

**Tips for Employers--
Recruiting in 2011 and
Beyond:**



US Economy → Energy Jobs ← Regulatory Change

**An Informed Search
Process Pays Off**

We believe that the environment for recruiting high-quality talent is good now, but will grow increasingly difficult as we get to mid 2011.

As pointed out in earlier articles, firms in most sectors of the energy business area are hiring. The only types of firms that are not hiring are those about to downsize or be taken over, or those about to acquire another firm. To be sure, there is competition for talent.

The depth of the talent pool varies tremendously. The pool of trained people with 3-8 years experience is very shallow, and will be exhausted quickly.

The group with more than 15 years experience is quite substantial, but these people have begun families and can be difficult to relocate.

So, the good news is there are good people out there but are smarter, warier and have more information about potential employers than ever before.

The time to hire is going to be as long or longer than in the past. Count on 60-120 days to identify, interview and land candidates. That means that if you want the person on board by the end of the first quarter 2011, you may be behind schedule already.

General Recommendations

First, as employers, learning as much as you can about the profiles of the candidates out there will be very helpful. Second, you need to be able to articulate which of these you want, and know something about the trade-offs in pay, location, seniority, career track-----before the recruiting process starts. Otherwise, you'll end up wasting executive time, human resource staff time, and needlessly "burning up" good candidates.

The Candidate Pools

Candidates with 1-3 years energy experience: This pool is quite small since a) there's been a recession and junior jobs were not available, and b) there are few companies like Enron around any more---hiring and training junior people in droves.

Candidates with 4-8 years energy experience: This is the smallest pool of available workers, since they would have had to start work in 2002 to 2007 to be in this group. They are in short supply for the same reasons as mentioned above.

Candidates with 9-15 years experience: Good-sized pool of candidates, but requiring competitive pay, good career track and significant relocation experience since many individuals have families with children.

Candidates with more than 15 years experience: greatest supply, but relatively inflexible with regard to relocation. If they have worked for investment banking firm or hedge fund, have the greatest requirement for compensation.

As you might expect, the pools of candidates vary by region. Houston does have a significant and sophisticated energy labor force, as does New York. So, companies that pay competitively can find talent in these areas. Outside these major areas, the numbers of candidates can vary widely. Chicago, for example, has good energy screen traders, but much, much fewer physical energy traders.

General Profile of Candidates

Better informed

Networking sites like LinkedIn are as useful to candidates as they are to an employer. One can see the types of people a firm is hiring, what their background is, and even who's leaving a firm. The backgrounds of many managers of a firm are there to be viewed.

A job seeker can use a site like www.Indeed.com to see what jobs are out there, how long they've been on the market and may even be able to see what the competitive pay is.

Warier

Given the highly volatile period of the last 10 years, candidates have worked for firms that have down-sized, right-sized, moved their main office, and which have changed the senior management team several times. And it's still going on.

In addition, individuals exploring the job market have had a disappointing experience with company job postings and company job sites. See our survey at this link http://www.rockwoodsearch.com/images/Corporate_Career_Sites-Survey_Report.pdf

Even though candidates would like to believe in a new employer, their past experiences haven't been encouraging, and these experiences may be an unspoken negative element in an interview situation.

Can't Relocate Easily

With the recent drop in housing prices, many professionals can't sell their homes easily, and in addition, are concerned about the salability of homes in the new location.

Has More Choices of Jobs

The tremendous growth of the energy industries in the last 15 years has resulted in not only larger firms, but also many more types of companies. This results in a wider variety of jobs.

For example, an experienced transmission engineer now can work for an Independent System Operator, an independent transmission company, an engineering construction firm, a power developer, a traditional electric utility, a consulting firm, or an investment bank trading transmission rights. 15 years ago, that person's choices were much more limited.

So, the employer seeking a new hire has much more competition—of many different types, each offering a different combination of pay, location, and career growth.

The Past Is No Guide To The Future

Hiring Patterns Are Changing

Traditionally, when you wanted to hire a replacement for an employee who is leaving the company, you simply dusted off the old job description, did a quick check on salaries and launched a process to land that new person.

We don't think that will work as easily in the future. As the candidate pools are exhausted in the next 12 months, you can expect difficulty getting enough qualified candidates to review, more difficulty in salary negotiation, and a harder time closing the deal. This is accentuated when you're dealing with candidates who've had bad interviewing experiences.

Market Research Pays Off

An employer doesn't have to play the hiring game in the dark. There are many sources of information: recruiters, alumni representatives from target schools, the internet and various job posting sites.

We don't think corporations would put out a Request For Proposal to buy a supply of a product that doesn't exist; similarly, we argue that you don't advertise for the impossible-to-find candidate.

Even a modest amount of investigation should return helpful information. This should be done at the time a job description is being created. The two documents, together with an estimate of the going compensation requirements should be the baseline of a new hire process.

In our own work, we actually test the "message"—what we might say to a prospective candidate for a job—by going to people we know who hold this type of position, and ask them what they think of our description in the current marketplace for people.

Look at Fewer Candidates And Reduce The Hiring Cycle

In most hiring situations, companies combine the discovery process and the hiring process. That means that they learn by interviewing. After interviewing 3-6 people, they now conclude "we know what we want."

Unfortunately, if there are only 3-4 candidates out there, you may have used up the goodwill of all the best candidates, and then have to find additional candidates to get to extend an offer. In a world with less candidates, this is an extremely wasteful approach.

We recommend separating the two processes to the degree possible. One idea: talk to your current employees of the same age and background and get a reaction from them about the job and examine your own impression of them.

Hypothetically, would they fit this job?

Another idea: interview a candidate who is not a perfect fit, but who might be ok. Try to make it work, see what's missing---and invite that candidate back for another meeting. Don't take advantage of the candidate, but explain it's an exploratory meeting. If you're honest with him or her, many potential candidates will agree. It's their chance to present a case for being hired.

Career Potential Versus Compensation

It's our experience that compensation is a weak second to career potential as a drawing card. This is especially true today when relocation is an expensive and difficult process for the candidate. Most candidates, especially those with more than 5 years experience, want both stability and career upside.

This doesn't mean that an individual seeking an investment banking career is going to want to work under a more traditional corporate compensation program. But within reason, career potential, learning, quality of life are the best measure of job fit for the candidate.

Recommendation: create a presentation in advance on the career potential of this job. Test it on employees of the same age and background as the candidates. Seek honest feedback and revise as required.

The resulting presentation should have some example of past employee successes.

Employer Flexibility Pays

Even the companies with the most generous compensation plans have found that letting certain types of employees work near their home pays off in employee loyalty, productivity, and minimizing comp demands.

One job categories where this is popular is in sales/origination/business development. If the employee must travel heavily, then it may well be equally productive for the employee to work in his/her territory and travel to corporate headquarters as required.

It clearly takes extra effort to blend remote workers into the corporate culture but can help you upgrade the quality of talent you successfully recruit.

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December 15, 2010