

The War for Talent: A Decade Later, No End in Sight

By Henry DeVries



The shot heard 'round the human resources world came in the fall of 1998. A research team from McKinsey & Co. declared that better executive talent is worth fighting for. First published in *The McKinsey Quarterly*, the breakthrough study of 77 companies and almost 6,000 managers—titled “The War for Talent”—predicted a constant battle ahead, a fight with no final victory.

Publications like *Fast Company* quickly spread the news from the boardroom bunkers to the HR trenches: the coming conflict would start with guerrilla raids but would ultimately spread to a global talent pool struggle. The reason was demographics and the retirement of the Baby Boom generation. The battle cry was to not only improve hiring practices, but to work harder to retain and grow your executives.

Although the timing and severity of this struggle for talent has been subject to a decade of heated debate, its existence has not. McKinsey's supply and demand predictions have come true. While the U.S. workforce grew by 54 percent from 1980 to 2000, it is only expected to grow by 3 percent from 2000 to 2020. On top of that, the percentage of the U.S. workforce with college degrees rose by 43 percent during the '80s and '90s, but over the next 20 years will grow only a paltry 7 percent. According to the U.S. Department of Education, 60 percent of the jobs in the 21st century will require skills possessed by only 20 percent of the talent pool.

Winners and Losers

Locke Epsten views the battle for talent from the front lines. As director of corporate education for UC San Diego Extension, during the past 10 years she has seen a steady growth in the number of San Diego companies investing in customized leadership and managerial training.

“In a talent war there are winners and losers,” says Epsten. “Companies like Pfizer, Northrop Grumman, Viasat, Qualcomm, San Diego Gas & Electric, NASSCO, and Sony were well positioned when the war was declared and have been winning it for the past decade.”

Epsten helps design and deliver programs that bring UC San Diego to the workplace. The most popular has been The Managers Toolkit™ which was designed to give

Continued on next page

employees practical management skills they can apply every day on the job, as well as a better understanding of the management function.

The intensive in-company program for managers exposes employees to common management situations, giving them honest feedback on their strengths and weaknesses. Ten four-hour sessions are equal to four units of continuing education credit that can be applied toward the UC San Diego Extension Professional Certificate in Business Management. The instructional fee is \$1,250 per participant, plus a materials fee of \$345 per participant.

“The Manager’s Toolkit program is an excellent survey course for our experienced leaders,” said Kimberly Fremo, employee development manager with San Diego Gas & Electric. “The curriculum parallels that of a four-year organizational behavior program, providing our leaders with solid foundations in the 10 main topics covered.”

The High Cost of High Turnover

So are most companies today working hard to train their managers and leaders? The recent dispatches from the front are not encouraging because poor leaders are leading to high turnover. One out of four employees is leaving their employer due to ineffective leadership, according to a 2008 survey of 1,308 employees conducted by Right Management. In addition, 22 percent cited poor relationships with their managers and 21 percent said their contributions were not valued. This is no way to win a war.

“Turnover is costly and disruptive,” said Douglas J. Matthews, president and chief operating officer of Right Management. “Our research found that it costs nearly three times an employee’s salary to replace someone, which includes recruitment, training, severance, lost productivity and lost opportunities. The most successful organiza-

tions look for innovative ways to keep and engage their talent.”

Epsten concurs. “If you want to grow your talent, then you feed it. Take the local life sciences companies for example. Many of their engineers and scientists that are being promoted into management were never trained to be managers. Proper training is needed to set them up for success in their new roles. Training creates a culture where your best people want to stay and get even better.”

“Training creates a culture where your best people want to stay and get even better.”

Another popular UC San Diego Extension program that has grown in the past 10 years has been The Project Manager’s Toolkit™ designed to give managers practical principles they can use to be more effective in meeting project goals. The sessions cover a core body of knowledge related to project management, as well as elective skills or tools that may be industry specific. The instructional fee is \$1,250 per participant with a materials fee of \$415.

A new program that Epsten is excited about is The Systems Engineer’s Toolkit™ designed to provide the engineering workforce with practical principles and applications that enable the workforce to more effectively execute engineering tasks within a project organization. The program reviews all aspects of the process and is offered exclusively to organizations for their employees, not publicly. Like all the toolkits, course content is customized to the challenges of each organization.

The War Ahead

What lies ahead in the war for talent? The good news is that although management represents a small percentage of the corporate workforce, it will get the lion’s share of the corporate training budget, according to a study of the U.S. training market released this year by Bersin and Associates. Approximately 21 percent of training program dollars will be spent on

Top 10 Leadership Development Initiatives

According to a study by Novations Group, a global consulting organization based in Boston, the following management situations are most often addressed in leadership training.

- 1 Coaching a performance problem
- 2 Communicating performance standards
- 3 Coaching a development opportunity
- 4 Conducting a performance appraisal
- 5 Handling conflict situations
- 6 Communicating vision and strategy
- 7 Selecting the right employee
- 8 Diversity and inclusion
- 9 Gaining commitment to goals
- 10 Managing priorities

leadership development and management/supervisory training. This may just help offset the projected decline in workforce talent.

“Corporations are investing heavily in current and up-and-coming leaders,” said Josh Bersin, who conducted the study in partnership with *Training Magazine*. “We see an emphasis in this area across all sectors. Looming retirements, gaps in management talent, and economic pressures are causing companies to funnel dollars into their leadership pipelines.” ■

“The most successful organizations look for innovative ways to keep and engage their talent.”