

The College Conundrum

Issues in Hiring New Graduates and Managing Recent Graduates

WorldatWork - May 22, 2008

We'll begin at 10:15 a.m.

Your Team



Ken Cardinal
Pearl Meyer & Partners
Southborough, MA



Rebecca Manoli
Pearl Meyer & Partners
Southborough, MA



Jen Morris
Burns & Roe
Oradell, NJ



Tushar Trivedi
Google
Mountainview, CA

Pearl Meyer Team - Southborough, MA



▪ Agenda

- New College Graduates - The Way it Was
- Millennials
- Recent Hire Compensation “*Compression*”
- *Attracting*
- *Retaining*
- Our Three Panel Firms
- Questions

• The Way it Was

- Companies recruited, college hires applied
- A Bachelor's degree was enough
- Periodic boom and bust cycles in college recruiting
- Students picked? the company they were going to stay with
- They “did” their 30 and retired with a good pension...

• The Way They Were

- Valued loyalty and work ethic; conform
- Accepted and trusted authority and hierarchy
- Style was formal (everything documented); communication highly detailed (remember job descriptions!)
- Communications...

▪ Company Philosophy

- Expected to serve your time
- Do it our way
- Set hours of work; don't come in late, even if you work later in the evening
- Manager "manages"
- Technology-impaired
- No social opportunities
- Lucky to be employed

▪ A Little Different Today

- Interconnected, global world; Vastly more information available
- Large generation approaching retirement
- Experience is dead
- Rules are being thrown out
- Loyalty is dead
- Trust is dead
- College graduates have a new safety net

Uh Oh

Millennials (a.k.a. Gen-Y)



■ Millennials – General Characteristics

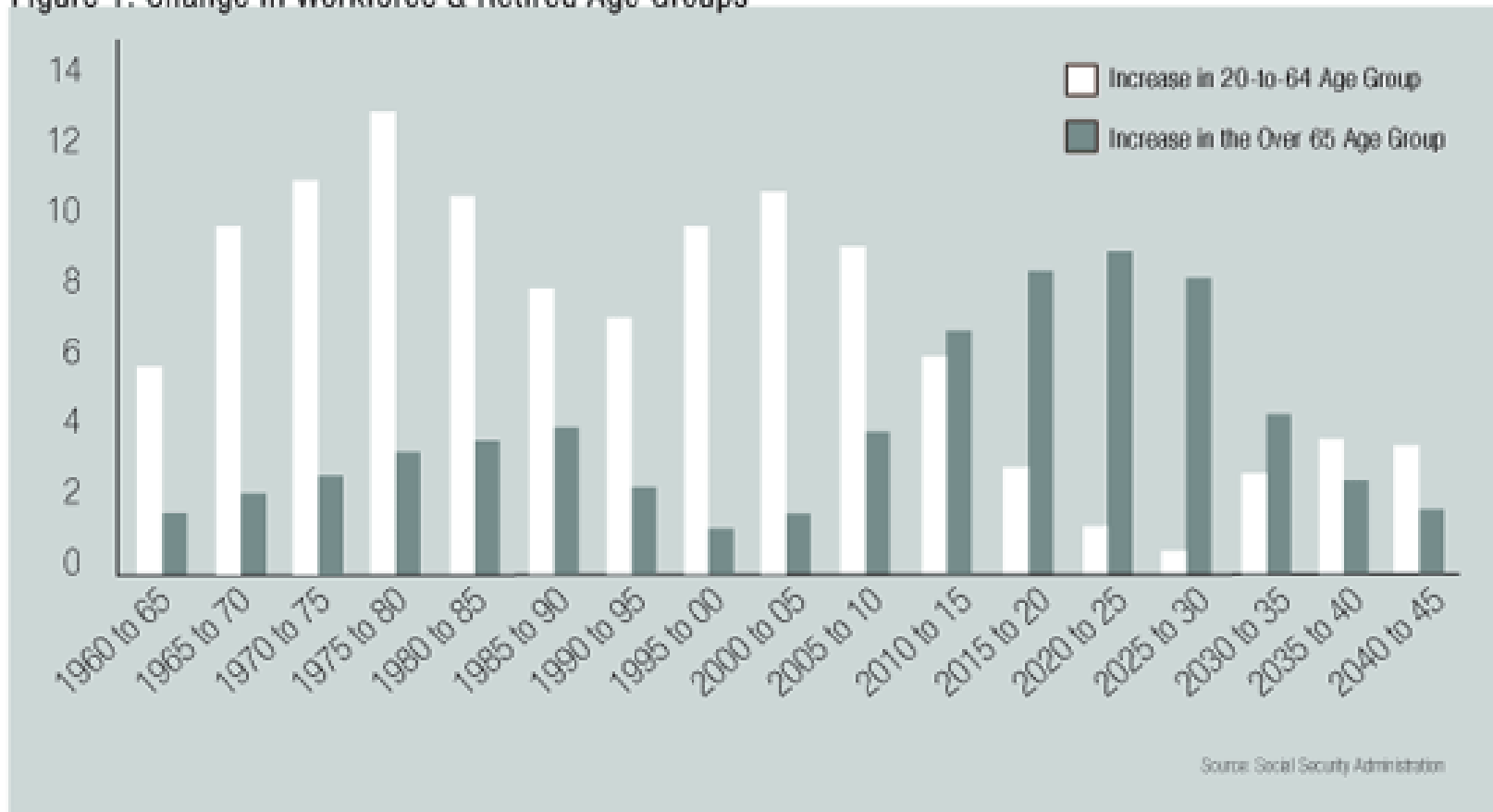
- “Entitled” Generation
- Self-reliant and self-managed
- Learn quickly
- Lack soft skills (grammar, etc.)
- Short-term loyalty
- Accepting of other cultures and lifestyles

▪ Millennials – General Characteristics

- Prefer to make choices vs. critical thinking
- Do exactly what is asked
- Impatient
- Tech-Savvy - seamlessly connected through technology
- Challenge rules that lack defensible rationale
- Earn to spend
- May seem unrealistic to other generations

Millennials – Why we need them

Figure 1: Change in Workforce & Retired Age Groups



▪ Millennials – Work Styles

- Free agency attitude
- Long term career development; training and educational opportunities
- Do not necessarily view work as “Work”
- Very focused
- Flexible in roles and schedules
- Casual attire and comfortable environment

▪ Millennials – Work Styles

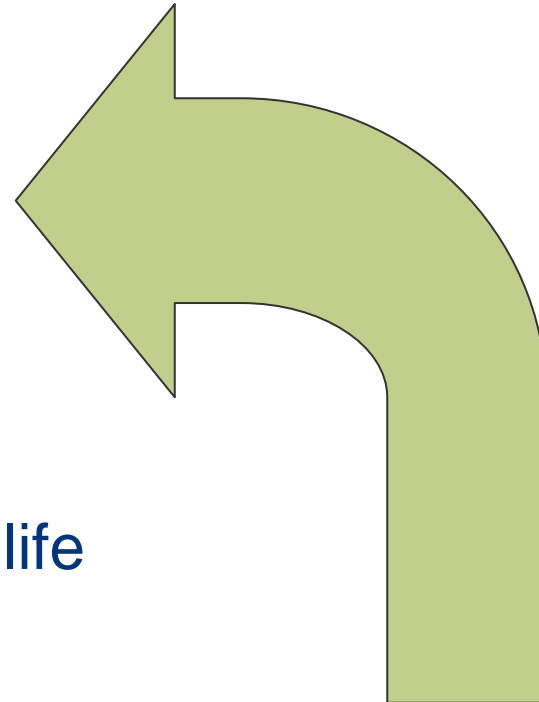
- Independent contributions within a team environment
- Demand a sense of purpose and meaning in work
- Respect; up and down
- Constant communication
- Expect those “In Charge” to be competent and authentic

■ We surveyed recruiters...

- What has changed?
 - More competitive
 - Students have more information and are more knowledgeable
 - Students need to be sold

▪ We surveyed recruiters...

- What are the top things on student's minds?
 - \$ (100%)
 - Fit
 - Promotion / recognition
 - Challenge / development
 - Work/life balance or social life
 - Manager
 - Socially conscious employers



■ We surveyed recruiters...

- Anything else notable?
 - Parental involvement
 - Very high expectations
 - Less likely to tolerate rigid work setting
 - Entitled
 - Less focused on long term
 - Tech-savvy
 - Less polished at times
 - Energetic and enthusiastic

▪ Millennials...

- Have embraced the Internet
- Have access to information
- Connected 24/7
- Are more willing to share information (including salary information) with others

Availability of Information

Engineers - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address http://www.bls.gov/oco/ocos027.htm

| | | | | | |
|---|--------|--------|--------|---------|--------------|
| Mining and geological engineers, including mining safety engineers | 42,040 | 54,390 | 72,160 | 94,110 | 128,410 |
| Nuclear engineers | 65,220 | 77,920 | 90,220 | 105,710 | 124,510 |
| Petroleum engineers | 57,960 | 75,880 | 98,380 | 123,130 | Over 145,600 |
| All other engineers | 46,080 | 62,710 | 81,660 | 100,320 | 120,610 |

In the Federal Government, mean annual salaries for engineers ranged from \$75,144 in agricultural engineering to \$107,546 in ceramic engineering in 2007.

As a group, engineers earn some of the highest average starting salaries among those holding bachelor's degrees. Table 3 shows average starting salary offers for engineers, according to a 2007 survey by the National Association of Colleges and Employers.

Table 3: Average starting salary by engineering specialty and degree, 2007

| Curriculum | Bachelor's | Master's | Ph.D. |
|--|------------|----------|----------|
| Aerospace/aeronautical/astronautical | \$53,408 | \$62,459 | \$73,814 |
| Agricultural | 49,764 | | |
| Architectural | 48,664 | | |
| Bioengineering and biomedical | 51,356 | 59,240 | |
| Chemical | 59,361 | 68,561 | 73,667 |
| Civil | 48,509 | 48,280 | 62,275 |
| Computer | 56,201 | 60,000 | 92,500 |
| Electrical/electronics and communications | 55,292 | 66,309 | 75,982 |
| Environmental/environmental health | 47,960 | | |
| Industrial/manufacturing | 55,067 | 64,759 | 77,364 |
| Materials | 56,233 | | |
| Mechanical | 54,128 | 62,798 | 72,763 |
| Mining and mineral | 54,381 | | |
| Nuclear | 56,587 | 59,167 | |
| Petroleum | 60,718 | 57,000 | |

Footnotes:
(NOTE) Source: National Association of Colleges and Employers

FOR THE LATEST WAGE INFORMATION:
The above wage data are from the [Occupational Employment Statistics](#) (OES) survey program, unless otherwise noted. For the latest National, State, and local earnings data, visit the following pages:

- [Aerospace engineers](#)
- [Agricultural engineers](#)
- [Biomedical engineers](#)
- [Chemical engineers](#)
- [Civil engineers](#)
- [Computer hardware engineers](#)
- [Electrical engineers](#)
- [Electronics engineers, except computer](#)

■ Millennials – A Networked Community

- Freely flowing information
- Fewer geographic boundaries
- Looking for authentic messages (do what you say)

▪ Confidentiality

- More common for millennial employees to share salary information with co-workers.
- The National Labor Relations Board permits employees to share information about their wages.

▪ The Reality of Confidential Offers

From: Bill Smith

soapstop 63k NO hire bonus lol

CB# 982-777-6091

Thurs, May 22, 10:40 am

▪ The Reality of Confidential Offers

From: Rebecca Manoli

2 low gateland 66 plus 5k bon

CB# 862-666-4023

Thurs, May 22, 10:41 am

▪ The Reality of Confidential Offers

From: Bill Smith

Better want 70 plus 10 plus 4wks

CB# 982-777-6091

Thurs, May 22, 10:41 am

▪ The Reality of Confidential Offers

From: Rebecca Manoli

Dude

CB# 862-666-4023

Thurs, May 22, 10:42 am

▪ Then There's Compression

As the demand for highly skilled workers increases, starting salaries for new college graduates often grow faster than salary budgets.

■ Compression

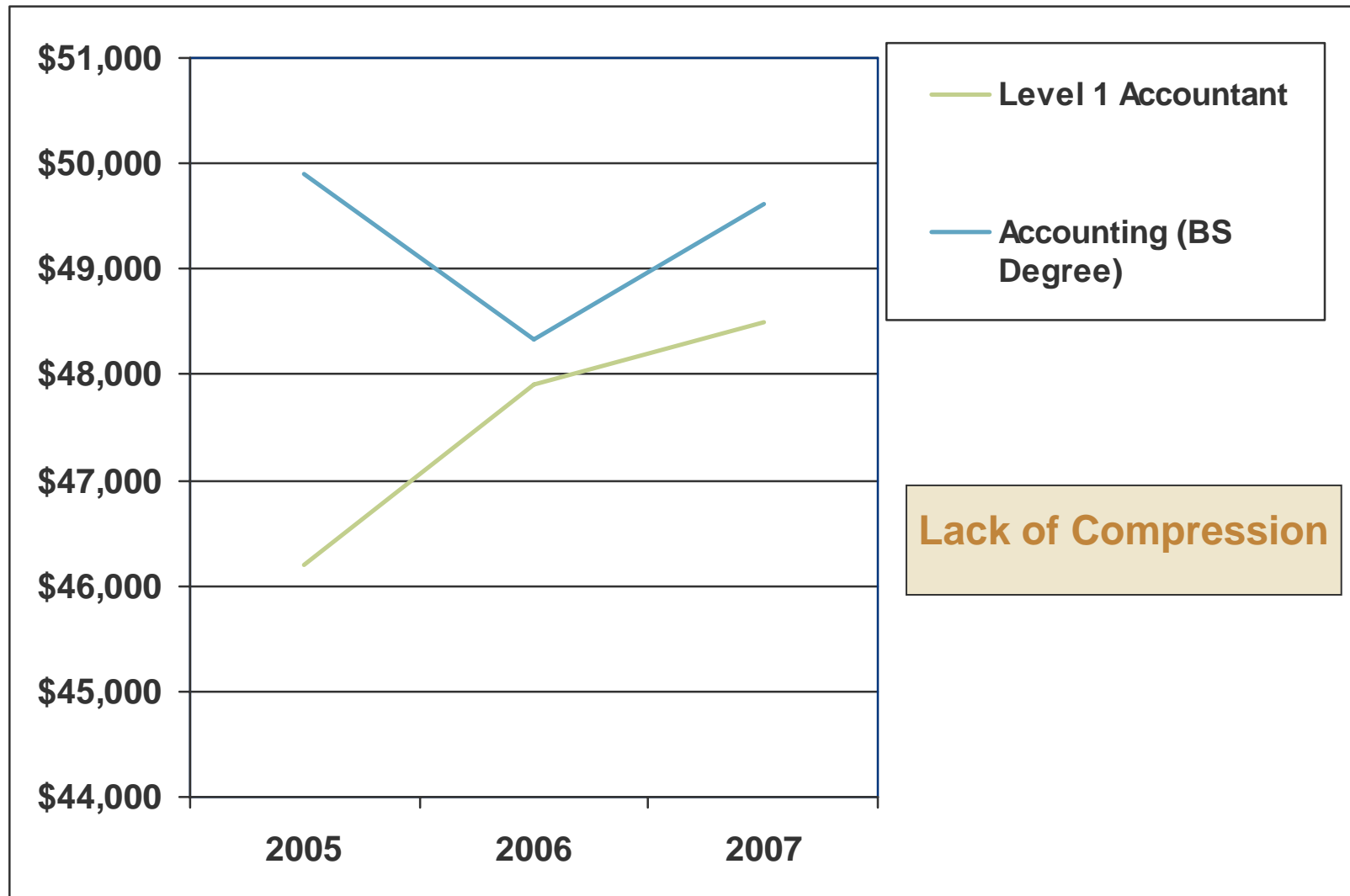
Salary compression occurs when...

Newly hired employees earn comparably or above the rates provided to equally trained, existing employees

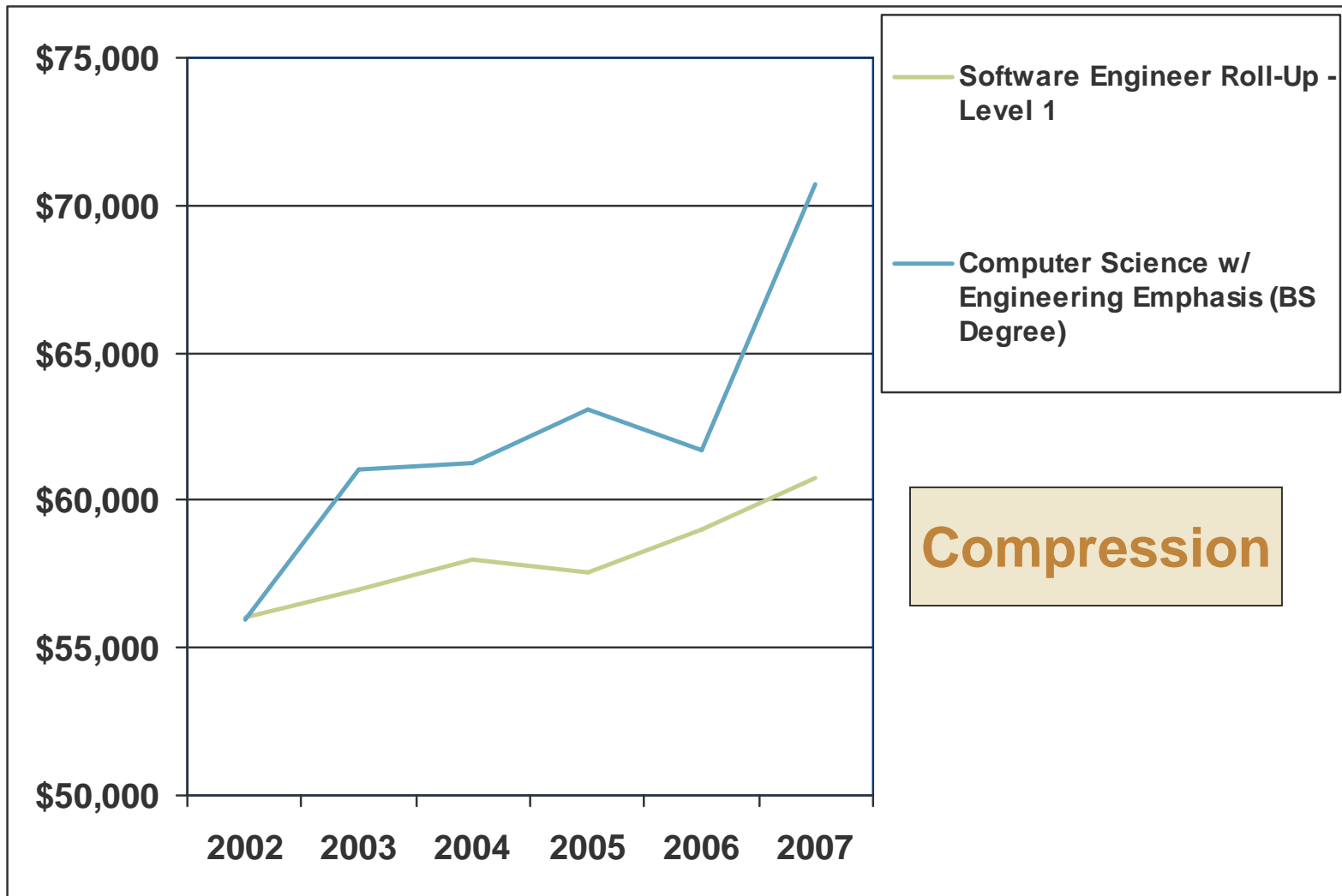
Causes:

- » The job market
- » Premiums sometimes required to attract new talent

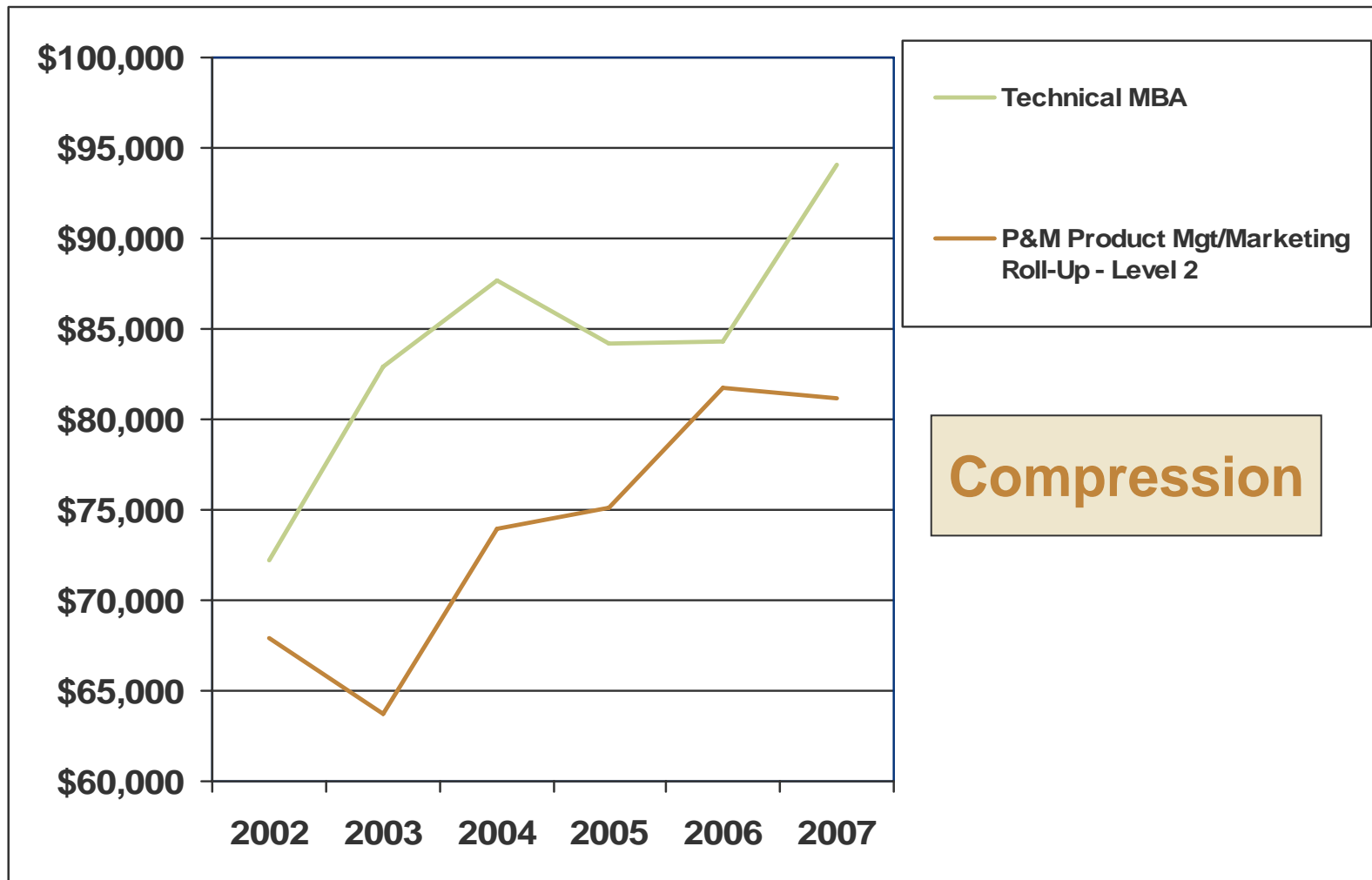
Hiring Rates for Accounting Jobs



Hiring Rates for Graduates with Hot Skills



Hiring Rates for MBA Graduates



Survey Data

Does salary compression occur with new college graduate hiring in your organization?

| Year | Yes | No |
|------|-------|-------|
| 2001 | 88.0% | 12.0% |
| 2002 | 88.0% | 12.0% |
| 2003 | 70.0% | 30.0% |
| 2004 | 64.4% | 35.6% |
| 2005 | 61.4% | 38.6% |
| 2006 | 72.9% | 27.1% |
| 2007 | 69.7% | 30.3% |

** Data is from the 2001-2007 CHiPS New College Graduate Compensation Surveys*

▪ Addressing College Hiring Compression

- Not a new issue.
- Most often handled on a case-by-case basis.
- Next most prevalent approach is to conduct off-cycle adjustments.

▪ Addressing Compression – Example

- Establish a starting point
- Create spreadsheet
- Work with Department Managers

▪ Addressing Compression – Example

- Line reviews data and makes recommendations for compression increases
- Department head reviews and approves recommendations
- Plan submitted for approval as necessary

■ Addressing Compression – Example

- Engineers who had merit increases receive adjustments with no change to next review date
- Last year's college hires have adjustment in May, changing their next review date
- Lower level engineers receive compression increases in June
- Engineer IV's and above get their compression increases at the same time as their merit Increases.

Addressing Compression – Other Approaches

- Proactive
- Systematic
- Focus on “key” new hires / highest demand disciplines (e.g. engineering, finance)
 - Bonuses
 - Recognition awards
 - Other incentives

Hiring Rate Trends

| Degree | 2007 # of Incs. | 2007 Avg. Hiring Rate | 2008 # of Incs. | 2008 Avg. Hiring Rate | % Difference in Hiring Rate |
|---|-----------------|-----------------------|-----------------|-----------------------|-----------------------------|
| Accounting (BS) | 88 | \$49,845 | 106 | \$49,949 | 0.2% |
| Biology (BS) | 55 | \$51,849 | 91 | \$51,835 | 0.0% |
| Chemical Engineering (BS) | 148 | \$63,551 | 180 | \$65,076 | 2.4% |
| Chemistry (BS) | 41 | \$55,252 | 37 | \$54,812 | -0.8% |
| Computer Science w/ Engineering Emphasis (BS) | 1318 | \$70,928 | 1375 | \$70,958 | 0.0% |
| Computer Science w/ MIS/IS Emphasis (BS) | 571 | \$57,848 | 795 | \$58,886 | 1.8% |
| Electrical & Computer Engineering (BS) | 319 | \$61,256 | 451 | \$62,121 | 1.4% |
| Electrical Engineering (BS) | 784 | \$60,601 | 729 | \$62,740 | 3.5% |
| Finance/Economics (BS) | 519 | \$51,891 | 731 | \$51,680 | -0.4% |
| Industrial Engineering (BS) | 152 | \$57,433 | 196 | \$57,509 | 0.1% |

Hiring Rate Trends

| Degree | 2007 # of Incs. | 2007 Avg. Hiring Rate | 2008 # of Incs. | 2008 Avg. Hiring Rate | % Difference in Hiring Rate |
|---|-----------------|-----------------------|-----------------|-----------------------|-----------------------------|
| Liberal Arts (BS) | 927 | \$41,514 | 754 | \$42,583 | 2.6% |
| Marketing (BS) | 167 | \$46,603 | 237 | \$47,966 | 2.9% |
| Mathematics (BS) | 85 | \$61,132 | 113 | \$62,560 | 2.3% |
| MBA – Non-Technical (MBA All Tiers Combined) | 500 | \$86,245 | 488 | \$84,039 | -2.6% |
| Mechanical Engineering (BS) | 424 | \$59,002 | 624 | \$60,843 | 3.1% |
| Non-Technical Business Administration/Management (BS) | 537 | \$48,195 | 745 | \$48,941 | 1.5% |
| Organizational Development / HR (BS) | 41 | \$40,000 | 23 | \$46,803 | 17.0% |
| Supply Chain Management (BS) | 51 | \$51,130 | 100 | \$54,686 | 7.0% |

* Data is from the 2007 and 2008 CHiPS New College Graduate Survey

■ Introduce Attraction

- Getting them is just the first step
- Basics
- Google example
- Excellent efforts (in our opinion)

▪ Attracting – Basics

- Website
 - Current data – update at least monthly
 - Pictures
 - Informative – gives them what they want to know
 - Interactive if possible – job openings / resume
 - Recent student hire testimonials

<http://www.google.com/support/jobs/bin/static.py?page=about.html>

▪ Attracting – Basics

Career Fairs

- Advertise company
- Establish contact with students
- Ongoing relationship with college and faculty

Hardcopy Materials

- Current
- Direct students to website
- Show employees close to their generation as well as older

▪ Attracting – Basics

- College Interviews
 - Bring similar recent hire(s) to interview students
 - Giveaways to keep Company in mind
 - Confirm appointments day prior
 - As close as possible – immediate feedback
- On-Site Interviews
 - What is the work
 - How soon they will get into the “good stuff”
 - Career development / path
 - Tuition reimbursement

▪ Attracting – Basics

- Company Policies
 - Flex-time
 - Social opportunities
 - Work locations – close to major city
 - Frequent performance feedback
- Engagement
 - Mentoring for college grads
 - Develop programs specific to college grads
 - On-Boarding
 - Ethnic network groups
 - Special interest clubs

▪ Attracting – And then the money thing...

- Compensation
 - Pay more at start
 - Hiring bonus
 - Frequent reviews
 - Highlight other elements of the offer

▪ Attraction @ Google

- Social and civic responsibility
- Aligning new grads with engineers
- Working with some of the world's best and brightest talent
- Company culture
- Competitive compensation packages

▪ Attraction @ Google

- Strong emphasis on pay-for-performance philosophy
- World-class benefits & perks
- Flexibility to “rotate” around the company
- Building and maintaining relationships with the world’s most elite university faculties
- “20% Time”

▪ Some Web Examples:

- <http://careers.deloitte.com/studentgrad.aspx>
- <http://www.chk.com/p/544/Default.aspx>
- <http://www.viewmyworld.com/>

▪ Not so cutting edge

Website slow and/or not informative

- Information a little out of date
- Can't find out project types, locations, benefits, openings – navigation difficult
- Can't submit resume electronically
- Does not “GRAB” attention

Winners

Website

- Loads quickly looks fresh
- Engages u sells u
- Get feeling for job
- Everything u need 2 take next step
- User friendly
- Submit resume electronically

A rectangular button with a gradient from light to dark grey, containing the word "Submit" in a bold, sans-serif font.

■ The Retention Dimension

- Now they are on board, what's next?
 - Short term needs
 - Welcoming
 - Performance expectations and feedback
 - Career needs
 - And the long term.....

▪ And Finally - Retaining

- Involved in real work from the start
- Offer collaborative or team environment(s)
- Provide work flexibility
- Value their opinion
- Keep your technology up to date
- Offer development opportunities
- Constant feedback
- Involvement in community, environmental issues

Fluor Engages New College Graduates

The image shows the Fluor logo, which consists of the word "FLUOR" in a bold, white, sans-serif font. The letters are slightly shadowed, giving them a three-dimensional appearance as if they are floating above a dark blue surface. A registered trademark symbol (®) is located to the right of the word.

▪ Fluor Corporation College Statistics

- Unparalleled business growth resulting in record college recruiting
- In 2007 over 900 recent college graduates
- In the U.S. - over 400 new college graduates
- Source from partner/target schools
- U.S. college recruitment has increased over 400% in last 3 years; 2008 targets consistent with 2007
- Sustained college program key to the growth and success

▪ Burns and Roe's New College Graduates



▪ College Statistics

- Burns and Roe primarily hires graduates from engineering undergraduate and graduate programs
- Available workforce is shrinking as older workers retire
- Ample projects in NY metro region (example: rebuilding of the World Trade Center)
- Competition from the NY financial houses
- Demand, along with the cost of living for the NY Metro area is driving up salaries
- In the U.S., 25 eng. grads each year since 2003
- 2008 hiring target same as 2007

■ Google

- Several hundred college hires each year
- Primarily hires college graduates in engineering, product development, and marketing
- Hires college graduates in every office globally including Bachelor's, Masters and Ph.D. degrees.
- Relatively fluid ability to transfer functionally and geographically
- First work assignments generally a “surprise”

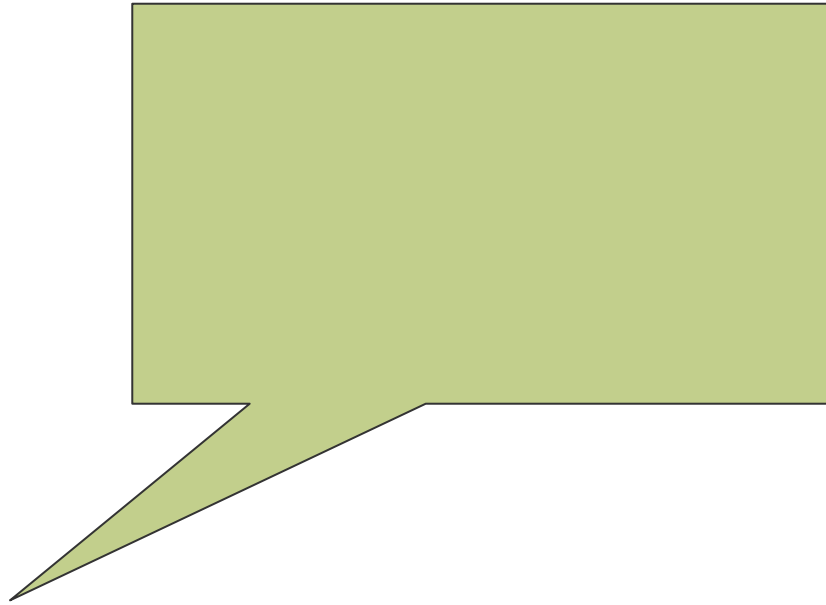
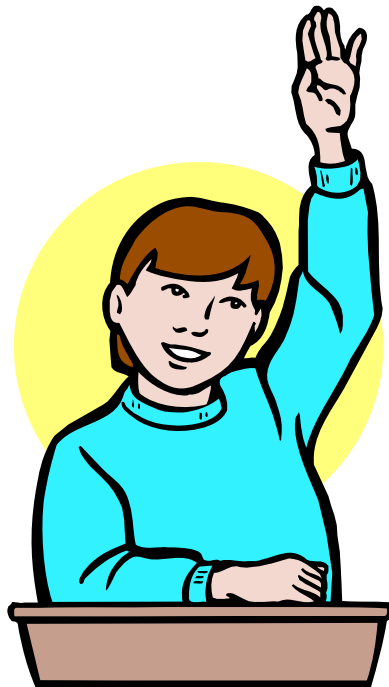
▪ Google

- Heavy emphasis on pay-for-performance
- Very frequent assessment/adjustment to all reward elements (base, bonus, and equity) twice a year
 - Discussion: Performance management vs. luck of the draw / timing of hire date
- Google URL for prospective college hires:

<http://www.google.com/support/jobs/bin/static.py?page=students.html#wayi>

■ Comments / Ideas From the Audience

- Sharing...





▪ Winners

- Cutting edge technology
- Network facilitation
- Frequent feedback
- Real work
- Flexible hours, “get the job done” environment
- Company sponsors for e.g. a Habitat for Humanity house
- Company is “green”

▪ A final thought on attraction & retention

Nothing like a good brand and a good reputation

Appendix

This presentation is downloadable beginning next Tuesday at the WorldatWork Conference website

An appendix is attached which includes several lists:

- List of 30 fastest growing jobs
- Top degrees in demand by degree level
- Places to look for new college hires
- Benefits new college hires want

■ The 30 Fastest Growing Jobs

- Physician Assistants
- Physical Therapist
- Manicurists/Pedicurists
- Environmental Science and Protection Technician
- Gaming and Sports Book Writers and Runners
- Computer Software and Systems Software Engineers
- Database Administrators
- Computer Systems Analysts
- Dental Assistants
- Marriage and Family Therapists

■ The 30 Fastest Growing Jobs

- Mental Health and Substance Abuse Social Workers
- Mental Health Counselors
- Dental Hygienists
- Forensic Science Technicians
- Pharmacy Technicians
- Physical Therapist Assistants
- Gaming Surveillance Officers and Gaming Investigators
- Social and Human Service Assistants
- Financial Analysts
- Skin Care Specialists

■ The 30 Fastest Growing Jobs

- Substance Abuse and Behavioral Disorder Counselors
- Veterinarians
- Medical Assistants
- Theatrical and Performance Makeup Artists
- Personal Financial Advisors
- Veterinary Technologist/Technicians
- Computer Applications Software Engineers
- Home Health Aides
- Personal and Home Care Aides
- Network Systems and Data Communications Analyst

(<http://www.boston.com/>)

▪ Top Degrees in Demand

Bachelor's

- Accounting
- Mechanical Engineering
- Electrical Engineering
- Computer Science
- Business Administration/Management
- Economics/Finance
- Information Sciences & Systems
- Marketing/Marketing Management
- Computer Engineering
- Management Information Systems/Business Data Processing

(<http://www.jobweb.com/studentarticles.aspx?id=1219>)

■ Top Degrees in Demand

Master's

- M.B.A.
- Electrical Engineering
- Mechanical Engineering
- Computer Science
- Accounting

(<http://www.jobweb.com/studentarticles.aspx?id=1219>)

■ Top Degrees in Demand

Ph.D.s

- Computer Engineering
- Electrical Engineering
- Computer Science
- Mechanical Engineering
- Business Administration/Management

(<http://www.jobweb.com/studentarticles.aspx?id=1219>)

▪ New Hires

Places to look for new college hires:

- On-Campus Recruiting
- Internship / Co-op Programs
- Employee Referrals
- Career / Job Fairs
- Faculty Contacts
- Campus Website Advertising
- Company Website
- Student Organizations / Clubs
- Commercial Career Websites

(<http://www.jobweb.com/studentarticles.aspx?id=1219>)

▪ New Hires

Benefits new college hires want:

- Medical Insurance
- Annual Salary Increases
- 401(k) Retirement Plan
- Dental Insurance
- Life Insurance
- Casual Dress Policy
- More than 2 weeks vacation
- Pension Plan
- Family-friendly Benefits
- Flextime

(<http://www.jobweb.com/studentarticles.aspx?id=1219>)

CHiPS^{Pulse} College Hiring Activity

| | | Quick Pulse Question | |
|---|---------------------------------------|----------------------|--|
| | | Time Period | |
| | | 2007 Q1 | |
| For 2007, our College Hiring activity is... | Much Higher than Last Year | 3.6% | |
| | Higher than Last Year | 14.7% | |
| | About the Same as Last Year | 52.4% | |
| | Lower than Last Year | 8.0% | |
| | Much Lower than Last Year | 0.4% | |
| | We do not typically do college hiring | 20.9% | |

| | | Quick Pulse Question | |
|---|---------------------------------------|----------------------|--|
| | | Time Period | |
| | | 2008 Q1 | |
| For 2008, our College Hiring activity is... | Much Higher than Last Year | 1.5% | |
| | Higher than Last Year | 14.4% | |
| | About the Same as Last Year | 56.4% | |
| | Lower than Last Year | 10.3% | |
| | Much Lower than Last Year | 2.1% | |
| | We do not typically do college hiring | 15.4% | |