

THE WINDOW OF OPPORTUNITY

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It is my pleasure to testify before the Senate Subcommittee on Oversight of Government Management, the Federal Workforce and the District of Columbia and the House Subcommittee on Civil Service and Agency Organization about the human capital crisis that faces the Federal Government.

In recent months, headlines across the country continue to bring to light the serious human capital crisis in Government. Below are just a few examples:

“Staff shortage called threat to NASA” - *Houston Chronicle*, TX, March 12, 2003
(Story highlight: Only 6 percent of its 18,000 workers are younger than 30)

“Pentagon seeks tech-savvy workers” – *Government Executive*, March 31, 2003
(Story highlight: “Creating a larger pool of science and engineering-savvy workers to chose from is a top priority in the Defense Department”).

“SEC needs more money, better personnel”. – *USA Today*, January 16, 2003
(Story highlight: Attorneys, accountants and examiner continue to leave the SEC)

As people familiar with this crisis are well aware, more than half (53 percent) of the 1.8 million employees that currently comprise the Federal workforce may be eligible to retire in the next five years. Additionally, the average Federal employee is 45 years old, and more than half the Government workforce is between 45 and 69 years old.

The challenges and the demographic statistics of this crisis are substantial. We are here at a crossroads, as the window of opportunity for the Government on the recruiting front is closing fast. The current abundance of available candidates is a momentary event that will soon disappear - even more so given the current recruiting branding and tactics of the Federal Government. The time is now to take the proper steps to address the Federal Government’s human capital crisis. We do not feel this crisis yet, but it is inevitable and will be quite serious unless the Government moves quickly by putting in place the right system that will bring qualified job applicants to the public sector.

Although the human capital crisis has been many years in the making, much of what constitutes the shortage and the problems associated with it can be best understood by examining the American economy beginning in 1999.

1999 was the height of the technology boom and the rise of the dot-com frenzy. The private sector ruled – fueled by unprecedented venture capital and high IPO’s making people instant millionaires. We experienced rapid pay acceleration, and stock options offered as a huge employment incentive and treated like a new form of currency. The nation’s unemployment rate reached a 30-year low at 3.9%,

as the landscape of the workplace and its reality were changing. 1999 marked the beginning of a permanent shift of the balance of power **from the employer to the job seeker**.

Then came the first half of 2001. The dot-com bubble burst which triggered significant layoffs across the country, and the unemployment rate began to gradually escalate over the next 18 months. However, despite the decrease in the technology world, the Internet continued to grow and weave itself into our everyday lives on a global scale.

A few months later on September 11, 2001, the terrorist attacks occurred in our country. This caused the “Pride in America” sentiment to start to grow significantly. Our country was still in the midst of a recession, but there was a feeling of pride in America’s resilience. The days, weeks, and months following the attacks brought a huge increase in sales of American flags, as citizens proudly waved them on their cars, in their homes, and on storefronts.

This brings us to today. We are at 6% unemployment and 8.5 million Americans are out of work. Government has passed legislation to extend the unemployment benefits for millions of Americans given the tough job market and long job-search cycles. The shift of power has once again swung back to the employer — salary increases have settled down, and the attitude toward stock options has become realistic again. But the shift of power is a temporary one, and it will soon be back in the job seekers favor for the balance of this decade.

The extraordinary growth of the late 1990’s was the factor behind the job seeker power during the dot-com boom as well as the current tight job market. The Internet is the biggest invention of the last half of the 20th century and it caused a great amount of ingenuity and innovation; however, it also caused ideas without the backing of realistic business models, which ultimately caused the current correction in the technology industry. Technology will rebound as will the economy, and job seekers will regain the power they once had in 1999. This is the time when it is critical that the government address its own recruitment shortcomings.

During the dot-com boom, job seekers were attracted in great numbers to the private sector. Escalating salaries and stock options brought the possibility of wealth for many employees. The incentives worked for the private sector. The theory behind the recruitment success of the private sector also needs to be applied to the public sector, so that the Federal Government can effectively compete for the talented people during the next decade and beyond. All levels of government need to work together in this area to ensure and help drive the continued advancement and security of the United States.

Job seekers are interested in employment in the Federal Government. In a recent poll of 51,000 Monster job seekers, 80% indicated they would be interested in working for the Federal Government, while 86% of the MonsterTRAK college student population indicated the same interest. Perhaps it’s a sign of the tight job market or the security offered with employment in Government. Nevertheless, the interest from seekers needs to be transformed into sustained growth in applications for Government jobs. Job candidates have an open mind about opportunities in the current market – now is the time to seize the moment and prove to job seekers across the nation what the public sector offers in terms of great job opportunities and truly market these opportunities to job seekers.

Though offering stock options and other such private sector perks are certainly not an option for Government agencies, the Federal Government has been making some excellent progress and has the opportunity to capitalize on several opportunities to help brand itself as a good employer:

- The solidity and stability of Government positions.
- The guarantee of strong pension benefits, which alleviates concern about retirement.
- A renewed sense of pride in serving our country since September 11th and the war in Iraq.
- New high-profile initiatives such as Department of Homeland Security.

The Internet has become a mass media; it's information-rich. It's also comparatively inexpensive to distribute information, and the fast adoption rate of the target audience is a positive. We also must not forget that the Internet was born from the U.S. Government. The Internet was created to establish a decentralized network among U.S. Government defense agencies and strategic command posts. **It's time to bring it back home** - The government has to fully embrace its technology in all of their communications and recruiting and transform their image as a slow-moving employer.

The Government has had some high visibility recruitment successes recently that it can use as a core foundation to build upon. One example in particular in the past year that highlighted the potential for the Government in online recruiting was the large task of recruiting baggage screeners for the TSA. Utilizing Monster, they experienced over six million page views and 1.7 million applications for the baggage screener positions. Of those, 418,908 applicants scheduled for assessments. Of those, 61,292 offered jobs, and 66,000 were placed in the ready pool. On a smaller scale, Monster is also currently assisting the Air Force to find nurses, doctors, and engineers, and working with the INS to locate agents in outlying areas of Montana, Minnesota and North Dakota.

So while some things are certainly moving in the right direction to allow the Federal Government to capitalize on the human capital window of opportunity, there are still some major challenges that must be overcome. The demographics surrounding the aging workforce are real and will not go away. So while less federal staff retired in 2002 than was originally predicted, this only delays the inevitable shortage.

I believe the single biggest challenge the government has to overcome is the **way that it recruits and the culture of the people doing the recruiting!** Based on the work that Monster is doing with various federal agencies, there are numerous inherent barriers to taking advantage of the window that is open and recruiting the best talent from the private sector.

Let me demonstrate just a few of these:

1. Your job descriptions – What in Government terms you call a vacancy announcement. Here is a job description from the private sector.

Now let me show you a typical government job description.

2. If that doesn't put you off, then perhaps submitting yourself to an on-screen barrage of over 100 questions should do the trick.

3. Now if you happen to make it through the screening, then you are greeted with convoluted resume builders that can be up to 39 pages in length.

A few other facts - only 30 percent of Government agencies do not accept electronic applications, only mailed resumes. Government employers have to make their vacancy announcements visible, describe the positions in brief & interesting terms, and allows seekers to apply online and speed up the response process. Today's Internet-savvy generation, which conducts travel arrangements, shops, and pays bills online, will not take the time to mail a letter to get a job. If the government is truly interested in finding the best, brightest, and most diverse group of entry-level candidates from the private sector for open positions, they must market to them in right places and in the right way.

The recruiting process is clearly broken within the Federal Government, and it must be changed to avoid drastic problems in the Government structure and its abilities in the future. Monster is currently working closely with the Office of Personnel Management to bring the high level of online recruitment tools from Monster into the Government, but this is still just the tip of the iceberg. Many agencies still have no staffing automation systems, which often result in lengthy hiring cycles of 4 – 6 months or more. To compete against the private sector, the ease of use and the hiring cycle needs to improve exponentially to make employment an attractive option for the millions of talented job candidates in the United States.

In addition, many agencies and departments of the government have no idea on how to actually build a branding campaign to attract top talent. Effective branding is a big part of effective recruiting. To reach a majority of the target audience, Government agencies must do more than just post a vacancy announcement on USAJOBS. It is crucial that the Federal Government as a whole and all the agencies brand themselves as a great employer that will provide employees growth opportunities, will foster security, and will provide them the ability to produce meaningful work that will help propel the country in this new century. The result will be a higher level of talent in the Government, great ideas, increased productivity, and an America that will continue to lead the world in growth and prosperity in the 21st century.

I firmly believe that the Government's window of opportunity that presents itself today will close, and we will be faced with the worst labor shortage in our nation's history. But the impact can be lessened if the correct actions are taken. There is a set of fundamental demographics that impact the broader labor market (similar to the demographics that have bought on this impending human capital crisis in government). As the baby boomers retire from the workforce at a greater rate than they are being replaced, we will see unemployment drop. Economists are also predicting that unemployment will drop to 4% by 2010, the same level that existed at the height of the dot.com frenzy. The Bureau of Labor has stated that in 2010, 10 million jobs will go unfilled. That is a frightening statistic.

The four factors that I feel will be at the forefront of what I predict will be the worst labor shortage in our lifetimes are:

1. Substantial baby boomer exit
2. Employee tenure shortening
3. Broadened skill shortages
4. The transition from e-commerce to e-business (companies will need to retool, retrain, and recruit)

These are many of the things that the public sector needs to be aware of, as the private sector regains competition for talent. The talent war for employees will be coming again, and success of the Federal Government and our country depends on us being effective in this different type of war.

Finally, I would like to end today with two questions to ponder:

1. How will the government fair in this competitive labor market of tomorrow if it does not fundamentally change its approach to human capital management today?
2. What changes need to happen immediately within the government to take advantage of the current window of opportunity before it closes and job seekers regain control in a Free Agent World?