

Competing for talent in the public sector

How states can win hearts and minds
in a tight talent market

Shortly before the 2008 financial crisis, human capital experts were sounding the alarm on the “silver tsunami”: Baby Boomers were closing in on retirement and employers were about to be hit with a huge employment crisis. Enter the recession. Pension and 401(k) values plummeted and Boomers postponed their dreams of Tahiti.

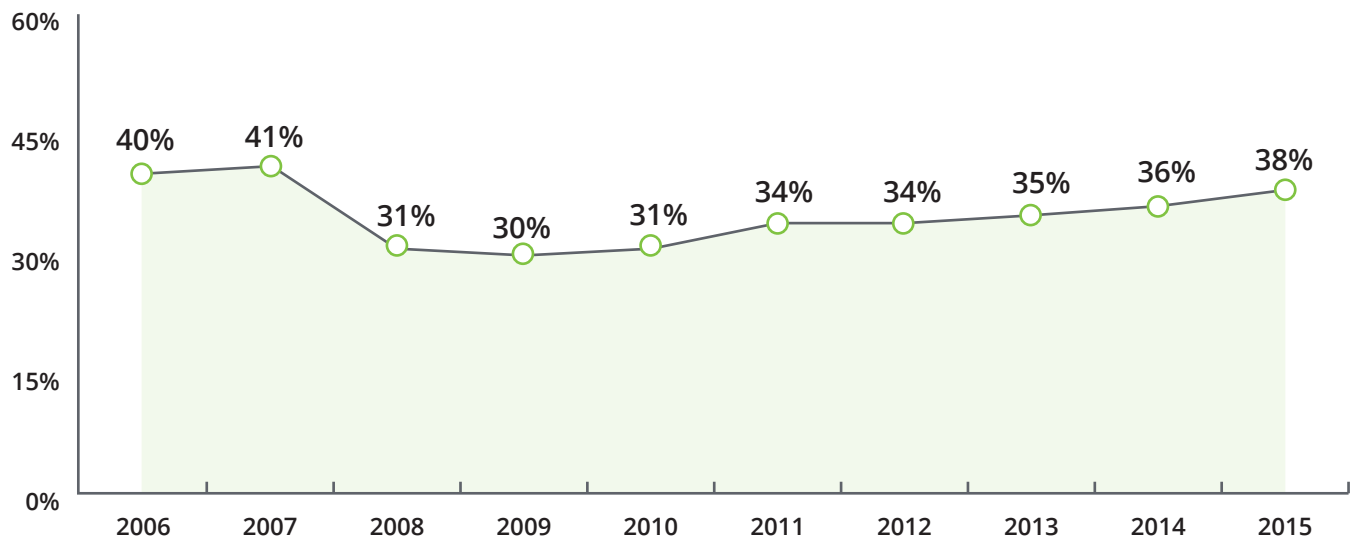
Fast forward to 2016, four years into recovery, and the silver tsunami is back with a vengeance, along with new challenges no employer can ignore. With millennials

changing the workforce, social and mobile technology changing the workplace, and globalization changing virtually everything, many US employers—public and private—are scrambling to stay ahead of the coming talent shortage and find appropriate and affordable talent for their future organizations.

The 2008 recession triggered a 10 percent drop in difficulty filling jobs. Steadily rebounding since 2012, that number was closing in on the prerecession peak by

2015. Bottom line: Employers are finding it increasingly difficult to fill jobs and that trend is likely to continue.

Global: % Having difficulty filling jobs



Source: ManpowerGroup—2015 Talent Shortage Survey

Immediate strategies for addressing the coming talent shortage

Without a doubt, competition for talent is escalating quickly. The following concrete steps can help state HR departments establish the right staffing mix for the years ahead.

Prepare for change with your existing workforce

When Baby Boomers retire, they don't simply leave an open headcount, they take huge amounts of information with them—knowledge, understanding, and experience with daily operations, plus valuable historical perspective. Minimizing the shock of the Baby Boomer exodus is not only about talent acquisition, it's also about a very considerable amount of knowledge transfer. Be ready:

- **Prepare the next generation of managers now to take over when Boomers leave.** Establish thoughtful succession plans for jobs that can be filled from within and begin conscious identification of tomorrow's leaders.
- **Leverage existing knowledge before it walks out the door.** Plan ahead for knowledge transfer with structured ways to encourage information sharing as part of the grooming process for positions.
- **Improve retention through employee engagement and culture.** Actively seek out the real reasons people stay or leave, and make the right investments to keep your best employees from moving on.

Consider the full range of options for filling talent gaps

When you can't meet a need with your internal talent pool, consider all sources of available talent. Decide which roles truly require full-time employees, then leverage other options for remaining work:

- **Tap into part-time, contingent, consultant, and intern talent pools.** For shorter projects and specialized skills needed on a limited basis, it doesn't make sense to invest in benefits, pensions, and other full-time overhead, especially considering how rapidly alternative talent pools are growing in size and becoming the norm.
- **Actively seek out minority-owned and women-owned businesses.** RFPs often require inclusion of minority-owned and women-owned businesses, so reach out and use these companies for projects and contingent staffing. The business owners appreciate the opportunity, it fulfills requirements, plus diversity and inclusion is positive for the state's image.

Get creative about talent attraction and recruitment

Without a doubt, the public sector starts at a disadvantage and can now be in danger of lagging even farther behind the eight ball on recruiting. It's past time to get creative:

- **Confirm your recruitment process is nimble and effective.** You can no longer afford to lose candidates because of slow, outdated recruitment processes. Candidates won't wait around for myriad approvals, test results, and paperwork—they will already be working for someone else.
- **Build bridges to local colleges and state-owned universities.** At public institutions in particular, state HR departments are in an excellent position to define talent needs and help shape curricula that will serve the needs of the state. Working closely with education leaders also provides an opportunity to establish a presence on campus that can help with formal and informal recruiting.

- **Manage the image problem.**

Look at your employee branding strategy—what is your value proposition? Why would someone work for the state? Perform an internal survey of current employees to find out what they like and why they joined and use that information to improve the image of the state as an employer.

- **Speak to millennials about “giving back.”**

Many younger people are very community focused with a strong desire to do

meaningful work that contributes to the greater good. The state provides those opportunities in ways the private sector cannot match. Emphasize public service to attract talented millennials who might not have considered the public sector before.

- **Be smart about recruiting targets.**

Harvard MBAs and Google employees are not likely to move to the public sector any time soon. Focus recruiting efforts on local colleges and universities and local talent in your community.

- **Offer flexibility in your reward strategy.**

If you can't increase salaries to compete with the private sector, consider increasing flexibility. Provide a range of options for the amount contributed to healthcare so you can appeal to people in a variety of circumstances. Give employees the option to put \$500 into a pension or take \$500 in cash. Millennials might take the cash, boomers might take the pension; either way, the state gains a powerful tool for attracting and retaining talent.

Why now?

Many factors are at play in the tightening talent market, but some are particularly relevant for the public sector.

- **Baby Boomers leaving the workforce en masse.**

Baby Boomers forced to postpone retirement during the 2008-2012 recession are now past ready to go; with global economic recovery, many are gearing up to retire within the next five years. Public service has historically attracted people interested in earlier retirement, so public service will be hit hardest by the sudden loss of talent and historical institutional knowledge.

- **Perennial challenges of competing with the private sector.**

As always, the public sector faces tough odds for attracting and retaining talent—states typically can't compete

with private sector salaries and benefits, brand cache, and location. If nothing else changes, the competition will only get tougher. The recession drove more people to the relative safety of public sector jobs, but now that the economy is improving, talented employees in the public sector are more likely to leave if they find a better offer.

- **Widening gap between education requirements and required job skills.**

Rapid changes in the workplace have only deepened the disconnect between skills employers need and training provided at institutes of higher education. Programs to promote dialog between employers and educators are helping align academic curricula with talent requirements but qualified candidates are still in increasingly short supply. As a public sector entity, states are in an excellent position to

create alliances with local colleges and state-owned institutions to make sure the curricula produces the talent they need.

- **Fewer graduates from India and China opting for US employment.**

Over the past 10 years, economic growth in China and India has spurred employment opportunities in those countries. Talented graduates who might have looked to the United States for suitable employment in the past now have attractive options in their home countries, particularly if they have technology-related skills, an increasingly difficult area for public sector to staff.

Additionally, declining population growth means fewer people are entering the workforce—the candidate pool is not expanding but demand for good candidates shows no signs of diminishing.

Modernize everything about talent engagement and retention

Most states are overdue for a cultural and infrastructural overhaul to meet expectations of today's workforce for work environment, flexibility, and opportunity. Here are some good places to start:

- **Make career planning and training relevant.**

For talented employees, training contributes to retention only if there's a direct link between the skills gained and

increased opportunity. For most states, training resources are limited anyway, which means you can't afford to train people in general skills. Be diligent about directing training dollars at known skill gaps.

- **Offer flexibility around work hours and location.**

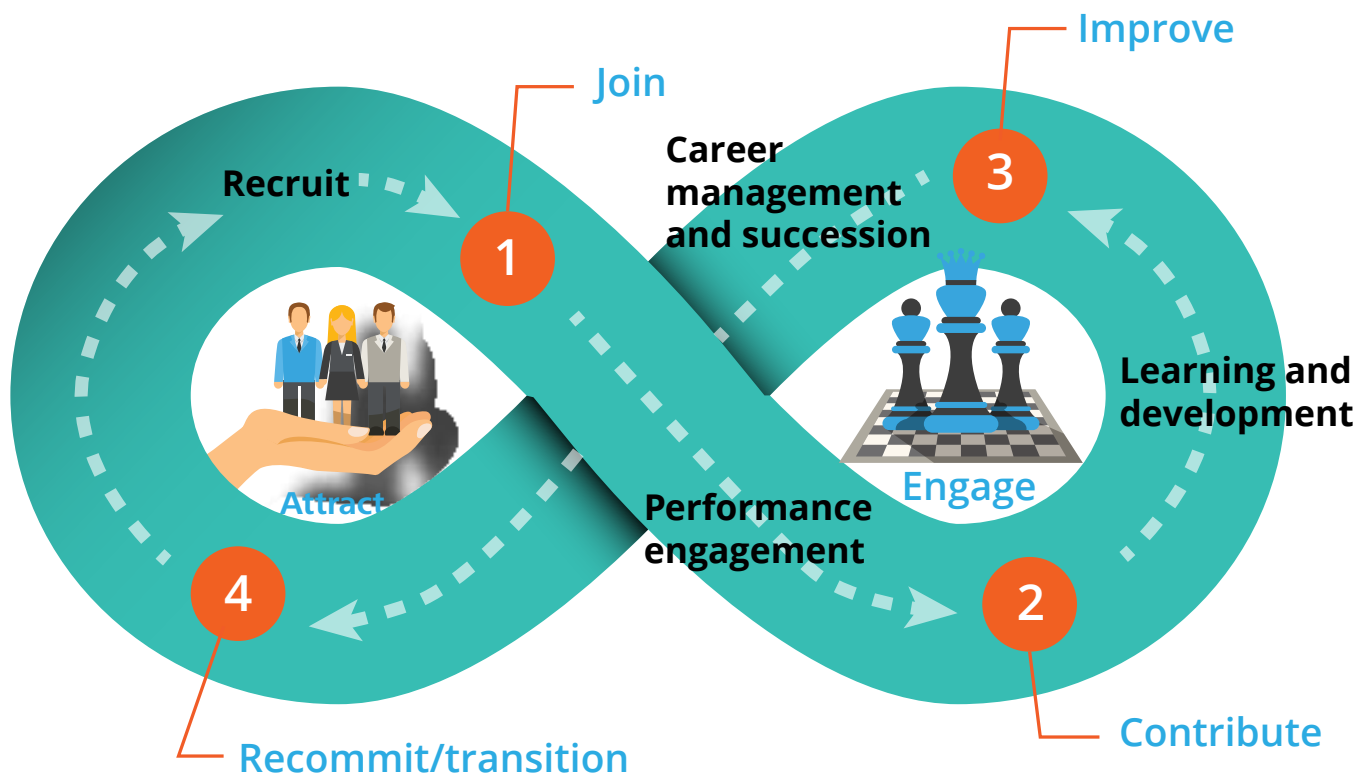
The option to work remotely can broaden your talent pool considerably, plus it's become a common perk in the private sector. People who don't want to move to a state capital might be willing to commute farther if they're only making the drive

two or three times per week. Some roles require onsite presence, but for many, the option to work remotely can make a state job competitive with a private sector opportunity.

- **Make the work feel meaningful.**

Through communications and programs, highlight how state employees are helping the community, making a positive difference, and having a long-lasting impact. Create a culture of pride in civic contribution that makes people want to stay.

The modified employee career model



Source: Max Meyers, Hannah Roth, Eric Niu, and David A. Dye, *Employees as customers: Reimagining the employee experience in government*, Deloitte University Press, May 31, 2016, <http://dupress.com/articles/treating-employees-as-customers-in-government/>.

Take a close, hard look at existing roles

Finally, in most states, organizational structures have grown organically and have never been closely examined for opportunities to streamline. Now is a great time to reassess your org structure and look for efficiencies. Because reorgs typically involve layoffs, they are naturally met with resistance, but departing Baby Boomers present an opportunity to reshuffle the deck without RIFs. As boomers leave, look for ways to redistribute their roles rather than replacing them. At the state level and individual agency level, there are likely to be layers of management that could be transitioned to new roles, as well as many new opportunities to retrain and reorganize teams. Streamlining your organization can help you ease the talent crisis while creating professional growth opportunities for current staff and freeing up funds to attract and retain new talent.

Bigger changes: Why a statewide, holistic talent strategy may be your best bet

On a larger scale of change, states should be considering some level of centralization and consolidation to establish a “brain trust” that will help the state compete successfully for strong talent. Historically, state talent efforts have been fragmented and decentralized with no single body responsible for

a cohesive strategy across individual departments. To be in the best possible position to attract and retain talent, states should consolidate talent efforts in a single organization with a multifaceted statewide talent strategy and a strong future focus.

Think at the state level.

A central talent organization can roll out a consistent, easier-to-manage talent strategy that benefits all areas of state administration and reduces duplication of effort. The state itself can be positioned as the Employer of Choice, by extension providing a critical boost to talent efforts throughout all state agencies. Brand loyalty at the state level can target areas known to be of interest to younger employees: meaningful service to the community, making a difference, giving back. States can focus on a powerful message to potential job seekers: “We can offer you the type of job that will enable you to serve your state with pride.”

Think ahead (way ahead).

Forewarned is forearmed: The sooner talent gaps are identified, the better your chances of bringing in the right candidates to fill the need before it becomes urgent. The majority of talent strategies in the public sector have historically been retrospective and reactive—Fred resigned, what do we do? States need to be looking beyond the one-year mark and establishing much longer term strategies and plans.

QUO VADIS, HR?

Many factors are at play in the tightening talent market, but some are particularly relevant for the public sector.

Regardless of how the sea changes play out, one of the most critical roles for HR will remain the same: Make sure your organization has the right workforce to achieve its goals now and going forward. To achieve that, the high-level goals also remain the same:

- Understand the current supply of talent
- Accurately predict future demand for talent and skills
- Establish a smart way to bridge the gap

The solutions will always be a combination of multiple strategies, but the fundamental question remains the same: How does HR organize itself to shape the workforce in the right direction for future needs? To solve the talent crisis, HR must make several shifts to achieve maximum effectiveness.

Think broadly rather than narrowly.

Traditionally, HR has been somewhat insular and concerned primarily with immediate, isolated incidents. Going forward, HR must shake off its parochial mantle and invest in the overall effectiveness of the workforce, rather than one-off urgent issues.

Become customer centric.

HR has historically defined its “customers” as the employees of the state. But HR must serve other equally important constituents: the agencies with their requirements for future skills, as well as non-employees—candidates, universities, colleges, the public—who will all impact the state’s ability to recruit effectively.

Let's talk

We'd love to meet with your team to talk about how your state can attract and keep the best person for every role, today and far into the future. Contact us at:

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