

## Inside IT Hiring IT Executives Share Current & Future Staffing Strategies

*CIO Magazine's "2006 Midyear Staffing Update"* has delivered some very interesting staffing strategy insights straight from the desks of IT executives. Polling nearly 270 IT leaders (80% of whom are influential roles at the director level or higher), the Staffing Update found that two-thirds (66%) of professionals surveyed agreed they were "inadequately staffed." Only one-third (31%) considered their organizations "adequately staffed." Where are the gaps? According to the survey, the bulk of their current needs/requirements are for midlevel (44%) and senior-level (31%) IT professionals. Only one-quarter (26%) of their requirements are for entry-level employees.

### IT professionals in high demand

Occupation	2Q2006 Unemployment rate
Computer hardware engineers	2.1
Computer and information systems managers	2.9
Computer programmers	2.1
Computer scientists and systems analysts	2.2
Computer software engineers	2.6
Computer support specialists	2.7
Network and computer systems administrators	4.0
Network systems and data communications analysts	3.4
<i>Source: unpublished tabulations of Current Population Survey data furnished by the U.S. Bureau of Labor Statistics.</i>	

### Filling Talent Gaps

How do IT leaders plan to address their staffing needs? Well, it depends on the skill. For technology skills, IT executives say they are often outsourcing to IT staffing and solution companies. Of those queried, 47% are currently using staff supplied by outsourcers for application development, 19% for database management and 17% for quality assurance/testing. The survey found that Web skills were often the most outsourced with 26% leveraging supplied staff for Web services and 33% leveraging supplied staff for Web site needs. These numbers are not surprising as Web processes are often outside the core business/skill sets of most organizations.

### Current & Future Concerns

The survey found that the top concern for IT leaders in 2006 was "demanding workloads/burnout," (57%) and was closely followed closely by another key concern: "finding and hiring needed skill sets" (53%). An interesting point to note is that their skill set concerns rest more with future teams than with current teams. The survey found that IT leaders are much more concerned with "determining IT skills mix in 2-5 years" (43%) than "determining the optimal mix of IT skills sets needed today" (23%).

### Who's Working? IT Professionals Are!

The U.S. Bureau of Labor Statistics has a good message for today's IT professionals: your skills are in demand. The high demand for IT workers is demonstrated by persistent low unemployment rates. In the second quarter of 2006, the unemployment rate for most IT occupations was less than 3% while the overall unemployment rate hovered between 4.5 and 4.7%.

With IT workers in short supply, the law of supply and demand dictates that wages will rise. According to the U.S. Bureau of Labor Statistics, pay for all workers in private industry rose 4.2% in July 2006 from a year earlier while pay in most computer-related sectors exceeded that increase. In fact, pay rates more than doubled in one specialized IT sector we are reading about quite a lot in the news these days. Workers in the ISP and Web search portal sector benefited with an 8.3% rise in hourly wages from July 2005 to July 2006. As the search engine war intensifies, so will the cost of acquiring skilled talent.

For the same period, wages were up 5.9% in computer systems design services and up 4.7% in custom computer programming services. Wages in data processing and related services were up 3.6%.

Although not an IT service per se, computer and peripheral equipment manufacturing wages were only up 0.7% over last year, possibly reflecting the commoditization of those products. Wages in the communications Equipment manufacturing sector were up 4.4%, just slightly above the overall wage increase. But not all IT professionals are rolling in new dough. According to an unrelated survey in *Redmond* magazine, which promotes itself as an "independent voice of the

Microsoft IT community," compensation for Microsoft IT professionals rose 3.3% in 2006 and was considerably less than the prior year's increase of 12%.

## CIO Salaries: Putting Names to the Big Paychecks

Many of the top CIOs at the country's largest public companies had a very good year in 2005. *Baseline* magazine recently published the total compensation packages garnered from public proxy statements. Because proxy statements are only available for public companies and reveal the compensation of the only the five highest-paid officers within the company, it's important to note that several top CIOs are not on the list.

When looking at the compensation of the nation's top 46 CIOs, some patterns emerge. For example, CIOs at the top of the list are often at companies that are highly dependent on IT, such as HP. Randy Mott, CIO of HP, made slightly more than \$10 million in 2005. Actually, his salary of almost \$212,000 was at the low end of the average "salaries" of the top 46. However, Mott's bonus of \$2.6 million, his \$7.4 in restricted stock, his long-term incentives and his other compensation vaulted him straight to the very top.

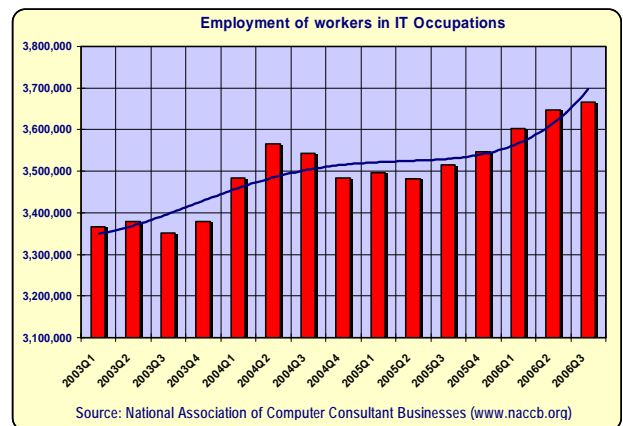
CIOs from financial services and banks were also high on the list. PNC Financial Group's Tim Shack, who earned a total compensation of more than \$7.2 million, and Lehman Brothers' Jon Beyman, who earned \$6.4 million, took the number two and three slots. A top-notch CIO is critical for retailers today, and how they pay their top IT leaders proves it. Number four on the list at \$4.5 was Bob Dunst who is EVP of Technology and Supply Chain for grocery giant Albertsons. Speaking of retail, Randy Mott (number one on the list) spent 22 years at Wal-Mart before spending five years at Dell Computers and then moving to HP.

The healthcare industry is known for its first-rate CIOs. Harvey DeMovick's CIO and EVP/Customer Service Operations at Coventry Health Care is paid \$3.8 million for his talent.

While these salaries can be eye-opening, it's important to remember that superstar CIOs are paid not just to manage the nuts and bolts of technology, but also to identify strategic business opportunities. By finding new markets and creating new services, today's CIO leaders are delivering technology and strategy that drives business change and innovation.

## IT Workers in Short Supply? Think Small.

Citigroup recently announced plans to hire 1,000 IT workers for its new research, development and training center by June 2007. Perhaps the most newsworthy aspect of this expansion is that it is located in Blue Ash, Ohio, which is a suburb of Cincinnati. Although Cincinnati may be offended with the label "secondary metro," it is not a bustling U.S. metropolis. Secondary or not, this aggressive high-tech hiring goal will take place in a suburb of a city with population of 330,000 and a workforce of around 162,000, according to the 2000 Census.



## Why Wipe When You Can Drill?

Despite several computer manufacturers setting up environmentally and socially "green" return facilities for computers that have outlived their usefulness, CIOs are rightly concerned about the data still left on the hard drives. Although 'wipe-clean' software is readily available, some experts recommend a fairly brutal method of protection: Use a drill to bore a well-placed hole in the drive. Anyone need a bit?

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