

The leadoff seminar for the ISRC 2000-2001 year featured a presentation by Linda Pittenger, President and CEO of people³ a Gartner Company. Her presentation, which she entitled “Leading the Agile Organization”, was an interesting update on many HR issues facing CIOs today. Diane Berry, Vice President of people³, presented some of the results of their 2000 IT Market Compensation Study.

Introduction and Overview

The hiring, training, retention, compensation, and career development problems for today’s CIO are still as severe as they have been over the last several years. In fact, the problems have become more confounded because of the evolving nature of the “new breed” of IT professional. Understanding the new breed of IT professional along with the stages of the “employee lifecycle” is the key to navigating the HR minefield.

The “New Breed” of IT Professional

The new IT professional is evolving from someone who worked their entire career for a single company to the current employee who works for 4 or 5 companies for 4 years each and is evolving into the future employee who will only stay with an employer for 3 years. According to Linda Pittenger, this 36-month employee lifecycle will be common in the next 4 to 6 years.

The IT worker of today is being molded by the high stress, fast paced work environment where 70 hour workweeks, high payoff, and high risk are the rule. The hot skills are still hard to find with long recruiting times required.

JOB TITLE	LENGTH OF RECRUITMENT
Database Administrator	4.4 months
Network Architect	4.2 months
Internet Web Architect	4.0 months
Network Engineer	3.8 months
Manager, Electronic Commerce	3.7 months
Electronic Commerce Analyst	3.7 months

The cost of replacing IT professionals continues to increase. When recruiter costs, interview time, sign-on bonuses, relocation expenses, and reduced productivity are all considered, turnover costs of 100 to 250% of departing salary are typical.

Strategies for effective recruiting of employees include:

- Use focused recruiters who are working just for you
- Create alumni groups of former employees – they may come back or send their friends
- Sponsor user groups and professional associations

- Make alliances with colleges and universities

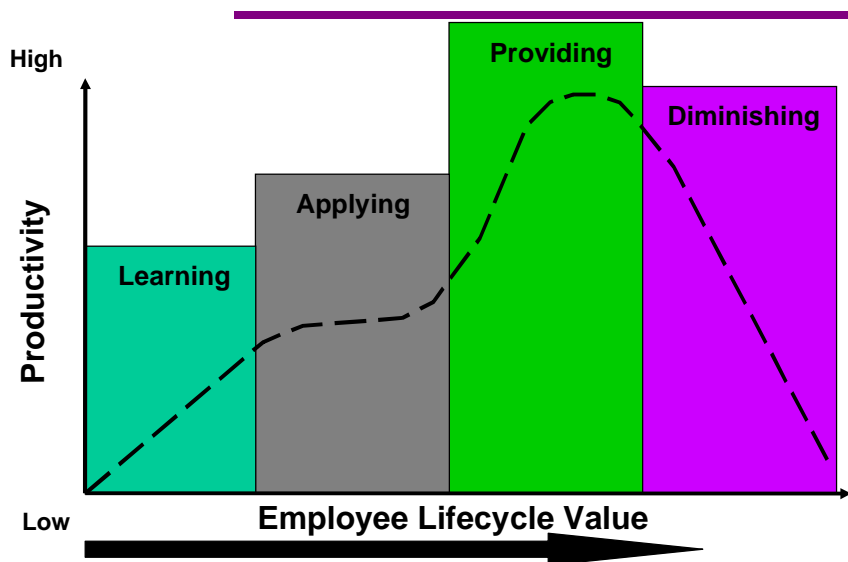
Strategies for retaining these IT professionals include:

- Providing a challenging technical environment
- Having a clear career development path
- Allowing them to use the newest technologies
- Having strong IT leadership
- Having people oriented managers
- Allowing access to training

It is also important that a sourcing strategy be adopted. Consider outsourcing, especially when looking for the technical skills. These type of skills are more generic to applications in general and not specific to a business like the business management and technical management skills required for other positions.

The Employee Lifecycle

stages of employee lifecycle



Ms. Pittenger presented her concept of the employee lifecycle graphically:

The elapsed time for the employee life cycle is currently approximately 4 years. The employee lifecycle value is the total value (knowledge, ideas, productivity, leadership) a company receives from the employee during their lifecycle. The job for the CIO is to stretch out the “applying” and “providing” phases of the lifecycle so as to maximize the value.

The Agile Organization

There are defining characteristics of the agile organization that sets it apart. Creating a work environment that can motivate the employee and keep them satisfied with their employment is key to maximizing the employee lifecycle value. Best practices include:

- Managing to the individual – recognizing that there are differences in skills and objectives and not applying cookie-cutter solutions
- Match competencies of people to the type of work team –
 - Strategic planners
 - Designers
 - Implementers
 - Operational
 - Technical scanners, early adopters
- Develop career paths that recognize the work/family life balances
- Learn to manage by assessing both the goals/objectives and the skills/competencies
- Integrate the career development paths with the performance feedback as well as with the reward and recognition

Interesting Notes from the people³ 2000 IT Market Compensation Study

Geography -

- Northeast and Western regions pay a 5% overall premium on salaries, as compared to the national average
- North Central, Southeast, and South Central pay 3-8% below the national average

Industries -

- High tech provides the highest total cash compensation, with increased reliance on variable pay and average base salary
- Manufacturing pays 5% above average for all jobs (total compensation)
- Public-Non-Profit pay the lowest with 8-9% below the national average

Turnover -

- Firms:
 - with more IT employees (large IT shops) have lower turnover
 - that outsource have higher levels of turnover

- with more vacant positions experience higher turnover

Reward -

- Firms with:
 - more IT employees pay significantly higher salaries
 - higher revenues pay higher salaries
 - more IT vacancies do not pay lower salaries on average compared with those with a lower number of vacancies

Reward -

- Companies who are in an aggressive hiring mode pay lower salaries. It is suggested that salary levels are not the key drivers of hiring success
- Firms experiencing high rates of turnover have higher salary levels on average. This suggests that firms responding to turnover with pay have limited success

Additional Information

http://gartner3.gartnerweb.com/public/static/consulting/p3_home.html
people³ home page.

<http://www.jobweb.com>
National Association of Colleges & Employers job matching web page.

Beyond Compensation: Strategies for Managing IT Employee Retention and Turnover. *University of Houston Information Systems Research Center White Paper*. Wynne W. Chin, David S. Taylor, and Peter A. Todd. 1999.

Managing People in the Information Technology Organization. *University of Houston Information Systems Research Center White Paper*. Wynne W. Chin, Tim Goles, Rudy Hirschheim, Jaana Porra, and Peter A. Todd. 2000.