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Are You Ready for the Recovery? Now May Be the Right Time to Start Hiring

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Mr. Paul Feeney

Recession and recoveries both have a way of sneaking up on the unsuspecting.

With the benefit of 20-20 hindsight, government economists now believe that the current recession began the early part of 2001. In fact, the warning signs of an end to a decade of seemingly boundless growth stretched back to the previous fall, when various engines of growth began to sputter. Those warning signs included the implosion of the dot-com economy, lagging sales of telecommunications and computer hardware, a sagging stock market, the drying up of capital investment and the curtailment of corporate hiring.

It just took a while for all this to sink in.

At the end of the day, however, the demise of the 1990's boom years proved once again that the economic cycle has yet to be abolished. In the manner of a sine wave, bust had to follow boom – but, just as inevitably, boom will come again. And, like the current recession did, it will sneak up on little cat feet. Because it will come in bits and pieces, we won't know for sure that it has arrived until the turnaround is well under way.

The consensus forecast remains that the U.S. has emerged from the recession, with other nations to follow as the year goes on. Various wild cards, such as further terrorist attacks or the potential war with Iraq, could delay the timing of course. Currently, however, the consensus view is supported by such encouraging signs as surprisingly resilient consumer spending, new home and office construction, and declining inventory levels for a variety of products.

Until recently, corporate hiring practices have been a lagging indicator of economic change. Historically slow to react, most companies used to reduce headcount well after a downturn had begun – and were equally slow to rebuild their workforces after recovery had begun.

Compared though to the last recession from 1989 to 1992, companies entered the 2001-2002 recession with more advanced information systems that could process and analyze mountains of business data in a few nanoseconds. As a result, the speed with which employers began to trim their workforces and compensation packages was unprecedented. This time around, employers may resume their normal hiring and compensation practices in a much more timely fashion as well.

Getting the drop on competition

Employers who wait for that word will be waiting far longer for the job candidates they desperately need in order to catch up. Sanford Rose Associates Search Consultants, from their discussions with hiring managers across a broad spectrum of industries, report that many companies already are giving serious consideration to hiring once again. Pent-up demand for senior-level managers is especially strong. At the moment, the supply of highly qualified executives outweighs the number of active position openings, but that situation can – and probably will – change overnight.

As it does, and hiring freeze changes to hiring thaw, the competition for available job candidates will heat up too. What has been a buyers' market will become a sellers' market, with a shrinking pool of candidates commanding ever-higher prices. That situation will be exacerbated by the fact that the total population continues to age, while the supply of employees aged 35 to 50 continues to decline. And as the economy strengthens and new job creation resumes, the candidate pool will become even shallower.

Thus, there may be no time like the present to begin filling key vacancies. Granted, most headcount reductions, excluding temporary factory layoffs, are designed with the expectation that they will be "permanent" – i.e., reductions will result in a sustainable increase in productivity over a long period. (Whether that proves to be the case is another matter.) But even under the best of scenarios, large-scale staff reductions, hiring freezes and early retirement programs always end up getting rid of a few roses along with the weeds.

Wise employers will begin looking for ways to fill in the bare spots while supplies are at their peak. That kind of selective hiring can avoid the problems of turning on the spigot all the way, can proceed at a measured pace and can be stopped – should the economy take an unexpected turn for the worse.

Another reason not to wait too long

There is much anecdotal evidence of workplace stress today. A portion of that stress relates to 9/11 – e.g., fear of flying and/or traveling in general, a feeling of lost control, a sense of increased vulnerability, etc. But an equally significant source is the economic downturn that was well under way before September. Based on a recent survey, a third of all workers fear their jobs are at risk, while probably close to 100 percent feel they are being overworked. (Productivity increases do not come without a price.) Those of child-rearing age may feel additional pressures outside of work as they rush to ferry their offspring from soccer game to music practice to ballet lessons and beyond.

It is one thing to ask two employees to do the work of three if some sort of definable goal is in place – such as restoring the organization to profitability, weathering a downturn in orders, saving other jobs, etc. The tacit quid pro quo is that when the goal is achieved, the hardship will stop.

It is quite another thing to turn the exception into the rule. Morale declines, quality suffers and productivity tanks. Sick days increase. Employees wonder if things will ever return to normal and begin to lose faith in the enterprise. The grass looks greener and greener at other companies, and the very employees one counted on keeping begin to leave.

Asking the right questions

For those about to re-enter the hiring market, or consider a possible return, here are three good questions to ask:

1. What are the most urgent positions I have to fill in terms of impact on the bottom line?
2. What are the most urgent positions I have to fill in terms of length of time to fill them? And,
3. What are the most urgent positions I have to fill in terms of positive effect on employee morale?

Clearly the answers may not be the same. (In one company, for example, they might be sales representative, design engineer and payroll clerk.) Nonetheless, they will help narrow the list of priorities and will encourage a rational discussion of tradeoffs. (Do I hire the sales rep first or begin the longer search for a design engineer? And what about the payroll clerk?)

A popular scrimshaw reproduction showing a team of sled dogs bears the inscription, "If you are not the lead dog, the view never changes." That is a sobering reminder to any manager – but especially these days to hiring managers in need of top talent. Where in the pack do you want to be?

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