

HOW IS THE SKILLED LABOUR SHORTAGE AFFECTING VANCOUVER EMPLOYERS?

SURVEY CONDUCTED BY VERTICAL BRIDGE
SPRING 2007



INTRODUCTION:

Today organizations are facing perhaps the most challenging shortage of qualified and skilled workers seen in recent history.

- ➔ In August 2007, the Canadian unemployment rate remained unchanged at its 33-year low of 6.0%. In B.C., the unemployment rate in August decreased to 4%.
(Statistics Canada)
- ➔ In B.C., 14.5% of the population is 65 and older, 3.7 million British Columbians are aged 55-64 and this number will continue to grow as baby boomers aged 41-60 edge towards retirement.
(Business Council of British Columbia)
- ➔ Due to permanent attrition (a reduction in the workforce as a result of retirements or deaths), the B.C. attrition rate is estimated at 30.6 per cent.
(COPS B.C. Unique Scenario)
- ➔ When projected job opportunities due to new job growth and permanent attrition are combined, over one million job opportunities are estimated for the B.C. labour market during the 2005 to 2015 outlook period.
(COPS B.C. Unique Scenario)
- ➔ The major industry groups projected to have the largest annual average employment growth rates include: Health Care and Social Assistance; Professional, Scientific and Technical Services; Management, Administrative and Other Support; and Accommodation and Food Services.
(COPS B.C. Unique Scenario)
- ➔ Although the Sales and Service sector does not have a particularly high rate of projected employment growth, its sheer size dictates that it will create the largest number of job openings in B.C.
(Business Council of B.C.)
- ➔ About 70% of all job openings in Canada over the 2006 to 2015 period will be associated with the need to replace retired workers. Retirements will account for an even higher share of total jobs openings over the longer term.
(Looking Ahead: A 10-Year Outlook for the Canadian Labour Market (2006-2015), Human Resources and Social Development Canada)
- ➔ B.C. will require 60,000 workers in the construction industry by 2013.
(Construction Sector Council)
- ➔ There are currently 20,000 construction industry jobs available in B.C.
(Business Council of B.C.)
- ➔ The B.C. tourism industry will require 84,000 new tourism workers in the next decade.
(B.C. Labour Market Report)

Recognizing these challenges, Vertical Bridge surveyed local organizations to gain insight into how they are coping with the projected labour shortages.

KEY POINTS DERIVED FROM SURVEY:

- ➔ ***The current labour shortage is having a major impact on Vancouver businesses.***
 - ➔ Two-out-of-three companies surveyed are having difficulty filling positions in a timely manner (on average it is taking 3 months or longer to fill senior sales and finance positions). This is placing added stress on their existing workers.
 - ➔ Senior management, IT specialists and skilled trades are in greatest demand.
 - ➔ When working with contract workers, issues of competency and loyalty are the biggest perceived challenges.
 - ➔ Demand for workers will continue to increase significantly in the foreseeable future. This is at least partially attributed to retirements.
- ➔ ***Businesses are struggling to develop succession plans and mentorship programs to deal with the impending “crunch” in the job market.*** At the moment, most rely on job boards and career ads as well as some development of existing resources.
 - ➔ The issues of recruitment and retention of employees at all levels (but especially at senior levels) are on-going challenges.

RECOMMENDATIONS:

Succession Planning and Mentorship Programs - By Nupur Talwar, CHRP

The issue of succession planning is much more complex than hiring the right people from either within or from external sources and using job boards to fill the roles that are being left vacant. Companies need to consider the critical skills and knowledge that a senior staff member has. They need to develop a strategy that will address the best way to transition the skills and knowledge of the retiring employee to someone else in the organization.

It isn't just a simple case of passing along thirty odd years of knowledge. Senior staff often

have key relationships with clients. They are also the main pillars of the organization. So when they depart, it has the potential to strongly impact the viability of the business.

In order to do proper succession planning companies need to clearly map out which positions will become vacant and when. They need to identify the key knowledge and skills that the person in that role has; work to try to recruit as many of those skills either from within the company or externally; and then implement a specific plan to transition the long history and knowledge that the departing person has to impart.

This requires careful planning and strategizing to ensure that thirty odd years of history and knowledge along with key client relationships do not walk out the door with the exiting staff member. It is recommended that companies work with a Succession Planner in order to better assist them in transitioning during tough market times in order to best ensure engagement of the new employee, capture the knowledge that must be transferred and ensure that key client relationships are maintained. A key part in ensuring a smooth transition is to develop and implement mentorship programs within the organization.

Recruitment and Retention - By Sandra Reder, CPC

We are currently experiencing one of the most incredible employee-driven markets in history.

There are 3 contributing factors at work here:

- ➡ There are more jobs than there are people to fill them.
- ➡ We are experiencing a very strong economy which in turn drives business growth and the need for more employees within organizations.
- ➡ We are on the edge of the first ever employee-driven downsizing in history - the baby boomers are preparing to retire! All companies surveyed indicated that they expected 0% up to 30% of their current workforce to retire within the next 5 years.

So how does an organization position itself to be competitive under these challenging circumstances?

First of all, they need to understand what their staffing requirements are and where they have to go to find the people they need. It is clear that the traditional ways of recruiting are no longer working. Employers are looking at much more creative ways to find people.

Employers are also being challenged to find ways to keep their employees. Now more than ever before it is critical that an employer have their “finger on the pulse” of their organization. They need to know what their people are thinking and what they require in order to stay engaged. With the potential for 4 generations to be working within one organization, it is increasingly challenging for employers to meet all their employees’ needs. A formal retention plan is critical to the success of a company in today’s market. It should be developed with the specific needs and wants of your employees in mind.

Working with Contract Employees - By Keith Leech, B.Sc.

Many industries now have a rising need for the flexibility and speed of deployment of skilled contractor employees. The company gets an experienced professional to work on the project, most likely resulting in a finished product of high quality.

There are, however, several challenges in managing independent consultants in regards to human resources. The hired consultant often does not work in the same physical office space of the hiring client, and therefore could be rather detached from the company. Also the contractor works for the company for a short period of time. These aspects of the independent consultant’s relationship could present HR problems in terms of lack of motivation, lack of cohesion with the hiring company’s goals and culture, as well as miscommunication between the consultant and his or her manager or director.

A few suggestions to effectively manage your contract employees and avoid some of those HR problems:

- ➡ Develop and maintain specific goals and schedules
- ➡ Check progress periodically
- ➡ Carefully integrate your contractors
- ➡ ***Communicate with everyone!***

SUMMARY OF OVERALL FINDINGS:

The labour shortage currently being experienced within the Greater Vancouver business community is having an undeniable impact on organizations both large and small.

Companies are finding it increasingly difficult to fill many vacancies for positions other than entry-level. What this means is that in many cases existing employees are taking on more work. It is expected that as the skilled labor shortage continues to worsen this situation could affect sick time/stress leave and morale.

The results of the Vertical Bridge survey show that most employers are primarily using media job boards and career ads to advertise for candidates. They appear to be having little difficulty filling their 'front line', junior and entry-level administrative/clerical positions, with most being filled in less than a month.

Difficulties arise, however, when companies try to find skilled trades people, professionals or specialists in many fields (such as software/IT engineers or project managers), or senior managers especially in sales and finance. On average, it is taking employers three months (and sometimes much longer) to fill these positions.

At least three-quarters of those surveyed indicated that their companies utilize the services of outside contractors on a fairly regular basis. Most of these contracts last between 3 and 6 months and often are the result of a lack of in-house expertise.

Outside contractors are used for various reasons with the most often cited needs being IT (including web development) and auditing, as well as project management for specialized 'one-off' projects.

The principal challenges that many companies encountered when engaging contractors was the direct cost of the project as well as the indirect costs of training the contractors and assisting them in fitting into the corporate culture.

The fact that most contractors had other clients and therefore did not focus entirely on the company's business was also a point of concern for some. Having said that, the majority of companies found that contracting out has been successful for them. The apparent lack of loyalty and direct quality control issues were the only areas that impinged on their experience.

For those who don't currently use contractors, they would consider using them for larger or highly specialized "one-off" projects.

Using professional contractors (through a reliable resource) was only moderately interesting to these companies as a way of dealing with the perceived "crunch" that they are anticipating in the next few years.

The number of employees that were engaged by the companies that were surveyed varied from 6 to over 11,000. Two-thirds of these companies thought that their requirements for additional staff would increase over the next 1 - 2 years.

Part of this increase in requirements will come from older employees retiring over the next five years. Estimates ranged from 0% to 30% with the most common survey response being 5% of total employees expected to retire in the next 5 years.

Surprisingly, only just over half (55%) of the survey respondents indicated that their company had a strategy for filling these positions when they came up. For those with a plan, it was to promote from within first, and then hire externally when that didn't work.

With that in mind, most agreed that continuing to use senior employees after retirement would be a valuable resource. Still, few (relatively speaking) had a mentorship program in place at present, and those that didn't agreed that it was worth considering.

SURVEY BACKGROUND:

The survey was conducted by Vertical Bridge in the spring of 2007 to a cross-section of human resource professionals, hiring managers, executives and business owners in Greater Vancouver, B.C.

The sectors that were represented included agriculture, construction, manufacturing, retail, transportation, telecommunications, finance and insurance, legal, real estate, professional services, advanced technology, education, health services, non-profit, and the arts.

Survey Participants:

Vertical Bridge thanks all organizations that participated in this workplace survey. The following contributing companies kindly agreed to have their company names listed in these results, and are hereby acknowledged:

➤ AirG	➤ Ecotrust Canada	➤ The Northwest Company
➤ Amica Mature Lifestyles	➤ Electronic Arts	➤ Pharmasave National
➤ Anthem Properties	➤ HSBC Bank	➤ Real Living Solutions
➤ Avis Rent-A-Car	➤ IWA Pension/Ltd/FIDAS	➤ Response Biomedical Corp.
➤ BC Lung Association	➤ Intrinsyc Software	➤ Riptown.com Media
➤ BCAA	➤ Kodak	➤ Robeez Footwear Ltd.
➤ CGA of Canada	➤ MBM & Co.	➤ Sodexo
➤ Canfor Panel & Fibre Division	➤ MVKA Productions	➤ SOPHOS Software
➤ Control Solutions	➤ Maximizer Software	➤ Teldon Print Media
➤ Developmental Disabilities Association	➤ Metasoft	➤ UBC Department of Medicine
➤ Digifonica	➤ Michael Smith Foundation	➤ Vitalus
	➤ Nature's Path Foods	

ABOUT VERTICAL BRIDGE:

Vertical Bridge Corporate Consulting Inc. was founded in 2004 to assist market leaders to develop strategies that will attract, optimize and retain employees.

Our goal is to build relationships that help our clients achieve success in today's competitive marketplace. Our team of highly regarded professionals brings a diverse range of experience in a variety of industries and disciplines to every project they undertake. These include accounting and finance, information technology, sales and marketing, human resources management, coaching, facilitation and training. We provide five distinct services:

- Employee Engagement Surveys and Consulting (EOC Program)
- Recruitment and Executive Search
- Workshops and Seminars
- Coaching and Mentoring Program
- Professional Speaking

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