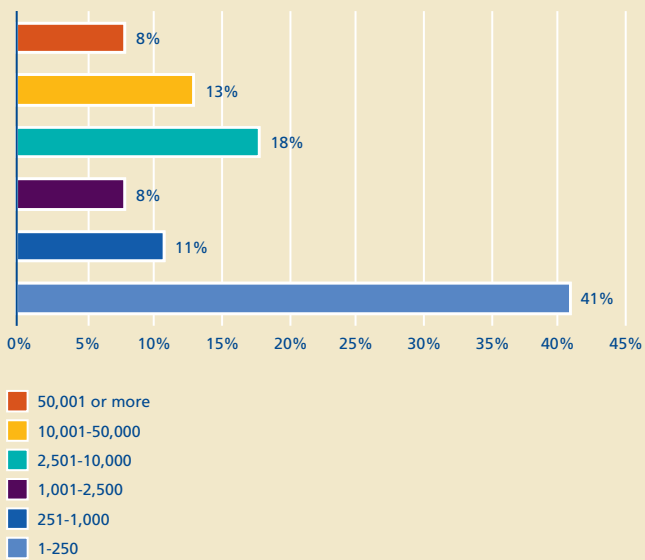
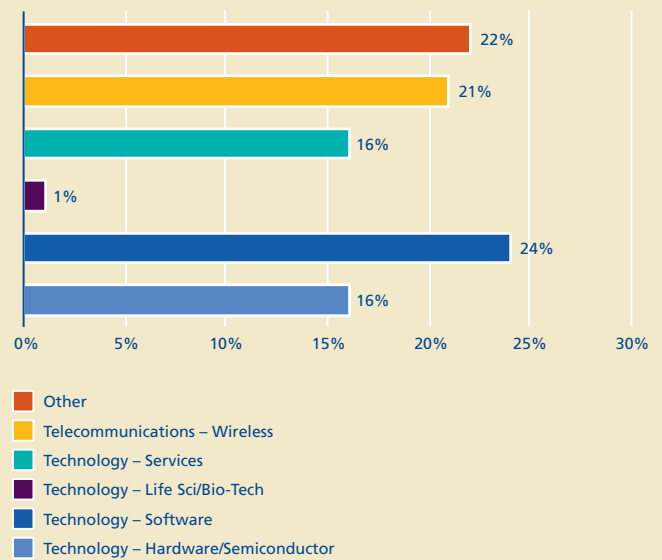


Figure 21: Industry sector



Deloitte's commitment to talent and generational issues

Deloitte recognizes that talent and generational issues are some of the most critical challenges facing companies, governments, and communities today. As a leading business and financial advisor, thought leader, and employer of choice, Deloitte is committed to finding creative solutions and investing in ongoing research, as illustrated by our sponsorship of general business and industry-specific studies, surveys, white papers, articles, Webcasts, and executive communications.

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