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## High Tech Companies Face Talent Crisis

Do you remember the late 1990's when demand for high tech talent exceeded supply? Companies engaged in bidding wars for R&D engineers and managers. Billboard ads outside company parking lots lured workers from competitors. Signing bonuses and stock option incentives abounded.

It seemed the demand for talent could never be satisfied.

Then the internet bubble burst. Dot com became dot bomb. Suddenly the biggest issue facing companies was reducing costs. From 2001 through 2005, many high tech professionals lost their jobs. Job security vanished, along with employee loyalty.

Today the pendulum has swung back and the demand for top talent has returned, especially for managers and engineers of software development R&D projects.

This trend has already taken hold in Waterloo region, a leading technology cluster northwest of Toronto. Communitech (<http://www.communitech.ca/>) connects companies in Waterloo region. The following is an excerpt from Communitech's recent 2006 "State of the Industry" report:

*"The survey also highlights some of the challenges faced by firms in the region. Key among these is attracting and retaining talent. Respondents reported more than 900 current job openings, and 80% planned to expand their workforce over the next two years. These are highly skilled positions, including software engineers, various R&D positions and technical marketing."*

Evidence abounds that current employment models don't suffice. Many articles in Canada's National Post financial pages in July 2006 have touched on this theme.

Here are some headlines and quotes:

*"employee retention ranked number one threat"*

*"a large number of pending retirees together with record low unemployment increase this talent crisis"*

*"leadership gap looms"*

*"severe talent shortage at senior leadership positions"*

*"outside talent brings a fresh perspective"*

*"too many of us trade holidays for work"*

*"unforeseen shortage of highly skilled workers in India and China"*

The startling fact is that the high tech talent crisis may increase. A recruiting executive recently said that for every new engineering graduate in North America, ten experienced professionals will leave their full time positions.

This is exacerbated by low worker morale. Survivors of the tech downsizing feel overworked and undervalued. Many have had no raises or bonuses for years. Most have had their workload dramatically increased.

### **What does it mean?**

The impact of this talent crisis on new product development is severe. After five years focused on cutting, many companies find themselves with outdated products and are scrambling to develop newer leading edge technology.

Talent shortages inject delivery delays and quality issues in new product development.

The impact on revenue is even more extreme. In high tech companies, R&D projects create the products they sell. Project delays become sales delays. Even a one week delay in an R&D project can cost hundreds of thousands of dollars in lost revenue.

**Bottom line:** the talent crisis threatens product delivery, quality, and profitability for high tech companies. The most successful companies will create the best solutions.

### **About Brian Clark**

Brian Clark is a Breakthrough Leader who removes obstacles that get in the way of critically important projects.

Brian has written an e-book "Anatomy of a Turnaround", a true story about one of the largest R&D turnaround projects in Canadian industrial history. Brian has also written articles on high tech leadership as part of the series "Breakthrough Leadership".

Visit <http://www.blclark.com> to receive your free copy of "Anatomy of a Turnaround" and an archive of Breakthrough Leadership articles.

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