

FOX 17 BUSINESS JOURNAL REPORT

Hiring Outlook Is Fairly Positive

By Anne Bond Emrich

GRAND RAPIDS — An executive employment and recruitment study paints a somewhat gloomy picture of the availability of top talent in West Michigan but shows that roughly 65 percent of companies foresee an improving regional economy and an up-tick in hiring for 2005.

WilliamCharles Executive Search Partners, a local head hunting firm, contracted with Crowe Chizek & Co.'s Grand Rapids office to conduct the employment survey for the second consecutive year.

“We test for the types of businesses that are going to be hiring, the types of positions and the level of positions, and we ask some general economy questions,” said Susan Burke, a marketing executive with Crowe Chizek.

Respondents included 51 presidents, CEOs and human resource department executives representing a wide range of area companies that fell into one of five annual revenue categories, from under \$25 million in revenue to more than \$500 million.

Overall, 63 percent of survey respondents foresee a “definite improvement” in West Michigan’s general economy in 2005, and 67 percent indicated that general hiring would likely improve next year.

“Our feeling all along has been that employers are beginning to feel a little bit more optimistic,” said WilliamCharles Partner Chuck Smeester. “We were hoping to see that there were plans to increase hiring, especially in terms of management-level positions, which is really the area our firm is most concerned with.”

The survey revealed a 21 percent decline in anticipated recruitment of management-level talent among area companies participating in the survey. Some 36 percent of respondents expect to fill management level positions in the coming year, compared with 57 percent last year.

“For West Michigan’s sake, I would have hoped to see that number stay the same or rise,” Burke said. Though disappointed in the 21 percent decline,

75 percent said they would be adding staff in the New Year.

“I attribute that inconsistency to the difference between hiring management level staff vs. general staff,” she said.

Smeester suspects there are different management level areas that might be gearing up and looking to hire this year.

“There may be fewer raw numbers of firms that are looking to hire upper level managers because they may feel they’ve gotten themselves set this year,” he said.

Smeester said what he reads into that response is that while there are a lot of people out of work, including people at the management level, it doesn’t always mean that there’s a good match between the people that have lost positions and the positions that are going to be needed going forward.

“I think we need new kinds of skill sets,” he said, noting that some office furniture industry and auto industry skill sets aren’t always transferable or the ones desired by the small- to mid-sized companies looking to grow their businesses.

According to the survey, the general feeling is that there is a shortage of local talent to fill managerial spots, a shortage more acute this year than last. Some 54 percent of respondents felt there is a shortage of local talent, up from 39 percent of respondents last year. But as Burke observed, only half the participants responded to the question of a local talent shortage, which skews the results.

“That was one question that didn’t get a higher response, which was odd. Most of them had pretty close to a 100 percent response rate. It could be that people staffed up last year or that they’re having trouble finding people locally,” Burke said.

Did some of the market’s top talent leave the area during the economic downturn of the last couple years? Burke said she’s sure some did leave the area as the furniture and manufacturing industries were struggling through the recession.

“Middle management is the first to get cut in an economic downturn. There was a glut of them in the marketplace, and I’m sure some of them fled the area.”

Smeester said he assumes there was some exodus over the course of the recession, but from his firm’s experience, workers flee this area only as a last resort.

“We find that people hold out a long time,” he said. “Even at the very

upper strata income levels that are going to have a very hard time recreating that compensation package, they're staying here. I think people look at the quality of life and amenities here and they decide they really want to stay." A lot of them are starting their own businesses or consulting firms in order to do that, he added.

The survey further revealed that companies feel less confident in their ability to attract and retain top-level talent than they did a year ago. Burke said that relates directly to the general perception that there's a shortage of talent in the region.

The assumption is that those companies will look to other regions for qualified candidates, but Smeester said there's no clear pattern as to where job seekers are going when they leave this area.

She believes a point of interest in the survey is the shift in the types of positions companies want to fill in 2005. Top hiring initiatives of 2003 were for sales, health care professionals and commercial loan specialists. Top hiring initiatives for 2004 were in sales, marketing, engineering and IT.

"Sales is always going to be high, but this year I was surprised that marketing and engineering pulled ahead as they did. Marketing is usually a lagging indicator of economic recovery."

IT and marketing, in fact, are replacing health care as the "hot professions" for the next two years, according to survey data. But that doesn't mean the demand for health-care professionals is declining, Smeester said. It just means sales and marketing is taking on added focus in an improving economy.

He said when employers start thinking about increasing their marketing and sales activity, it's usually an indication that things are looking up. Ditto for IT hiring.

"There's been a glut of IT people out there. IT has really been down, so any indication at all that IT is starting to pick up, I think, is a real positive."

The number of companies planning to seek outside help to fill positions rose to 64 percent, up from 43 percent in the 2003 survey. The majority of respondents (69 percent) said they use headhunters primarily for middle management level positions and above.

Some small- to mid-sized firms might turn to outside resources, because they lack the internal resources or expertise to conduct an extensive, focused search for a specialized kind of person, Smeester said.

About 11 percent of companies said they intend to expand their search for qualified candidates to the national level, compared with 7 percent last year.

However, 59 percent indicated they would begin their search for new talent in the local market first, which is exactly the same percentage that indicated so last year, Burke noted.

In one-on-one conversations with Burke, some respondents said they're seeing a shift to a services economy.

“That makes sense because we're building this health-care corridor, manufacturing is actually moving, and there are more accountants, lawyers and smaller businesses that are more service oriented now.” **BJX**

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