

Bob Kustka

Factoring Human Capital Into Your Business Plan

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Poll: Business reacting to a growing 'retention crunch'

BY JENNIFER LECLAIRE
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Look around your office. Three out of the four faces you see could soon be working for another company, according to a recent poll conducted by the **Society for Human Resources Management** and The Wall Street Journal's **CareerJournal.com**.

Indeed, the poll revealed that more than 75 percent of employees are looking for new jobs. What's more, a separate survey from recruiter **ExecuNet** predicted that 2007 will see significant turnover among the ranks of unsatisfied corporate executives.

Call it a "retention crunch."

The issue is hardly new, but in light of improved economic conditions, low unemployment rates and widespread labor shortages, retention strategies aren't merely on the radar screen of competitive companies, they are under a magnifying glass.

What's different this time around is a combination of short- and long-term factors in play, said **Walt Williams**, a partner with the executive search firm **Battalia Winston International** in Boston.

"There's the short-term cyclical factor with the economy, but there's also

the fact that over the next 10 years the baby boomers will leave the full-time work force faster than new workers are coming in," Williams said.

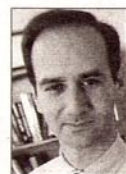
Because of the widespread layoffs during the last few recessions, Williams said, workers are taking more control of their career path rather than counting on their company to secure their future — but that's not the only reason for the retention crunch.

Employees and HR professionals in the SHRM survey agreed on the top reasons employees choose to leave their organizations: better compensation and dissatisfaction with the potential for career development and advancement.

Joseph Kotlinkski, a manager in the Information Technology Group of search firm **Winter, Wyman and Co.** in Boston, said companies are presenting healthy counteroffers to employees when competitors try to steal them away. He recalled a candidate who was recently offered a new job with a starting salary that was 21 percent higher than what she was making. She quit her job and accepted the offer.

"The woman's company countered her twice — once with an offer 44 percent higher than her current salary. After she declined that, they of-

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Bill Coleman

Vice president of compensation, Salary.com

ferred her 54 percent more," Kotlinkski said. "She still left the company, but you can see how her departure is a sign of what companies are willing to do to hang on to their valued staff."

Of course, recruiters agree that technology is one of the hottest employment sectors in Boston, along with biotechnology, health care, engineering and financial services. But recruiters also said the coming retention crunch creates challenges for all industries. Case in point: The federal **Bureau of Labor Statistics** reported an estimated short-

age of 3 million workers by 2011.

"Boston is at great risk for shortages because it is a knowledge-worker region, and the United States is issuing fewer H1-B visas," said **Bob Kustka**, principal of **CHR Partners**, a human resources consulting firm in Norwell.

"Businesses in certain industries will begin to feel the impact of this crunch, because salaries will go up but there still won't be enough workers," he said. "Some Boston companies are already struggling with labor issues, which impacts growth."

Still, for all the surveys, studies and speculation about retention crunches, **Bill Coleman**, Waltham-based **Salary.com**'s vice president of compensation, is not convinced that 2007 will see the level of job hopping that some are predicting. From where he sits, there's still a hint of uncertainty in the job market.

"People always say they are going to look for new jobs at the end or beginning of the year," Coleman said. "But our research shows that while many people intend to get a new job, far fewer actually act on that intention, and even fewer still actually do change jobs because it's often comfortable to stay where they are."