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### Wanted: Help!

on 14 October 1999, 22:00

by Niall McKay



Finding people to work in the Internet economy has reached a crisis level. There are simply not enough qualified people -- those with both business and engineering expertise -- to go around. Thus, the workers Internet and electronic-commerce companies end up hiring often fall far short of expectations. Indeed, since 1996, Silicon Valley has been in an employment crunch. More than a third (160,000) of all positions remain unfilled -- and this means that workers are often beleaguered. The current shortage is costing Valley companies in the region of \$3.4 billion per year, according to a recent survey that San Franciscobased management consultancy A.T. Kearney conducted for Joint Venture: Silicon Valley Network, a regional nonprofit organization. Another fallout of the shortage is that the cost of hiring a new employee has risen to between \$6,000 and \$8,000 -- when it's possible to land one.

"We've had to give up on the cookie-cutter approach to trying to find an exact experience match for every job," says Steve Fogle, managing director of Futurestep, a recruitment agency based in San Francisco. "Instead, we try to find employees that will fit the culture of the organization."

The shortage can be blamed in part on the explosive growth of Internet and electronic-commerce companies, which have hired tens of thousands of employees in the past three years. In addition, traditional businesses that formerly employed few high-tech workers outside their IT departments are now developing Internet strategies.

"Nearly 75 percent of all our searches are electronic-commerce-related," says Rick Gostyla, managing director of recruiter Spencer Stuart's high-tech practice in Menlo Park, California. However, most of the searches are not for pure Internet companies such as eBay but for financial services, banking, and health care Internet companies, he says.

In the past, searches were simpler, less expensive, and more time-consuming. Companies wanted people with either engineering or business backgrounds, and each search took several months to complete. But with the Internet's reputation for working in dog years, recruitment agencies are required to fill positions more quickly. The average search must be filled in 35 days or less, according to Jack Scott of Korn/Ferry.

On top of this, Internet companies are looking for generalists who are as familiar with technology as they are with business, or for people who understand how to implement and market an idea.

"What we are seeing is the merger of the chief information officer and chief technology officer," says Mr. Fogle. "In the past, CTOs could concentrate on developing products, but in the Internet age they really need to understand the business model as well."

"Typically, the best possible employee for Internet and electronic-commerce companies has an engineering undergraduate degree, an MBA, and some experience in a startup," says Mr. Scott. Such people are difficult to find and therefore can cost between \$70,000 and \$130,000 per year in addition to stock options, even if they lack experience, he says.

In the absence of this ideal employee, many companies have to make do by finding people with one skill or the other and hoping they can learn on the job. In particular, Internet and electronic-commerce companies are crying out for people with business development, marketing, sales, and research experience.

Still, at least one employment agency says that the situation is manageable, thanks to the influx of workers from other businesses. "If you're an Internet health care

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company, then it's likely that you will be better served by somebody who has experience in the health care industry," says Barry Obrand, managing director of the Silicon Valley office of recruiting company Russell Reynolds Associates. "Business is business, whether on the Internet or Wall Street."

Mr. Obrand believes passion is more important than knowledge of HTML. "The Internet is a hard industry. And you need to love what you do -- because you are going to spend an awful lot of hours doing it," he says. "A 60-hour week is a short week for many Internet workers."

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