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THE WAR FOR TALENT



IDENTIFYING THE
OPTIMAL WORKFORCE

BY MARK BEATTIE

Corporate leaders have countless factors to consider when undertaking a site selection analysis. To determine the optimal location for a business, decision makers evaluate hundreds, if not thousands, of data points to ultimately decide on which site is best for the future. Identifying and understanding the workforce is just as critical as any factor for corporate leaders when making these vital site decisions.

Utilizing labor analytics executives can have the data at their fingertips to make confident, sound location decisions.

In addition to the workforce, business leaders consider a list of key criteria that may impact their location decisions. Dependent upon the project, key factors under consideration often include the following:

- Labor/Workforce
- Infrastructure
- Site Readiness
- Customer Proximity
- Taxes/Regulatory Environment
- Supply Chain/Industry Cluster
- Incentives
- Political/Economic Stability
- Community Support

An affordable and effective workforce has always been critical to the site selection process. However, more and more, we're witnessing a trend of skill availability in a market outweighing the direct labor costs. Wages are certainly still a driving factor in the decision-making process, but without the presence of an effective workforce today and into the future, costs are becoming second to availability for most projects.

With the search for required skills being a corporate priority, the true "War for Talent" is in place now more than ever before. The War for Talent is primarily driven by population changes and shifts

in the economy. Effectively, what are the skills in demand and where are the workers to deliver? The United States is currently undergoing a major transition in the workforce with Millennials entering the workplace, all while the economy is shifting to a new era through technology and innovation.

How do business leaders then successfully identify and capture the required workforce? Through the utilization of labor analytics and strategic site selection methodologies. Once a required workforce is understood for a project, a company can deploy proven tools and advanced algorithms to analyze the various labor markets under review. With this approach, the company can understand the three key aspects of a labor force when making a critical site decision: supply, quality, and sustainability.

To effectively evaluate the labor force, and understand the viability of the labor force specific to the project's needs, there are dozens of varying data domains to be reviewed. Initially leveraging secondary data sources, such as the U.S. Census, Bureau of Labor Statistics, ESRI, and Dun & Bradstreet, among many others, analysts can gather an early understanding of the labor force. From there, the workforce analysis undertakes a "ground-truthing" of the data at the primary level to verify



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the early findings, which can be done through local surveys of employees and employers, social media mining, and data collections from state and local workforce agencies.

Key data domains that are reviewed throughout the process includes, but not limited to, the following factors:

- Population demographics
- Labor force statistics
- Low skill saturation rate by type of expertise
- Union presence
- Workforce supply & demand
- Occupational demand analysis - willingness to leave current job, and at what requirement
- Commute analysis
- Strengths and weaknesses for labor market growth and sustainability
- Historic unemployment rates
- Income variables
- Cost of living variables
- Industry concentration
- Occupational composition
- Largest employers by industry and employment count
- Competitor activity that could have an impact on competition for labor
- Educational institutions with student population

To fully understand the workforce dynamics of a particular community, it is also vital to understand how the labor force will be in the future. To identify and project what prospective workforce will develop, businesses can apply forecasting models of individual labor markets. By closely analyzing data points, such as academic graduation rates, community growth and migratory patterns, decision makers can gather a clear understanding of how the workforce will be shaped well into the future.

A community may prove to be advantageous for all key aspects of a project, except lack when it comes to the viability of a workforce following an extensive labor analysis. However, before writing

off the community entirely, decision makers should review the potential for developing a talent pipeline for the business. Economic development organizations work closely with political leaders, workforce boards, and academic institutions to establish pipelines of talented individuals with the skills demanded by businesses today, as well as, for tomorrow. Through public/private partnerships, these organizations have resources and the technical know-how to support a business in developing, nurturing, and delivering the skills required for their community's economic future.

Businesses may also be able to leverage workforce development support from communities to capture direct financial incentives in the form of training grants, even for incumbent employees. These workforce development programs come in many different forms and vary in value and commitment, dependent on the community and the industry applying. Incentives may be leveraged for a list of different activities, and in many locations, can even include wage reimbursements for on-the-job training.

As an empirically driven process, today's corporate decision makers have an extensive number of factors to consider when undertaking the site selection process. Now more than ever, the driving factor is the workforce – the availability of skills coupled with cost of labor. Without a sustainable workforce in place, and anticipated into the future, the other key factors of the site decision can become moot points. To capture a clear understanding of the workforce, and truly wage the "War for Talent," corporate decision makers must utilize and deploy labor analytics in the site selection process. ♥



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