

# Recruitment in 2005

## Natural trends – demand for staff up, candidate availability down

If recruitment activity is an indicator of the state of the economy, the good news is that demand for staff throughout the UK has risen steadily in 2004 and has hit a near four-year high (Report on Jobs Vacancies Index, Deloitte Touche/REC, December 2004).



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But every silver lining has a cloud and the growth in demand has compounded a general reduction in candidate availability which fell for the 13th month running in November. This has, inevitably, put pressure on pay rates with national statistics showing average salaries awarded to people starting new jobs, rising for the 15th month in a row.

So we can see from this that the invoice finance sector is not alone in being affected by a growing demand for experienced staff and the upward pressure on salaries. This is compounded by the large number of market players, the fierce competition and the expansion of facilities offered – everything from back-office services to asset-based lending.

### Business and corporate banking managers

We have seen a marked change in demand in 2004 for business and corporate banking managers. There has been an enormous increase in the requirement by banks for 'hunters' – the new business getters and 'farmers', who generate more business from existing customers – as the competition between banks becomes stronger. More often than not, proven finance sales experience is put top of the 'want' list when our banking clients place vacancies with us.

### Invoice finance

#### Business development managers

We continue to see a shortage of good BDMs on the market, resulting from the continued growth in the industry. Some players are expanding their searches to allied sectors or bringing in graduate trainees. There is an underlying need for companies to plan their strategies for attracting existing and potential BDMs in the future to restore the balance of supply and demand.

#### New business underwriters

In response to the growing complexity of deal structuring, we have seen an increase in demand for dedicated new business underwriters. Our clients are, increasingly, asking for underwriters who are also 'deal doers' – i.e. able to minimize risk whilst still providing an attractive and competitive package.

### Client managers

Home-based working has been a long-time coming but is now picking up a pace with at least two major industry players finding that the flexibility of sourcing staff from remote locations is paying off. Less travel to and from a central workplace is far more time effective and candidates report real satisfaction with the autonomy they enjoy.

### Auditors

The most dramatic change in 2004 has been in the increase in outsourcing with at least six successful outsourcing players currently operating in the market. Outsourcing has provided enormous flexibility for the hiring manager where fluctuating requirements have led to a reluctance to take on additional permanent staff. However, we see this service continuing, in the main, as a complementary one – helping to smooth the peaks and troughs – rather than substituting completely for a company's own auditors.

### Managers

Managers across all functions are, traditionally, promoted into their roles from within the organisation – often having being the 'heir apparent' to their existing boss. We have, however, seen a shift away from this norm with more management and senior management positions being marketed externally. As staff retention becomes even more important,

companies are focused on ensuring that they recruit the best possible managers with sophisticated and dedicated management skills.

### Executives

2004 has seen more board level movement generated by changes in corporate strategy, mergers and acquisitions and we anticipate that we will be seeing further developments at this level in 2005.

Overall, the trends will continue in 2005 and we will see salary increases in the areas highlighted above and counter-offers by existing employers.

We expect to see a more rigorous and lengthy recruitment processes – with first, second and even third interviews – however, this may be tempered by the need for swift decisions. During current skills shortages, smaller companies not bound by lengthy procedures, are snapping up some of the best candidates, whilst others are losing out.

The shortage of candidates will mean that companies need to be flexible in their approach to interviewing, including offering interview times outside of usual core hours. The reputation of companies as recruiters will become even more important. Word gets around a relatively small industry if a candidate has had a poor interview experience. Prompt and full feedback, even when unsuccessful, leaves the candidate with a good impression of the employer and the interview is viewed positively as a valuable learning opportunity.

There may be a greater emphasis on softer skills as well as proven technical ability – many of our clients are asking for candidates who will fit their particular culture and mix well with the existing team and customers. Candidates who have a 'can do/sales biased attitude'.

Companies will need to focus closely on the need for staff retention through motivational practices – attractive benefits packages, greater emphasis on life/work balance, more autonomy, team-building and long-term career paths within the organization.

Those companies that do not do so already, will start to benefit from tapping into the pool of experience in the upper age range where substantial skills and experience have hitherto been discounted and companies will need to look at candidates with transferable skills from associated sectors such as credit insurance or asset finance (but bear in mind that these sectors, also experiencing skills shortages, are now targeting the banking and invoice finance sectors' pools of staff).

The next 12 months promise to be an exciting and challenging time for the finance industry and those companies that adapt their recruitment processes to address the current shortage of candidates, will undoubtedly gain the competitive edge in 2005.

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