



# CALCULATING THE SKILLS SHORTAGE

**Finance and IT face daunting challenges as boomers retire.**

By Paul Harris

If there's one thing that links information technology and finance, it's their mutual struggle to fill vacant positions with qualified professionals.

Robert Half International conducted separate studies in finance and IT, and indicated an increased emphasis in recruitment, training, and retention by employers in both fields. Skills training is one among a list of measures needed to address staffing concerns.

Nearly one in four chief information officers identify the search for skilled IT professionals as their company's top staffing challenge. Providing existing employees with skills training ranks a close second, according to research by Robert Half's technology division.

Among CFOs only, the rising costs of healthcare and insurance and the management of cash flow are more worrisome than replacing retiring baby

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boomers with skilled workers, according to research conducted by the Robert Half management resources division. The findings are confirmed by professionals in these fields.

“There absolutely is a talent shortage in the financial field,” says Patricia Ellenburg, CFO with the Clarendon Hotel Group in Phoenix. “It starts with the academic environment where students are graduating from business schools without the requisite math skills or ability to use the quantitative approach to solving problems.”

Chris Curran, an executive with Chicago-based Diamond Management & Technology Consultants, says the skills shortage in the IT arena mushroomed because of business dynamics, including the reliance upon outsourcing.

“Many companies are looking to bring skills back in-house because of a failed outsourcing venture and have found that certain core IT skills have atrophied,” he says.

Curran agrees that recruiting and retaining young talent in areas such as finance have become more difficult, especially for companies that aren’t known to consumers. Initiatives such as management rotation programs have been helpful in luring young recruits, he says.

To attract top accounting and finance job candidates, 28 percent of the CFOs surveyed offer increased compensation and performance bonuses. Expanded employee benefits and flexible work arrangements are also cited. In addition, more organizations recognize the need to customize benefits to segments of employees based on factors such as demographics, flexibility, training and development goals, and professional aspirations.

CFOs seeking to fill financial and accounting positions battle several problems. Not only do they complain about work habits and scant loyalty among the millennial generation of recruits, but the demand for accountants has increased overall because of Sarbanes-Oxley. As a result, major accounting firms report fierce recruiting on college campuses.

In the IT arena, the search for talent is most acute within the largest companies,



while smaller companies focus on skills development of existing staff. To fill those development needs, many are tapping external training providers, and in particular, e-learning content.

As expected, the area where IT skills shortages are greatest is the financial sector. A recent report from the executive search firm Heidrick & Struggles claims that IT skills are in short supply throughout financial services, especially in investment management and equities.

Competition for talent is a worldwide phenomenon. In Europe, where fewer college grads, especially women, are selecting a career in IT, several coordinated campaigns are attempting to address “the demographic time bomb” that is predicted to rob employers of critical skills. In the UK, applications to IT-related degree programs have reportedly fallen by 50 percent in the last five years.

Several UK employers and universities have joined forces to offer a new masters degree program to help jumpstart the careers of IT grads. Beginning in September, the effort will enable IT

grads to land entry-level jobs and obtain degree credits at their own pace. It will emphasize courseware content that meets employer needs while addressing another IT talent problem—the shortage of bottom-rung IT jobs due to offshoring.

e-skills UK, the employer-led Sector Skills Council for IT and Telecommunications, is seeking to create a national blueprint for the IT profession and IT user skills in all sectors of industry. Its objective is a set of occupational standards for training programs and qualifications that meet the needs of businesses. The project will also create a common language for defining IT professional skills, knowledge, and experience.

The UK government’s Learning and Skills Council has launched an initiative called “Train to Gain” that will help businesses identify needed skills and obtain quality, affordable employee training. The goal is to create a truly competitive workforce by 2010.

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## U.S. Government Seeks Next Generation of Leaders

WITH MORE THAN 1.8 MILLION CIVILIAN EMPLOYEES, the United States government is the largest employer in the nation. And, like other employers, federal agencies must begin to transfer the responsibilities of running the government from baby boomers to the next generation. But the government faces unique challenges in recruiting and developing their workforce of tomorrow.

That's one of the key lessons in "Federal Human Capital: A Perfect Storm," a recent survey of human capital leaders within the federal government conducted by the Partnership for Public Service and the consulting firm Grant Thornton. According to the report, the government's generational transition is exacerbated because during the 1990s, the government substantially reduced workforce numbers through hiring freezes and attrition. This led to what one survey respondent refers to as "demographic bi-modality,"

the phenomenon of large numbers of skilled senior workers and new recruits, but relatively few mid-career employees prepared to fill leadership positions in the next few years.

With nearly half of all supervisors, and nearly 40 percent of current federal employees expected to retire by the year 2016, federal agencies are racing against the clock. And they are not alone in the competition for top talent.

"My sense is that the impact [of the generational shift] on the public sector will be more profound. The private sector has an advantage in being creative and innovative, adapting more quickly to a flatter, faster global workplace," says Andy Krzmarzick of the U.S. Department of Agriculture's Graduate School.

Krzmarzick suggests that the key to competing with the private sector for new talent is marketing, noting another survey that showed fewer than 20 percent of today's private sector

managers have interest in federal employment.

"It's up to each agency to better market themselves and to create an environment where a new wave of employees want to spend their careers," he says.

Helping agencies in their efforts to build a more productive workforce are chief human capital officers, or CHCOs. The Homeland Security Act of 2002 established the CHCO position in a number of key departments, bringing professionals experienced in succession planning, knowledge transfer, and performance management to the forefront of federal human capital efforts.

According to the Council's Executive Director, John Salamone, the Council and its subcommittees have developed a number of goals that attempt to address generational transition and leadership development issues. Says Salamone, "A major benefit of the CHCO Council is to provide a forum for identifying and sharing human capital strategies. To this end, chief human capital officers have shared how they have built recruitment campaigns to help them meet the mission of their respective agency."

The law also established the CHCO Council, an advisory body composed of CHCOs and their deputies that coordinates human resources activities and operations across the government. According to the report, many CHCOs have instituted leadership development programs within their agencies, identifying and training employees with leadership skills to ensure responsibility.

Agencies may also receive help from the U.S. Congress. Senator Daniel Akaka (D-HI) introduced a bill last year to ensure current and future leaders have the training they need to succeed. The "Federal Supervisor Training Act of 2007," which updates and improves mandatory supervisor training programs, was approved by the Senate Committee on Homeland Security and Government Affairs and awaits floor action by the full Senate.

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# Just Like Mom and Dad

There is a lot of talk about how the current generation of college graduates is different from their forebears. It was widely assumed that they want more balance between their personal and professional lives.

As it turns out, they want the same kinds of financial security that their parents sought from a potential employer. According to a recent survey by National Association of Colleges and Employers, entrants into the labor market seek the basic benefits such as health insurance, regular salary increases, and retirement plans.

The association surveyed its membership of recruiters and college advisers. The benefits offered were matched against a list of student preferences provided in a separate survey.



Benefit	% Offered	Student Rank
Medical Insurance	99.6	1
Life Insurance	98.9	5
410 (k) plan	98.6	3
Dental	98.2	4
Annual salary increases	96.7	2

Source: National Association of Colleges and Employers

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# Hidden Dollars in IT Training

**The actual dollars spent are unknown, and decisions are not made in plain view. This might sound like the national intelligence budget, but such characteristics also describe IT training.**

Rick Gregory, managing director of North Carolina-based IT Training Community, says 75 percent of decisions made regarding IT training are made by an IT manager and not a member of the training department. He attributes this in part to the knowledge gap between IT managers and training professionals.

“Training departments have a hard time understanding what IT departments need,” he says. “To integrate more effectively, trainers need to develop more technical acumen.”

The IT sector spent an estimated \$7.3 billion on training in 2007. The cost represents only a fraction of the overall IT training budget, which Gregory believes is largely unrecorded. He calls such accounts “unmanaged to spend,” meaning training dollars are often included in travel costs or additional technology purchases that are not recorded as training expenses.

“It’s hard to pinpoint the [actual] IT training budget if you just look at the training function,” he says.

The drawback to central decision making is that many IT managers do not have a training background and thus do not possess the experience to judge the effectiveness of a regimen, according to Gregory.

There are three tiers of providers in the IT training field. The giants are companies such as Global Knowledge and New Horizons. The second tier

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includes CED Solutions, Sunset Learning, and ProTech. Then there are the small organizations that bring in revenues between \$200,000 and \$5 million.

As IT departments are now considered strategic decision makers, many IT managers are completing

training in business analysis to prepare them for boardroom participation. Another ongoing trend is project management training.

There are four sectors of IT where separate skill sets exist: infrastructure-network, developer-programmer, desktop user, and software applications.

Given the wide range of training needs, Gregory maintains a web portal that allows IT professionals to navigate the terrain.

The site ([www.trainingindustry.com/it/](http://www.trainingindustry.com/it/)) allows users to search for a training professional or company and permits providers to present their qualifications to prospective customers in an environment free from sales pressure.

Providers and customers can search the site for free. Gregory is preparing a report that will list the best IT training companies. The report is expected to be completed this spring. He says he developed the portal as a way for consumers to make informed decisions, citing a “low barrier for entry into training.”

*Michael Laff*

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# POLITICAL SILENCE

Whether you're a Mama for Obama, a diehard HillRaiser, or ready to hit the road on the Straight Talk Express, you may be skittish about discussing it with co-workers.

Proud supporters wear stickers or buttons proclaiming their loyalty for a candidate, but that is expression, not discussion. Just as much of the country divides into one camp or another, so too are many workers split about whether to inject politics into the workplace.

According to a recent survey by the American Management Association, 35 percent of employees are uncomfortable talking about politics with co-workers. Surprisingly though, 39 percent reported being comfortable talking about their political leanings. The remaining participants said they were neutral.

Fierce partisan debates between employees and their bosses are unlikely, as slightly more workers reported being comfortable talking politics with their supervisor (40 percent) versus those who typically avoid such conversations (39 percent).

"It's rare that a total blowup will occur in a white collar environment," says Manny Avramidis, vice president with the American Management Association.

To protect employees from unwanted solicitations regarding politics or charities, many organizations have a nondistribution and nonsolicitation rule. Initially, such policies were designed to discourage union organization, but Avramidis says they can prohibit employees from passing out political leaflets or requesting regular charitable donations.

While the current campaign has been mostly free of vitriol between



supporters of individual candidates, Avramidis says the tension could increase if Barack Obama and John McCain, two candidates of different ethnicities, win their respective nominations.

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Employees in many organizations may be able to dismiss the potential for harsh repercussions arising from a political debate. Defense contractors may be dependent upon one candidate winning an election to secure favorable contracts.

"It could be pretty ugly for people who vote the other way," Avramidis says.

Other potential distractions that on their face might be well intended include regular calls for contributions to charities.

Such conflicts fall under performance management, and Avramidis advises organizations to provide a warning to particular employees if they receive complaints that the individual is provoking others with political debate. The next such complaint would lead to termination.

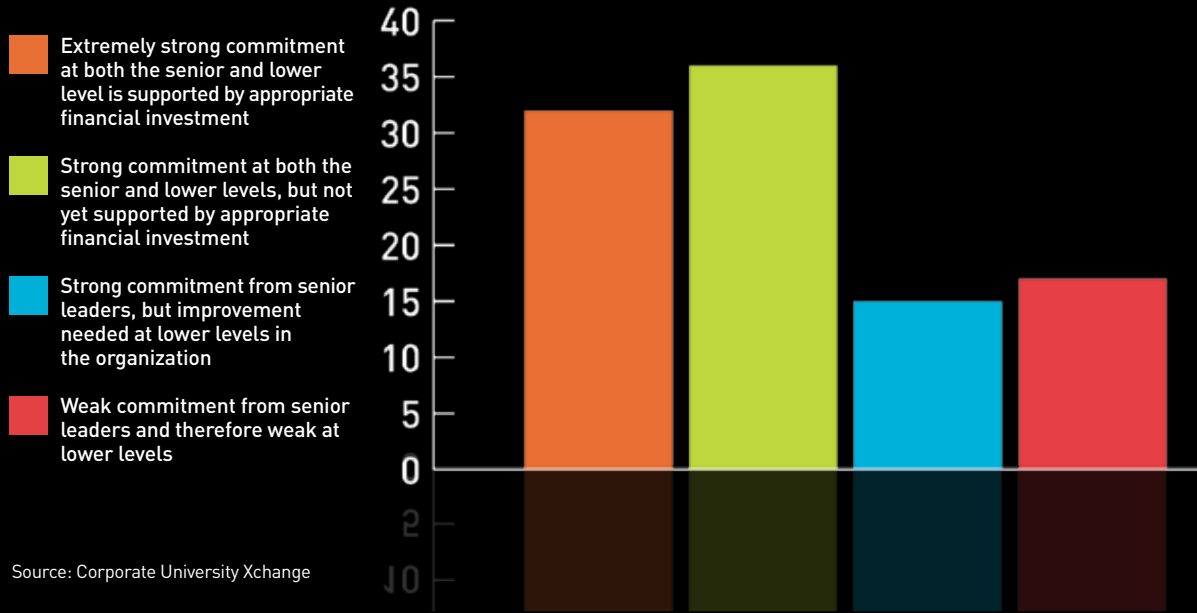
While awareness of office banter is important, Avramidis cautions organizations against adopting a ban on political talk.

"It's extremely dangerous to create a policy that you cannot enforce," he says. "It is still a tight labor market, and employees don't want to work for an organization that tells them what they can and cannot say. Pretty soon the policy could say that you cannot talk about the game last night."

*Michael Laff*

# Commitment to Leadership Development

Executives at 70 organizations were asked to rate their level of commitment in their organizations



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