

Recruitment Challenges Continue to Vex Innovation Employers

JOBS: Employees Have Leverage in Engineering, Skilled Manufacturing

By JOHN COX

The employer **Matt Haver** was recruiting for wouldn't budge.

It set an "extremely high technical bar" for engineering candidates, forbade working regularly off site, was itself an unremarkable brand, he said, and yet it offered below-market wages.

Haver brought the San Diego-area company 40 or 50 job candidates – a lot, in his opinion. Only two got placed. After nearly two years of outreach and trying to persuade the employer to loosen up, he finally walked away.

"They just weren't willing" to change employment incentives, said Haver, president, owner and manager of local third-party software and IT recruiter **Foundation Recruiting & Consulting**. "If it were my own company, I would've adapted."

The labor market continues to tighten for two job classifications important to San Diego County's innovation economy: engineers and skilled manufacturing workers.

Local recruiters say the good news is managers can do a lot of things at little or no cost to improve their hiring success – if they're willing to make certain adjustments to their screening process, work environment and approach to training.

Advice Galore

A half-dozen workforce solutions specialists around the region shared their favorite recruitment tactics with the **San Diego Business Journal**. Among the more



Greg Horan, left, supervises Jeremy Norman as he works on a milling machine in the Hunter Industries machine shop.

Stephen Whalen

common suggestions were to use social media for poaching, be more flexible with scheduling, talk pay level earlier and move from introduction to job offer faster than the competition.

Together their recommendations comprise a diverse toolbox for attracting the talent San Diego will need to remain competitive designing and producing things.

"It's an employee-driven market," said **Genine Wilson**, Southern California area vice president for staffing and workforce solutions company **Kelly Services**. She added awareness seems to be growing among employers.



Genine Wilson

"I think that we're in a climate that (her) clients' hiring managers are finally understanding that the market has changed."

Tightening Market

One measure of the challenge ahead is the disproportionate growth expected for San Diego as compared with the rest of the country. According to Kelly, local employment in engineering is expected to expand 6.5 percent between 2015 and 2020 – 2 points faster than the national average.

For manufacturing positions, local growth is projected at 4.1 percent during the same period, versus 3.7 percent nationwide.

Wages are forecast to rise in both categories during those five years, with engineering seen rising 13 percent to \$43.48 per hour, and manufacturing

work reaching \$17.08 by 2020, a 2 percent increase from 2015, the company said.

Recruiters say the two job classifications' hiring dynamics are quite different. For one thing, modest pay increases are more likely to sway manufacturing workers – assuming companies can find some with experience – while engineers respond more readily to the promise of meaningful labor.

Finding Help

Wilson said employers are well-advised to work with workforce solutions agencies to predict and navigate hiring needs. These companies can go "underground" to find candidates on social media websites such as LinkedIn and Facebook, she said.

She also suggested employers seeking engineers make the case they have a worthwhile mission. Manufacturing companies, she asserted, might gain an edge by offering to train workers who, though lacking direct job experience in the field, have demonstrated attention to detail and an ability to work in industrial settings with, for example, strong odors.

Haver, the software and IT recruiting specialist, sees strong health benefits and perks as particularly enticing to engineers. Anything less than three weeks per year of personal time off is "pretty lean," he said, adding that bonuses and substantial retirement plan contributions are also helpful.

He offered two other tips: Be sure to write a solid job description – don't put in too much detail, but not too little, either – and consider letting employees work from home.

Unconventional Incentives

One of his clients allows its engineers

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Kennedy & Souza is pleased to announce that **Kenya T. Tangonan** has been promoted to Partner. Ms. Tangonan joined Kennedy & Souza in 2011. Over the years, she has focused the majority of her practice on construction defect and personal injury defense. Ms. Tangonan is very excited about the future and considers this promotion an honor and a privilege.



Kenya T. Tangonan

FINANCE

Revere Capital founder Clark Briner announced the firm has hired industry veteran **Sarah Woodward** as Senior Vice President to spearhead its new Southern California office, with responsibility for commercial real estate loan originations throughout the United States. Revere is a direct lender with fully discretionary private capital. www.reverecapital.com (949) 339-1937.



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to put in at least some of their work time away from the office, he said.

“Everybody’s interested in that because they want to work remote,” he said.

Phil Blair, executive officer at **Manpower Staffing** in San Diego, said while some local manufacturers have been complacent about changes in the labor market, applicants who show they’re dependable can receive paid job training.

“We’re always looking for people who don’t have experience and want to learn new skills,” he said.

One way to fill hard-to-hire positions, he said, is by recruiting within a small radius of the job assignment, thereby keeping the commute short. Another tip is to bump the pay above \$12 per hour, which he said seems to be what it takes to entice those who have sat out the job market in recent years.

Pay More Attention

Seth Stein, president of workforce recruitment at San Diego-based **Eastridge Workforce Solutions**, said part of the problem manufacturing employers face is they don’t track their labor placement anywhere near as carefully as they do virtually every other aspect of their operations.

Besides advising manufacturers to start paying closer attention to their talent acquisition performance, he suggested they cultivate relationships with candidates, act on referrals to other potential employees and drop what

they’re doing upon learning a talented outside individual may be willing to apply for a job.

“You can no longer wait two weeks to be able to make an offer to somebody,” he said, adding that hiring people with strong potential rather than deep experience, then training them, can also be a good strategy.

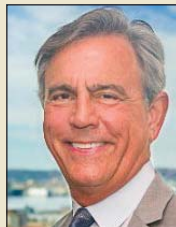
Be Nimble, Aggressive

John Asdell, regional vice president with specialized staffing firm **Robert Half**, strongly agreed with the idea that companies need to speed up their hiring processes, possibly by making better use of video interviews to screen initial candidates. He promotes training manufacturing candidates who show promise, as well, and said it’s always good to keep an eye out for talent even if no positions are immediately open, because things can change rapidly.

“Hire more for what the person could be than what they need to be today,” he said. “And I would say, constantly be recruiting.”

Neal Bloom comes at the task of finding engineering candidates from a unique perspective as local market expansion lead for recruiting software company **Hired.com**.

The company recently participated in a delegation of 40 local companies and hundreds of local engineers to the Bay Area in hopes of demonstrating the diversity of the region’s tech industry and, hopefully, attracting talent



Phil Blair



John Asdell

to the San Diego region.

As for recruiting tips, he advised directly targeting competitors’ employees.

“Go and do it,” he said.

Bloom also suggested bringing up wage levels early on in the interviewing stages, lest mismatched expectations lead to frustrations and wasted time. This also puts more attention on the company’s mission, which can be where an employer can strut its stuff, he said.

Paid Apprenticeships

Scotty Oliver Lombardi, manager of talent management within the human resources division at San Marcos-based **Hunter Industries**, remembers noticing a succession plan when he joined the 2,200-person company a few years ago.

He discovered that many employees in tooling and the machining were nearing retirement, and that incoming applicants weren’t far from it, either.

Hunter’s solution was to set up a paid, three-year apprenticeship program in which early-career workers who do well can earn raises every six months.

So far, Lombardi said, the program has attracted two or three permanent employees per year. “It worked so well that we’re copying it for different jobs,” he said, adding that the company may soon offer apprenticeships to manufacturing mold-makers and -designers.

New Bank:

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Its target audience, according to the application, is small and medium-size business professionals and business owners in San Diego County.

Organizers listed in the application include **Christopher Woolley**, who co-founded East Coast tech lender **Square 1 Bank**; restaurateur and commercial real estate developer **Gina Champion-Cain**, **Matt H. Rattner**, president

and co-founder of **Karl Strauss Brewing Co.**; **Julie P. Dubick**, formerly chief of staff to then-Mayor **Jerry Sanders** and a partner with **H.G. Consulting Group**; **Joyce Glazer**, a philanthropist; San Diego-based private equity firm **Pathfinder Partners LLC** co-founder **Lorne R. Polger**, San Diego law firm **Ruyle & Ruyle** principal **Chad R. Ruyle**, certified public accountant and **San Diego State University** lecturer **James W. “Jim” Ledwith**. Portions of the application, however, are confidential, so others in the region are likely involved.

Woolley declined comment on the DBO approval, citing the ongoing application process.

Another Orange County bank that regulators said could organize last year, **Core Commercial Bank**, fell short of the \$25 million it promised to raise and withdrew its application in late 2016.

The last new commercial bank to open in San Diego was Chula Vista-based **Vibra Bank**, which began doing business in 2008. **Vibra** was acquired by Los Angeles-based **Pacific Commerce Bank** in a stock and cash deal valued at \$16 million in 2014.

VC Deals:

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Across the U.S., there were 1,032 deals in the first quarter of 2017, the Dow Jones VentureSource data shows. Companies raised \$14.51 billion, 37 percent more than in the previous quarter and 7 percent more than a year ago.

San Diego bucked that trend — but it’s not necessarily a negative, Grabow said.

“There are always ebbs and flows and that’s healthy for a market,” he said. “It takes a lot of resources to build these companies, so it isn’t necessarily

a bad thing to have pause and let things settle.”

A factor in San Diego’s tepid first quarter could have been seasonality, Grabow said.

“It can take a bit longer to get going after the holiday based on how much was pushed through in the fourth quarter,” he said.

San Diego companies raised \$237.78 million in 26 deals the last three months of 2016, the Dow Jones VentureSource data show.

Life Science Impact

And San Diego’s strength in life sciences may have played a role: The industry’s

need for significant amounts of capital means the region tends to see fewer, but larger rounds.

“Four fewer deals could make a difference,” he said.

Further, venture capitalists in general are being more discerning about where they send their dollars.

“An overarching theme is there is more discipline being put into what gets funded and when it gets funded,” he added.

Looking ahead, Grabow said he remains optimistic that companies will continue to receive significant amounts of venture capital as companies within multiple sectors of the economy fight for a competitive edge through innovation.

Venture fundraising nationwide totaled \$8.14 billion in the first quarter. That was down 12 percent compared to the prior quarter, but the number of funds increased by 20 percent, the Dow Jones VentureSource data show.

“There’s plenty of dry powder,” Grabow said.

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