

# Talent Supply and Demand...

...An Overview of the Issues and Complexities Driving the Talent Crunch



## Introduction

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## Contributing Factors

*The retirement of the Baby Boomers, perhaps the most highly educated and affluent generation in the history of the United States.*

*“Between 1990 and 2025 the labor force growth rate will plummet from 11.9% a year to .2%, due to fewer entrants and Baby Boomers retiring. Jobs that will be in demand of workers will not just be low-skilled or low-wage jobs, but managerial, technically and professional positions.”*

(Source: The Future of Work Institute)

During the past few years it has been common for HR professionals to talk about the impending talent shortage. It's also been on our minds here at Collabrus. Since our business is fueled by the talented people we employ in our staff positions and by the expert consultants who deliver project results for our clients, it is safe to say that we have our fingers on the pulse of the talent market! From this unique vantage point it is now clear that the talent shortage is very real.

While it would be easy to categorize the problem as one of economic supply and demand, that would be too simplistic a view. In reality the problem is more subtle, and much more far-reaching. While the workforce is not growing fast enough to meet overall demand, the problem is magnified by significant demographic trends that are changing the very nature of work, how it gets done, and by whom.

There are a number of factors to be considered when evaluating the talent shortage:

- The retirement of the Baby Boomers, perhaps the most highly educated and affluent generation in the history of the United States. The leading edge of the generation that was born between the years 1946 and 1964 is now hitting retirement age. This segment of the workforce has a large store of knowledge and experience, and often forms the core of senior management teams. As they retire the resulting “brain drain” risk is something that needs to be managed. Finally, to earn additional income in retirement or to simply stay engaged, many Boomers will choose to continue working in some limited capacity.
- Generations X and Y. The generations that follow the Baby Boomers are smaller in quantity, have different values, and also view work very differently. Not only are they the most technology-savvy group of workers, but for them work is a progressive series of project engagements and learning experiences. There is no expectation of a “job for life” nor is there an expectation of a single career.
- Increasing numbers of women in the workforce and more dual-income households are driving greater

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demands for work/family balance. The result is that many professionals are unable or unwilling to “put in the hours” as in times past.

- Tighter immigration and worker visa restrictions. Many highly educated foreign workers with in-demand skills are now restricted from working in the US. This trend is compounded by the rapidly expanding economies in their home countries which provides them with heretofore unavailable opportunity, and eliminates the need to look elsewhere for work opportunities. This “reverse brain drain” is predicted to have a dramatic effect on the global competitiveness of the United States.
- The United States is quite simply failing to educate enough technical and professional students to meet the market demand. Many of our current engineering and science graduates are foreign nationals who are returning to their homelands instead of staying here as was often the case in times past. In addition, countries like China and India are granting ten times the number of engineering and science degrees than the United States.
- Just as most workers no longer have an expectation of doing the same work for their whole career, most companies no longer expect to employ a worker for the entire career. The lack of job security and the relative lack of loyalty on both sides of the talent equation, have created a more challenging business environment in which to build teams and get work done.
- Local market conditions. For example, the extremely high cost of living in the major metropolitan areas of California (San Francisco Bay Area, Greater Los Angeles, Orange County, San Diego) is a compounding factor to recruiting and retaining the talent local companies need to grow.

The backdrop to these talent shortage factors is the rapidly evolving global economy. The free flow of capital and rapid pace of technology development is re-wiring world markets. In this environment, fluid business models are rewarded and inflexible models are pummeled. Companies must remain flexible and must bring in the expertise they need, when they need it, in order to survive. By necessity the contingent workforce of just-in-time knowledge workers is going to grow in order to meet the impatient demands of this new talent marketplace.

## Searching for Solutions

*The reality today is that many companies are struggling to hire and retain the talent they need to execute their designated growth plans.*

So what's the answer?

For talent seekers, those companies that must find and retain expertise, we are in for challenging times. The reality today is that many companies, especially in the major California markets, are struggling to hire and retain the talent they need to execute their designated growth plans. Ultimately, the most innovative companies with the most compelling value propositions for talented workers will prevail in the war for talent. These companies will increasingly need to utilize flexible workforces and will need to deploy innovative management solutions that attract and retain the contingent workforce in a legally compliant way.

For talent suppliers it is becoming more of a "sellers market." This is not to say that finding consulting resources is always going to be simple, or that you'll be able to easily afford their price. But the knowledge workers who are truly experts, with proven skill-sets and track records of delivering results, will be available for a continuing stream of opportunities from the organizations that are savvy and energetic enough to find and utilize them.

All of these trends have significance for the consultants on our payroll and for Collabrus as a business. In short, we believe our business model will benefit from the talent shortage. Applying the supply and demand model, more business executives and professionals are making the lifestyle decision to become consultants, while more companies will turn to flexible and seasoned talent in order to execute on their strategic initiatives.

## About Collabrus

*Collabrus provides:*

*Contingent Workforce optimization, risk mitigation and cost control.*

Collabrus provides clients with a comprehensive suite of contingent workforce management services designed to optimize the contingent workforce and mitigate risk. Services include professional-level pay and benefits for contract employees, worker qualification and contract administration for Independent Contractors, and end-to-end outsourced managed solutions. Our tailored programs enable our clients to make the contingent workforce a key asset in their overall talent strategy. Collabrus services enable consultants to accept a wide range of project and interim assignments, offering contract support and pay and benefits programs designed for the senior consultant.

Collabrus solutions include:

- **Compliance and Risk Mitigation** – The unique Collabrus evaluation process is a combination of Web-based tools and expert review to ensure 1099 compliance. Since not all individuals or vendors qualify to be legally called “Independent Contractors,” Collabrus helps clients implement procedures to eliminate the risk associated with utilizing contractors. This often involves working with the IC’s to achieve compliance, or moving them to our payroll solution whereby Collabrus becomes the employer-of-record.
- **Professional-Level Payroll** – Collabrus pay services and benefits packages are tailored to meet the needs of your highly skilled contract workers and consultants, on a nationwide basis. Collabrus pay programs help attract and retain top talent by providing income stability and robust benefits options that are affordable and portable.
- **Contingent Workforce Managed Services** – Collabrus builds personalized programs that enable clients to manage all aspects of their contractor workforce – Independent contractors (1099), staffing suppliers, and W2 workers – using a combination of web-based technology and high touch services.

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