



24 Electronic Recruiting Trends 2001

An Industry Backgrounder

**An Annual interbiznet™ Report
From The 2001 Electronic Recruiting Index**

December 1, 2000

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An Annual interbiznet™ Report

Driven by market forces, the maturation of a variety of technologies and the ever-present labor shortage, the Electronic Recruiting Industry moved through a series of dramatic changes over the course of the past year. Shifts in the industry's capital structure, driven by the Spring "dot com crash", declining results caused by broad market acceptance, consolidation at the top end coupled with fragmentation at the bottom, and the economy's full throttle shift onto an information platform are a few of the underlying sources of change.

Still in its infancy, the Electronic Recruiting Industry has enlarged its scope and direction over the past year. Attracting market entries from companies as diverse as Peoplesoft and The Tribune Newspapers, the industry is blurring the distinctions between traditional staffing companies, newspapers and enterprise software providers. As more traditional HR companies in payroll, benefits, consulting, staffing, and Information Technology enter the market, they are joined by technical certification companies, publishers, pure technology ventures, personality assessment firms, investment operations (venture and investment funds), REITs and a multitude of other surprising entrants.

Alumni Networks, hybrid systems, referral programs, job boards in a box, recruiting gateways, labor exchanges, retention (internal recruiting) initiatives, talent markets and other new categories moved into the limelight this year. There was a concurrent explosion of trade shows, training offerings and publications that catered to the new offerings and the emerging marketplace. Given the intensity of the recruiting problem and the enormous wealth available to the eventual winners, Electronic Recruiting is transforming a variety of traditional industries. In some ways, it may be better to begin referring to the industry as The Human Capital marketplace.

This report summarizes the top 24 trends that currently drive the Electronic Recruiting marketplace. Given the relative surprise with which an extended labor shortage has been greeted, these trends showcase the transition of recruiting from passive filtering to competitive sport. In the years to come, these 24 Key Trends will be seen as the launching point for a radically redefined industry. Increasingly, recruiting, whether for attraction or retention, is becoming the dominant reason for **having** a Human Resources Department.

About interbiznet™

For the past six years, the Research Department of **interbiznet™**, a Mill Valley, California company, has delivered an ongoing series of reports and analyses for the emerging Electronic Recruiting Industry. Designed to simultaneously inform and facilitate the industry, these publications range from the massive **Electronic Recruiting Index** (published annually) to periodic white papers, trend analyses and daily online newsletters. From a detailed evaluation of market dynamics to interactive technical training products, **interbiznet™** is the preferred executive information source for investors, vendors, customers and working level members of the industry.

Led by industry veteran John Sumser, founder of interbiznet™, the company strives to "Define Excellence In Electronic Recruiting". With a constant eye on marketplace moves coupled with a rapidly evolving vision of the possible, **interbiznet™** strives to inform and accelerate the development of the industry.

For more information, visit the company's website (<http://www.interbiznet.com>), and read its daily newsletters The Electronic Recruiting News (market analysis) <http://www.interbiznet.com/hrstart.html> or, The interbiznet Bugler (market news) <http://www.interbiznet.com/interbizbugler/dailyindex.html>



Trend 1

Recruiting Gateways Emerge

During 2000, a number of companies emerged with an obvious proposition: Job Postings produce better results when distributed broadly. From focused networks to small electronic advertising boutiques, the tested techniques of Online Recruitment Advertising are being pioneered in just a few firms. The most interesting is an emerging concept referred to as "The Recruiting Gateway".

Both **CareerBuilder** and **CareerEngine** have promoted this approach through the development of alliances and distribution relationships around the Web. The two companies share a vision of a network of websites, sold and staffed from central locations that run on a standardized platform. In these network models, each additional distribution point brings incremental revenue to the parent company.

The Electronic Advertising Boutique, represented by **IIRC** and **eQuest** gained visibility and momentum during 2000. These firms offer Recruiters the opportunity to select from a series of destinations. **IIRC** offers approximately 40 services. **eQuest** offers a smaller range of outlets preferring to grow more slowly; their service is hinged on the delivery of results measurement.

In the early days of Electronic Recruiting, the team at **Net Temps** pioneered the alternative approach. By broadcasting job postings to hundreds of newsgroups and websites, an account with **Net Temps** guaranteed a broader response to a given advertisement. Essentially, every job posting was sent everywhere. The emphasis on distribution secured the company a permanent place in the industry. **Net Temps** has gone on to pioneer other forms of online recruiting and should be understood as an innovation machine.

By far the most exciting offering in this area belongs to a Minnesota company called **RecruitUSA**. With a distribution capacity that dwarfs any other available service, **RecruitUSA** combines Net-Temps style distribution on a massive level with targeting at top-level sites. In addition, the company has distribution alliances with over 250 paid sites and is embedded in the architecture of a number of large integration players (including BrassRing, Peoplesoft, and Lawson).

Although the owners are quite modest about their accomplishments, **RecruitUSA** stands out from the rest of the crowd. An intelligent eye on required technical development is coupled with shrewd alliance development. By combining targeted distribution and "carpet bombing", **RecruitUSA** has defined the core features required in a 21st Century Advertising Agency.

We anticipate explosive growth in the Gateway arena during 2001. Coupled with targeted media planning, traffic development strategies and "creative development", this class of firm will shoulder the burdens of producing real recruiting results.

CareerBuilder

<http://www.careerbuilder.com>

CareerEngine

<http://www.careerengine.com>

Net Temps

<http://www.net-temp.com>

IIRC

<http://www.iirc.com>

eQuest

<http://www.equest.com>

RecruitUSA

<http://www.recruitusa.com>



Trend 2

Inventory Principles Take Hold

Led by an incredible market push from **Icarian**, companies began to understand that Recruiting is fundamentally an inventory problem. Workforce Analytics, a term coined by **Icarian**'s charismatic leader, Doug Merritt, is a system of measurements for reviewing workforce optimization, labor deployment, skills penetration and out year employment requirements. Although **Icarian** itself has floundered somewhat, the important trend is the introduction of longer term, lifecycle thinking into the disciplines of Recruiting.

In earlier days, Recruiting was practiced as a reactive art. The employment requisition, itself a highly politicized instrument, is issued following the agreed upon determination that a need for a new or replacement employee exists. Given typical organizational functioning, the "req" was traditionally released between 6 days and 6 months after the requirement became clear. As a result, a professional recruiter was on the receiving end of the organizations slowness to respond to market conditions. This created an environment that was failure prone and layered with "ass covering".

In **Icarian**'s approach, managing current and future requirements simultaneously allows the organization to spot its own hiring, attrition and retention trends while maximizing the output of each individual in the company. Training and assignment rotation get folded into the Recruiting process. **Icarian**'s contribution has been to expand the language of Recruiting.

In the immediate future, all Recruiting Operations will be required (by market forces) to view their efforts on a five-year horizon line. The operational question has become: "What are your employment requirements over the next five years?" In order to guarantee the availability of an adequate (and adequately

trained) workforce, Recruiting Organizations will increasingly build broad talent pools that can be drawn from over time.

In more physical settings, the American inventory system has undergone radical changes over the past 20 years. From balance sheets that were drowning in excessive inventory, industry has tamed the beast with Just-In-Time practices that require tight communication between departments within a firm and their vendors. Built using Enterprise Software systems from Peoplesoft, SAP, Oracle, Lawson, Baan and others, these 21st Century inventory practices have streamlined capital structures while making firms more productive and able to adapt to changing market conditions. The central component of inventory practice is a firm's capacity to adequately describe production requirements over both long and very short terms.

As HR Departments (or their successors) move towards more fully grappling with the Labor Shortage, they discover that some of the answers can be found in these approaches. Knowing which human assets are required when and where allows the cultivation of value-based relationships. It also fosters a climate of feasibility in the HR Departments that take a longer view.

During 2001, the language of HR Departments will evolve to include Human Capital Management, Human Inventory Management and Minus 30 Recruiting (the idea that a candidate can be in an orientation program in advance of the physical requirement). The realities may catch up with the language in 2002 or 2003. The Peoplesoft Recruiting Village is a step in the right direction.

Icarian

<http://www.icarian.com>

Peoplesoft

<http://www.peoplesoft.com/>



Trend 3

Perfection Of “Do Nothing Recruiting”

With the exception of **CareerCast** and **FlipDog**, the names of most of the practitioners of “Do Nothing Recruiting” (**DNR**) would draw blank stares from the customers, competitors and analysts in the Electronic Recruiting Industry. **DNR** companies operate from one essential principle: companies post their jobs in the Employment Sections of their websites. A **DNR** firm uses “spiders” to collect job openings “wraps” them and moves the “wrapped data” to a destination. All a Recruiter need do is post a job to the company website and the **DNR** company handles the rest.

Invented by **Junglee** during the first several years of online Recruiting, the technique is very labor intensive. When **Junglee** was acquired by Amazon.com, it sold its recruiting services to **Webhire**, the Internet based descendant of **Restracc**. While the move propelled **Webhire** to the forefront of the Electronic Recruiting Industry at the time, the technical integration process was very difficult.

This merger allowed the other entrants to have a clear competitor to play against. Since the **Junglee** Customer base had little real overlap with **Restracc**'s original customers, the problems ranged from technical and pricing to Customer Satisfaction. Ultimately, other companies have been able to perfect the idea.

In 2000, a new Job Board, **FlipDog**, emerged with hundreds of thousands of job listing and no observable business model. Based on **DNR** technology, **FlipDog** is an exercise in technical brilliance with an extremely limited sales horizon. The company has managed to use the fact that it collects job postings from all over the world as a method for building macro-economic statistics based on that data.

Ezeenet, another **DNR** vendor, “wraps” some of the jobs posted to major websites (Monster,

HotJobs, Headhunter). Using a huge team of Indian programmers and data gatherers, the company continues to seek the traction that its low price point suggests it should have.

Meanwhile, **CareerCast**, a California company, has taken the process to new heights. By focusing clearly on customer satisfaction and database integration, the team at **CareerCast** has taken clear leadership in this sector. Many of the major newspapers in the United States (Wall Street Journal, New York Times, USA Today, Boston Globe) use **CareerCast**'s services to deliver quality offerings to distinguish themselves.

Even **CareerCast** has some difficulty with business models. Although the company has been consistently profitable, **DNR** methods represent a very new way of thinking. Trying to teach them to a typical classified advertising salesperson represents a challenge. Teaching that person to sell these services to an HR buyer may be more than any professional should be required to undertake.

We look for increasing automation in **DNR** services and see a fit between them and the emerging Recruiting Gateways.

CareerCast

<http://www.careercast.com>

FlipDog

<http://www.flipdog.com>

Junglee

<http://www.junglee.com>

Ezeenet

<http://www.ezeenet.com>

Webhire

<http://www.webhire.com>

Restracc

<http://www.restracc.com>



Trend 4

Continued Rumors Of Consolidation

Spiked by this year's acquisition of **CareerBuilder** (by **CareerPath**) and **CareerMosaic** (by **Headhunter.net**) and last year's acquisition of **DICE** (by **Earthweb**, the public company), dire forecasts of a draconian consolidation continued to fuel the down moments of industry gossip. **Monster**'s recent purchase of **JobTrak** kept the fires burning. The **HotJobs** purchase of **Resumix** seemed to indicate that the trend was spreading beyond the job board industry. Most often, the repeaters of this tidbit of industry talk were the hopeful many who wished that their job board(s) would be acquired.

Peeled back from the hype, however, another story emerges. Today, as always, one company buys another for fit, function or some other obvious purpose. **HotJobs** needed the revenue (they had an applicant tracking system). **Earthweb** needed a job board for revenue purposes. **Hodes** was trying to reclaim market credibility (as an objective middleman) in its sale of **CareerMosaic**. **Monster**, busily trying to flesh out its market niches, couldn't resist the **JobTrak** fit. The **CareerBuilder** purchase was a quiet way to acknowledge the complete failure of **CareerPath** (after many tens of millions of dollars). Soon after the transaction, the new entity decided to "keep the **CareerBuilder** management team" and close the **CareerPath** Offices. Each was a simple transaction that contributed little evidence that the overall industry is merging together.

In fact, we believe that the industry will continue to fragment for the following reasons:

1. A Job Board can be profitably executed by a team of four and generate about \$1Million in annual billings
2. No historical entity has been able to

carry off more than four percent of the overall market.

3. There are no meaningful barriers to entry in the business in spite of what the entrepreneurs are telling their funders.
4. Like other markets with consumer front ends, the top of the market can have as many as a dozen recognized brands.
5. The low end of the business (the low 90%) is a microniche relationship endeavor best suited to small teams.

CareerBuilder

<http://www.careerbuilder.com>

CareerPath

<http://www.careerpath.com>

CareerMosaic

<http://www.careermosaic.com>

Headhunter.net

<http://www.headhunter.net>

DICE

<http://www.dice.com>

Earthweb

<http://www.earthweb.com>

JobTrak

<http://www.jobtrak.com>

Monster

<http://www.monster.com>

HotJobs

<http://www.hotjobs.com>

Resumix

<http://www.resumix.com>

Hodes

<http://www.hodes.com>



Trend 5 **NASDAQ Crash Drives Profitability Up**

In the spring of 2000, the high-flying NASDAQ, home to most publicly held Internet companies, took a serious nosedive. "Can't lose" stocks, like Amazon, Priceline and Yahoo! dropped over 40% from their 52-week highs. The fallout in Internet related businesses was enormous.

Between 1995 and early 2000, huge volumes of investment capital were moved towards Internet Businesses. Fueled by fantastic success stories like the 1999 Initial Public Offerings (IPO) of Headhunter.net, HotJobs.com, Ecruter and TopJobs, the industry prize was becoming "wealth from an IPO". It seemed, from time to time, that a 15 page PowerPoint Presentation was all that a team needed to get "funding". The Electronic Recruiting Industry was no exception.

Capital infusions brought ineffective habits. Around Silicon Valley, investment backed startups are often understood to risk catching OPM when they avail themselves of venture financing. OPM is an acronym for "Other People's Money". A business with a bad case of OPM is easy to diagnose: expensive business cards, new office furniture, four color collateral materials, large trade show booths, overstaffing, core ideas that appear to lack common sense and an inability to describe what the company does.

Fortunately, the NASDAQ crash tightened the supply of investment funds. In the weeks and months that followed, a number of "brilliant entrepreneurs" discovered that they were not going to be able to continue their visionary quests. Investors started to look harder at questions like profitability and scalability (the ability to grow exponentially).

As a result, more and more of the industry is focused on profitability. This is a very good

thing. Few things strengthen a business more than paying for expenses out of sales.

The subsidy provided by investment firms has held prices at artificially low levels. There will be fallout over the coming months. As profitability regains center stage, prices will rise. During 2001, there will be a great deal of turmoil among customers about the fact that prices are rising while results are declining.

Trend 6 **Proliferation Of Job Boards Unabated**

At the simplest extreme, a team of four can operate a job board. The so-called "technology" is simple. Between the myriad "Job Board In A Box" companies (see Trend 14) and the various database providers, the only real work in developing the product involves a graphic interface. The business team consists of a CEO (who networks for high dollar accounts), a technical person (who does double duty in customer support), a phone answerer (who also works publicity) and a sales person.

In other words, running a job board is a Marketing business. TMP, through its Monster product line, consistently proves this point by focusing on Marketing and advertising rather than technical finesse. At its best, a job board is a modestly updated version of the newspaper classified ads. It's no big thing.

That doesn't mean that there aren't powerful market opportunities for job boards. Simply, the technology provides no barrier to entry. The business is relatively easy to establish, own and operate.

With 256 discrete population centers in the United States, each with 20 or so major professions and a 20 or so industries, we believe that there are 75,000 viable markets for a job board. In each market, sales volumes should be a minimum of \$1 Million. The same



principles hold true for population centers around the world.

From the research for our 2001 Electronic Recruiting Index, it appears that there will be roughly 40,000 Job Boards in operation as of the end of the year. Many of these operations are tiny local companies (as described above) who provide a slightly improved service over local newspaper advertising. Rather than a desire to unearth Internet wealth, these companies have a leisurely growth agenda coupled with a desire to serve a very local market.

Trend 7 **Explosion Of Trade Shows**

Counting the IQPC conferences, there were over 300 Recruiting tradeshows of various sizes and shapes during 2000. That's nearly one a day. With highflying entrants from Fast Company magazine, a variety of investment banks and the normal industry sleep-a-thons, the rate at which Marketing budgets evaporated was historic.

Generally, the vendors subsidize the shows but get extremely short shrift. One of the many reasons that so many alliances were developed in 2000 was that there was no one else to talk to at the trade shows. Often, the vendor booths were in the next building or some equally out of the way place.

From the customer's perspective, the market is awash in products that are not carefully discriminated from each other. The trade shows, which all have educational components, are seen as a training opportunity, not a purchasing research event. For the most part, customers actively avoid the sea of desperate salespeople who inhabit the trade show floor.

This imbalance between vendor and customer expectations places many of the new Trade

Shows at serious risk. Without a clear return on marketing investment, vendors will become increasingly reluctant to subsidize industry education. Trade show owners and operators, who rarely disclose their complete reliance on vendors, will be faced with raising their fees or closing the operations.

Even with more clearly defined expectations, however, the trade shows continue to run a larger risk. The degree to which Electronic Recruiting and Human Capital Management products are indistinct from each other is a serious problem. Without some selectivity, the customer will still be faced with desperate salespeople who are impossible to tell apart.

In other words, Trade Show owners and operators will have to get more deeply involved in defining clear criteria for vendors who are selected for their events.

At the same time, the notoriously cheap HR customer is in for a rude awakening. Vendors do not subsidize industry education for philanthropic reasons. Rapidly rising event ticket prices and a dwindling array of shows will move the cost of education back on to the shoulders of industry.

In general, trade shows make their money by selling tickets, selling booths and sponsorships and by not paying the speakers at the events. In other words, every increment of the trade show experience is driven by a Marketing agenda. The very best way to tell whether a show is worth attending is by asking about the budget for speakers. If speakers are 'volunteering', the show is probably less than it appears to be. **Speakers only volunteer when they have something to sell.**

In the near term, this disturbing trend portends strong growth for consultancies like the **Tiburon Group** or **The Newman Group**. These firms are willing to help a client all the way through the process of vendor selection



and integration while providing training and related services.

Tiburon Group

<http://www.tiburongroup.com>

The Newman Group

<http://www.thenewmangroup.net>

Trend 8

The Recruiter Returns

One of the more ludicrous myths from the early years of industry development was the notion that Recruiting could become a purely electronic transaction. Fueled by a market desire to automate as much of the process as possible, early Recruiting Systems made wild claims about the elimination of the human being from the hiring process. In reality, while the job requirements have shifted enormously, the professional Recruiter is more important than ever.

Today's professional Recruiter must be a masterful interviewer, a web researcher, a media planner, a technology integrator, a resume reviewer, a Marketing copywriter, a builder of commitment, an assessor of capability, an architect of fit and a persistent S.O.B. Given the tremendous talent scarcity, the reactive techniques of traditional recruiting are a recipe for failure in today's highly competitive environment.

While some training programs have emerged (most notably from **AIRS**, **Tiburon Group**, **Barbara Ling** and the **Breckenridge Group**), they almost exclusively focus on the mastery of basic Internet Search techniques. While this is an important component of Electronic Recruiting, it is best understood as entry-level competence rather than optimal performance training.

Slowly but surely, traditional assessment companies (**PDI** and **DDI**) are moving their

technology to more fully support Recruiter Level decision making. These initiatives range from expanding the universe of predictive data (**ePredix**) to the integration of assessment tools and applicant tracking systems (**DDI**). Among the smartest innovations in the industry, the assessment firms are maneuvering to become decision support structures for Recruiters who are immersed in a sea of data.

The past five years of experimentation have had an extremely positive effect. Many of the old school recruiters have left the business. Acknowledging the fact that they were not retrainable, they have moved on to greener pastures. Unfortunately, this leaves the vacancy level for desk-based recruiters at an all-time high.

Given the fact that the Recruiter has emerged as a critical manager of human capital supply in a new era of critical shortage, it is no surprise that compensation packages for recruiters are growing to match the demand.

We anticipate several shifts in the rhetoric of Electronic Recruiting Marketing. An increased emphasis on the importance of helping the human Recruiter to make rapid and effective decisions will be at the top of the pile.

AIRS

<http://www.airsdirectory.com/>

Tiburon Group

<http://www.tiburongroup.com>

Barbara Ling

<http://www.barbaraling.com>

Breckenridge Group

<http://www.breckenridgegroup.com>

Personnel Decisions International

<http://www.pdi-corp.com>



Development Dimensions International

<http://www.ddiworld.com>

ePredix

<http://www.epredix.com>

Trend 9

Search For A Business Model Goes On

For all of the talk, a business model is a simple thing: sell enough of your product or service to exceed expenses. Although common sense suggests that this is a straightforward process, large numbers of Internet businesses were started without an operating business model. The idea, driven by high volumes of speculative investment, was that building an Internet business might disclose radical new forms of commerce.

So far, the Electronic Recruiting Industry has not delivered on this promise. Current “business models” are simple modest derivatives of traditional forms of employment advertising and research. Job Boards and Resume Databases, the predominant fixture in the industry, are little better than automated versions of yesterday’s tools. After all, the Job Board is not a significant innovation beyond automated databases in Unemployment Offices from years gone by. As a replacement for traditional newspaper employment advertising, the new forms offer little in the way of really exciting improvement.

The best way to think about the continued search for new business models is as a split issue. Companies willing to publicly admit their quest for a business model are risky vendors and should be avoided. Their continued survival is a matter of speculation.

On the other hand, the evolution of real technology is often slower than the patience of speculators. As investment flows into the Electronic Recruiting Industry, the pressure

will be to keep pricing at today’s artificially low points. Companies that search for new business models often provide high value at an extraordinary discount. They are spending investor’s money to buy market share or flesh out their experiment. As long as these players maintain some level of visibility, services provided to customers of the industry will be significant values.

Over time, the search for real results for real customers will produce new technologies and approaches that make “transformation” a reality. Solid capital investment in sound ideas will be a necessary component of that evolution. Until the focus shifts to “real solutions for real customers”, however, the slow account growth that plagues some companies will continue.

Trend 10

Consequences Of The Staffing Industry Crash

With the extremely limited exceptions of **Korn-Ferry** and **Heidrick & Struggles** (two premier executive search firms), the value of public staffing industry stocks plummeted during 2000. CDI, arguably the largest firm of its kind, is defining five-year lows. Rapidly reinvented operations (**Kforce**, for instance) have tried to convert equity into market presence with little traction. Heavyweights in the temporary industry (**Manpower** and **Adecco**) have barely managed to hang on to their market capitalization. A \$700 investment in Staffing companies made two years ago is now worth about \$400.

Several dynamics are at the root of this erosion in value:

- None of the staffing firms have adequately invested in retraining and reequipping their employees. Traditionally a low capital investment industry, the investment



requirements for 21st Century competition simply hasn't been met.

- As a result, attrition has been an enormous problem for these firms. It's simply impossible to retain either high or low performers when investment is inadequate.
- The cost of making a placement is increasing at an exponential rate. Old pricing models, which are broadly perceived to be higher than the value received, are, in reality, too low and creating a margin crunch that reinforces low investment.
- The availability of work (jobs to be filled) is actually growing in the companies. Unfortunately, the shortage of available candidates (and the inability to execute high capital candidate acquisition) leaves the firms incapable of execution. Therefore, reputations are in decline around the industry (more bookings, fewer satisfied customers).
- Finally, the senior management of the firms is largely composed of a generation of players who simply don't get it. The technology requirements, revised cost scenarios, increased capital demands and labor shortage environment are beyond their imaginations.

As a result, there is an extraordinary market opportunity for new entrants. Bad pricing, unhappy customers and under-performing stocks make the traditional staffing industry ripe for upheaval.

TMP (the parent of **Monster.com**) is engaging in a massive land grab in the under performers, buying heavily with the equity provided by their job board. It remains to be seen whether or not consolidating an industry of dying companies is a smart business move. **TMP** could, given their technical orientation, pull off a revitalization of the industry. We bet, however, that the reskilling is too demanding to be undertaken from a centralized offering.

The hybrid ad agency – job board – staffing business, while a feature in international circles, seems unlikely to work well in American markets.

That points to the emergence of radical alternatives in the near future.

Korn-Ferry

<http://www.kornferry.com/>

Heidrick & Struggles

<http://www.h-s.com/>

Kforce

<http://www.kforce.com>

Manpower

<http://www.manpower.com>

Adecco

<http://www.adecco.com>

TMP

<http://www.tmp.com>

Monster

<http://www.monster.com>

Trend 11

Internet Search Techniques Wear Out

The web is a very interesting pile of cross-referenced data. A hyperlink connects one pile of data to another. One way of thinking about all of the data on the web is to consider the relationships between linked data.

The major search engines (AltaVista, Google, HotBot, Lycos etc. all have a mechanism for searching and understanding the way that information is cross linked. The patterns involve a large dose of common sense but are fairly interesting in the details. (To try this process, visit the AltaVista search engine and enter the following:



Link: <http://www.interbiznet.com>

The search results will show you many of the 7,000 links around the web that point to our company website. This simple procedure is at the root of the “Advanced Internet Recruiting” training programs offered by companies around the net. It is often called “site flipping”.

In the links to a company website, one can find links to competitors and the resumes of past employees.

Another widely promoted technique, sometimes called “x-raying a website” utilizes commercial spiders to map the directory and file structure of a website. This often makes personnel directories and phone lists easy to spot. A useful tool for this function is **Flash Site** which will log and categorize all elements of a large corporate website.

While the underlying concepts may be new to novice web users, these are really straightforward applications of the technology that makes the web what it is. On an important level, understanding how to use these tools is essential for a complete understanding of what is possible in web commerce. That said, rather than “Advanced Techniques”, these tools and concepts are really simple introductions to the power of the new medium.

By aggressively suggesting that modest web competence is somehow “advanced”, a number of companies have made a solid living teaching the basics to novices. The Marketing spin makes learning fundamentals all the sexier.

Unfortunately, as the number of recruiters who have been trained in these principles mushrooms (we estimate that 25,000 have received formal training while an additional 25,000 have received in house training) the effectiveness of the techniques declines rapidly. With 50,000 trained researchers scavenging the web for resumes on free

databases and looking at the details of corporate websites, the ability to find that “just right client” is declining proportionally. Like all Internet tools, these techniques decline in effectiveness in direct proportion to the number of users.

Flash Site

<http://www.incontext.com/FSinfo.html>

Trend 12

Job Posting Explosion Goes Exponential

Counting the number of Resumes and Job Boards on the Internet is problematic. Since the optimal approach for both job listers and job hunters is broad distribution (sending out many multiple copies), the Web is clogged with duplicate data. On average, we believe that each resume is posted about 5 times while each job is distributed to an average of 11 places.

Of course, these macro level trends vary by sophistication of the user, the region and the profession. Doctors are much less likely to broadly distribute their credentials than entry-level Information Technology professionals or recent college graduates. It is prudent to offer some positions in narrow markets; some companies do not have well developed Internet recruiting functions and so on.

While the detailed numbers are offered elsewhere in our **2001 Electronic Recruiting Index**, it is fair to say that the Job and resume posting, when counted as observable incidents, grew by an order of magnitude during 2000. All of the Fortune 1000 had websites with employment sections by the end of November. The Job Board In A Box business increased the proliferation of online job postings. All college Career Centers used some form of online resume posting.

2000 was the year that Internet Job Hunting



became universal in the component of the job market focused on candidates with some post secondary education.

The best way to grasp the emerging complexity of the Industry is to visit a site like **FlipDog** or **Grassisgreener**. Both sites spider the web intensively as a part of their ongoing data management experiments. Their internal estimates of online job availability are defined, in part, by the degree to which they allow "old" postings. While **FlipDog** has the "freshest" inventory of jobs, **Grassisgreener** has the most comprehensive. **FlipDog** claims 750,000 listings. **Grassisgreener** shows over 8,000,000.

Our numbers do not discriminate between age and duplication. We estimate a total of 110,000,000 discrete observable job listings posted on and around the web during 2000.

We estimate that there are about 100,000,000 Resumes and credentials documents pocketed around the web (Monster alone claims 10,000,000). Accounting for the degree of duplication, we estimate that there are 20,000,000 unique resumes.

Obviously, this broad proliferation places extraordinary pressure on hiring authorities to clearly distinguish themselves from the competition. The explosion in Job Postings will drive all sorts of innovations in Employment Marketing strategy and tactics.

FlipDog

<http://www.flipdog.com>

Grassisgreener

<http://www.grassisgreener.com>

Trend 13

Enterprise Players Join The Fun

The labor shortage is changing the fundamental premise of HR Departments

around the globe. The shift takes the old fashioned Personnel Department from passive administration to active inventory management. This is a particularly difficult transition for the HR operations in extremely large companies (the Fortune 1,000). Hidebound and constrained by existing staff training and expectations', maneuvering a large operation into a new mindset is a challenge that involves extraordinary patience and persistence.

Fortunately for these large departments, the Enterprise Software providers who develop their software systems are equally large and slow to adapt to market conditions. After five full years of web Recruiting Operations, companies like **Peoplesoft**, **SAP**, and **Lawson** are finally adding some level of Recruiting functionality to their aging systems. To suggest that the efforts are modest is to give these companies credit for being big enough to remain in business while their tools continue to inhibit the development of excellence in their customers.

The Recruiting arena is one example of the difficulty that the installation of an Enterprise system brings to a customer. Once in the fold, seasoned bureaucrats are able to blame their inaction on the software vendor. While the self-serving relationship works well at the functional level of an organization, we wonder if it isn't directly tied to increased CEO attrition in the Fortune 1000.

Given the fact that these systems are slow to market, there are a few bright signs.

Although the current product release leaves much to be desired, we are excited about the thinking behind **Peoplesoft's** Recruiter Community. More than any of the competitors, Peoplesoft seems to realize the power of the data that their system collects. Their Workforce Analytics product, when brought to full maturity, will give a Human Capital



Manager the necessary tools with which to manage the enterprise wide labor inventory problem. When coupled with the data available from other components of the **Peoplesoft** solution, the possibility for real innovation begins to emerge.

This doesn't excuse the fact that the core of the **Peoplesoft** application is a collection of other company's websites brought through the firewall and into the application. But, the approach at least tries to address real market needs unlike the competitive offerings.

The other bright sign is **Lawson's** experiment with **iJob.com**. Saddled with difficult branding and a hard to sell solution, the endeavor gives Lawson hands on experience managing a real Internet Operation. The project should give them the ability to move ahead of their competitors.

While the Enterprise offerings are late and lacking, they bear close scrutiny. As Recruiting takes its role as the driving force in Human Resources, these players will increasingly try to offer their customers a full spectrum of capability. As a distribution channel, the Enterprise companies represent real growth opportunities for the rest of the Industry. We imagine that the enterprise companies will move into systems integration roles, at best.

Peoplesoft

<http://www.peoplesoft.com>

SAP

<http://www.sap.com>

Lawson

<http://www.lawson.com>

IJob.com

<http://www.ijob.com>

Be Sure To Order Your Copy Of

The 2002 Electronic Recruiting Index

Trend 14

Job Board In A Box Business Opens

Hank Stringer, founder of and visionary behind **Hire.com**, is a certifiable genius. Backed by Kleiner-Perkins (the Venture Capital Firm) and managed by an astonishing CEO (with lots of Silicon Valley experience), **Hire.com** defined the current generation of Recruiting Tools. Understanding that the most important Recruiting Website is a company's own employment section, Hank has led **Hire.com** into a position of market leadership.

In Internet terminology, a five-year head start is called "first mover advantage". Although it is not perfectly correlated with market success or niche dominance, being first is infinitely preferable to being right from a revenue perspective. The Hire.com business, hosting a corporate job board, is powerful enough to spawn literally hundreds of competitors.

From Brass Ring's **Joboo** to the Jeda Systems **WebLoom Recruiter**, over 50 companies have entered the market with some form of product that delivers the employment section of a corporate website. This "Job-Board-In-A-Box" segment of the Electronic Recruiting industry is fertile ground for continued expansion over the coming years. While the basic concept is straight forward, there are a number of issues that combine to create the opportunity.

Typically, the people who work in Human Resources Departments are distinctly unable to communicate with the members of a company's technical community. Even though the current backbone of HR is a data processing system for payroll and benefits, HR Departments have traditionally given low priorities to HR Requirements. Not surprisingly, the phenomenon extends into the corporate website which is often managed by the Marketing Department in conjunction with the technical team.



So, even though the corporate website is the best tool available for reaching out to potential employees, it is often impossible for the HR team to get timely updates and Recruitment specific functionality. The “Job-Board-In-A-Box” (**JIB**) business is an outgrowth of these communications problems. Managed as a separate “plug-in” to the corporate site, all that HR is required to do is maintain the “look and feel” of the overall website. Changes and improvements can be controlled more easily through a more responsive vendor relationship.

Like many “obvious” technical products, JIB raises many more questions than it answers. For large companies and government installations, the ever-present specter of EEO compliance raises its head. For smaller operations, the JIB approach tends to help solidify the notion that the corporate site is not getting much in the way of useful traffic.

The Electronic Recruiting Industry is still in its very early days. Most new tools are best seen as experiments that help define the requirements for the next generation of products and services. As organizations get comfortable using JIB products, they are bound to discover the major inadequacies in their employment branding, advertising copy generation (for job descriptions), web Marketing and internal tracking processes.

No current vendor combines the features of a JIB and a Recruiting Gateway (Trend 1) although BrassRing, Lawson, Peoplesoft, Hire.com and Source2Hire appear to be developing the capacity. A logical mix of outreach through targeted job boards and JIB capabilities is certain to be the next generation of tools.

An interesting phenomenon, showcased by the market development of Pentawave (another JIB provider), is the fact that a JIB

product line extends easily into hosting job boards for small professional associations, regional social networks and local newspapers. The employment website and the various candidate aggregation suppliers will be even less distinct they currently are. In other words, operating the corporate online employment function is more or less identical in scope and execution to the operation of a newspaper classified advertising site.

Hire.com

<http://www.hire.com>

Joboo

<http://www.joboo.com>

WebLoom Recruiter

<http://www.jedasys.com/wlrecruiter.htm>

Source2Hire

<http://www.ddiworld.com/hiring/>

Pentawave

<http://www.pentawave.com>

Trend 15

Traffic Development Techniques Deployed

In the 21st Century, Marketing is a personal responsibility. This is the subtle message behind Fast Company magazine’s emphasis on “the Brand Named You”. It is the ultimate meaning of the catchphrase “1 to 1 Marketing”. Since the web effectively makes most users into publishers, this Marketing responsibility is deep and getting deeper.

As Recruiting evolves into an active Marketing discipline, the question of how to retrain the traditional (and newcomer) professional emerges quickly. If it is not on the corporate agenda before the decision to use a JIB service, it follows almost immediately. Installing a JIB product is a great way to quickly determine the effectiveness of a



company (or division) brand as an employment attractor. Often, the JIB emphasizes the urgency for developing an Employment Branding strategy.

Although Marketing and Human Resources are terms that are not often used in the same sentence, the future of HR is all about the application of real Marketing discipline. From supply management to the intimate branding of relationships with potential employees, Marketing has more to offer HR Managers and professionals than traditional HR theory (which assumes that there is abundance in the labor supply). Marketing, as a discipline, is the art of managing supply and demand. HR historically is devoted to simple administrative data processing and motivation. The labor shortage defines the problem, the web provides a communications platform and Marketing provides the real techniques and theoretical underpinnings.

Confronted with the fact that the Employment component of the website is not producing an adequate candidate flow, the Recruiting Manager faces the challenge of Website Traffic Development. Since few of the people who work for vendors or represent them in the sales process have any relevant experience in traffic development, the Recruiter is often left to fend for him or herself.

The techniques of Website Traffic Development (covered thoroughly in our 1999 Electronic Recruiting Index) range from standard Public Relations tools (the press release and the publicity stunt), Web Page submission to search engines, Job Description design and copywriting, key word placement, link development, and other typical website Marketing initiatives. As HR Departments develop competence in these tools, an interesting perception emerges: the job of Employment Marketing is distinct enough from other Marketing challenges to require specific local expertise.

As a direct result, HR Departments are increasingly likely to have a stable of marketing professionals within the function. As of the end of 2000, the notion is limited to fast growth startup companies. By 2005, the idea that an HR Department must have its own Marketing function will be conventional wisdom.

Trend 16 **New Ad Agencies Take The Field**

HiringTools.com takes an interesting tack on the evolving Human Capital Marketplace. Their software decision support systems helps hiring managers and recruiters build job descriptions and job advertising copy. The user combines a series of core personal capabilities into a set of related and prioritized job functions. Once the analysis is finished, the user hits a button and an auditable job description, rough advertising copy and a guide for interviewing candidates emerges from the software.

HR Sites International, one of the more disappointing failures in industry history, proposed building an auditable set of metrics for hundreds of job boards. Although the results were much less than adequate, the company laid the groundwork for an automated system that defined optimal placement of job advertising among the thousands of competing media outlets.

Coupled with a job distribution engine (like RecruitUSA), a traffic development team, a PR function and a Recruitment consulting practice, these two initiatives are the heart of a class of emerging 21st Century Recruitment Advertising Agency. Freed from the shackles of fees that are constrained to 15% of the media buy, a contemporary ad agency can make a powerful difference in the success of a Recruiting Endeavor.



The traditional large players (**TMP, Hodes, Nationwide, JWT**) are encumbered with history. Until very recently, most of these firms owned Job Boards, compromising their ability to deliver objective information for their customers. When coupled with hard to retrain sales teams, it is a wonder that these firms didn't die off in the first wave of web innovation. Still, their ties to conventional billing models put them in great peril when the average transaction price is plummeting.

As a result, scrappy competitors who consider actual Recruiting to be a part of their service structure have begun to sprout spontaneously around the country. Even though they do not have the niche depth of **HR Sites International, Hiring Tools** or **RecruitUSA** anywhere in their portfolios, these small shops are willing to help a customer navigate the extraordinary chaos of the Electronic Recruiting landscape. Their revenues are growing rapidly while the number of similar firms continues to multiply.

HiringTools.com

<http://www.hiringtools.com/>

HR Sites International

<http://www.webhire.com/>

RecruitUSA

<http://www.recruitusa.com>

TMP

<http://www.tmp.com>

Hodes

<http://www.hodes.com>

Nationwide

<http://www.nationwide.com>

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Trend 17

Newspaper Wars Won By Surprise

Given the degree of hoopla surrounding the announcement, you could easily have thought that the Merger of CareerPath and CareerBuilder was the conclusion of the competition for the privilege of running the newspapers' online classified advertising system. The formidable **CareerBuilder** Network doubled in size as a direct result. The beleaguered **CareerPath** was allowed to crawl into a hole and die. When the name emerges again, it will most likely be in the hands of its trademark owner, **CDI**.

With nearly 100% participation from Knight-Ridder properties (through the **Real Cities** initiative), financing from the **Tribune Companies**, participation from the **LA Times** and a laissez-faire shoulder shrug from the **Washington Post**, the merger appeared to give the newspaper Employment Classified Advertising business directly to the **CareerBuilder** team.

Given CareerBuilder's existing market strength, you'd be tempted to think that this was the final move in the Newspaper end of the market.

Surprisingly, tiny **CareerCast** serves a meaningfully greater number of newspaper outlets. By focusing on empowerment of the end customer, the scrappy little California company has neatly divided the newspaper classified industry into two segments: those that want to sell online classified ads (the CareerCast Set) and those that want to hire a sales force (the CareerBuilder set). Although there are still some halfhearted efforts to break into the segment from **Hire.com, Pentawave** and **CareerSite**, the battle is over for the time being. Earlier pretenders like **iSearch** have all but bitten the dust.

It would be a mistake to assume that the



current owners of the newspaper Employment space are permanent winners. As **CareerPath** demonstrated (during its ill-fated reign), the questions are hardly technical. What is at stake is the newspapers' ability to control their own destinies. The transition from Print to web is a challenging adventure for these pre-industrial era media concerns. It takes time and experimentation. The next time that the Newspapers change horses, however, will be at least a couple of years from now. That gives the current winners the opportunity to seriously lock down their relationships.

That wasn't enough of an advantage to give the game to **CareerPath** or **iSearch**.

CareerCast

<http://www.careercast.com>

CareerBuilder

<http://www.careerbuilder.com>

CareerPath

<http://www.careerpath.com>

CDI

<http://www.cdicorp.com>

Knight Ridder

<http://www.kri.com/>

RealCities

<http://www.realcities.com>

Tribune Companies

<http://www.tribune.com/>

LA Times

<http://www.latimes.com/class/employ/>

Washington Post

<http://www.washingtonjobs.com>

Hire.com

<http://www.hire.com>

Pentawave

<http://www.pentawave.com>

CareerSite

<http://www.careersite.com>

iSearch

<http://www.isearch.com>

Trend 18

Market Segmentation Multiplies

The employment marketplace is huge. One interesting estimate of its size is "12% of GDP". Although the internal players make fine distinctions about what is advertising and what is not, the truth is that all of the transactions that take place in the Employment Industry are a form of advertising or marketing communication. From job postings to hiring decisions, every player in the game is engaged in some form of marketing at each step in the process.

What has changed is the degree to which the processes are driven by administrative detail. When the question was allocating scarce jobs to an infinite supply of labor, managing the "administrivia" was a critical operation. Demonstrating responsible allocation of jobs among competing constituencies was a sensible regulatory objective. Today, in the face of a permanent labor shortage, the dynamics are inverted. From an ethic of finding people who fit the organization, the theme has changed to modifying the organization so that people fit.

The objective of contemporary Recruitment Branding Systems is to deliver the messages of job availability and organizational flexibility as close to the Potential Employee as possible. This implies that large brands (Monster, HotJobs, CareerBuilder and Headhunter.net) operate in an environment with diminishing relevance. It is far more effective to deliver messaging directly to a



microniche without the overheads of large centralized organizations (see Trend 12).

One way of thinking about most Job Boards, Recruiting Communities, Networks and other current manifestations of Electronic Recruiting Systems is that they are simply communications delivery vehicles. When broadcast communications are required, you use a big brand name. When a specialty focus is the order of the day, you use a smaller, more precision-oriented delivery system.

As a result, while the Big Brands are building steam, an extraordinary dynamic is happening at the precision delivery end of the market: communications systems (Job Boards, Communities, Networks, eZines, Professional Associations) are being fleshed out in target communities as small as 2,500.

“Locum Tenens” are licensed medical school graduates who work as very well paid “migrants”. As you might imagine, given a doctor’s pay and social standing, the universe of these sorts of employees is very small. We estimate that there are no more than 3,000 locum Tenens currently practicing in the United States. There are already three communications companies focusing on the needs of these traveling professionals.

As the real value of each employment transaction is more fully grasped by the employer and the market, the segmentation required for very precise message delivery to a tiny audience would continue to grow. We clearly see the potential for hundreds of thousands of job boards around the world. This leaves the larger firms to handle generalists and other less specialized placements. Even this segmentation is temporary. Over the long haul, Employment Branding will involve competition for mind share in markets of one person.

Weblogs, highly customizable websites for tiny audiences point to the possibilities.

Trend 19

Referral Networks Try Their Hand

Anecdotal evidence consistently suggests that Referral programs are the single best way to recruit employees. Traditional programs have paid a modest bounty for candidates who were hired as a result of the recommendation of a current member of the workforce. The combination of human filters, employee motivation, similarities among peers and ease of deployment have made Employee referral a key component of Recruiting Strategy in some companies.

Predictably, these programs are moving to the web in a variety of forms:

- **ASP:** Firms like **Angami** provide Referral-Program-In a Box functionality to be installed as a part of the corporate Intranet.
- **Web wide Referral:** firms like Refer.com and Referrals.com deliver the ability to incent part time recruiters who work their referral networks (we think of these as commission based job ad reading businesses)
- **Infrastructure Providers:** Companies like **Tribal.com** and **PeopleLink** provide sets of Intranet style tools for collaborative meetings, chat and ongoing communications that has been used to develop an employee referral network behind the firewall.

A clear motive behind programs that distribute PCs and Internet connections into the homes of all employees, Web based referral programs will take on an astonishing variety of sizes and shapes, including professional networks, during 2001.

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**Angami**

<http://www.angami.com>

Referrals.com

<http://www.referrals.com/>

Refer.com

<http://www.refer.com/>

PeopleLink

<http://www.peoplelink.com/>

Tribal.com

<http://www.tribal.com>

Trend 20**Alumni Networks Connect Ex-Employees**

Historically, some companies have recognized the implicit value of former employees as a labor pool. Easy to retrain, known quantities of people who have left the organization are a seriously undervalued source of Potential Employees. During 2000, one company emerged to meet this need. We expect a flurry of activity in this area during 2001.

Universities pioneered the concept of alumni relations. By promoting the university experience as something that will continue to benefit graduates even after they have left the institution, universities have successfully strengthened their relationship with a very large population. They have been reaping the benefits of this relationship through annual giving, endowment fundraising, and by claiming the accomplishments of their graduates as their own. They recognized that their brand is most affected by the actions, accomplishments and recommendations of those who were formerly associated with them.

The relationship between employer and employee is dramatically evolving from a strict corporate hierarchy to one in which the

employee is treated as the customer.

As a result, Human Capital Management, not unlike the marketing function in the 1950's, is undergoing a revolution and emerging as one of the key drivers of corporate success. From the CEO's perspective, staying competitive means embracing change, building relationships, optimizing people and talent, and transforming the company into a customer and employee driven, interactive enterprise.

In today's age, a certain level of employee turnover is a business reality. Some of the best employees will choose to leave, embrace a different experience and gain new insight.

One of the necessities of a holistic approach to human capital is to encourage the development of your employees, even if they choose to leave your organization. The relationship with employees, whether they still work for you or not, is a powerful business asset, and preserving this relationship will lead to new business generation, rehires, and better management of intellectual capital.

In this mindset, the company must learn to think of each exit interview as the beginning of a long-term relationship.

Select Minds

<http://www.selectminds.com>

Trend 21**The Use Of "Communities" Expands**

After all of the hype associated with the emergence of the World Wide Web, the winner of the most often overused term is clearly "Community". Everything from Adult oriented chat on AOL to commodities exchanges has been referred to as a "community". While overuse has obscured the value of the word, no suitable substitute has emerged to describe the kinds of



communications and relationships that, impossible before the web, have come to dominate certain corridors of eCommerce.

In Electronic Recruiting, the high water mark is held by a cranky little operation called **Craig's List**. The firm combines housing, roommate referral, general discussion, items for sale, a modest political orientation and general San Francisco demeanor into a hub for a certain, thin slice demographic. Often showcased as "the" example of how to run a community based job-advertising business, the little company has begun to believe its own press and is attempting to "go national".

Other examples include an unmentionably-named source of intrigue in the dot com world (Fu***dcompany.com), the **Vault** and **Wet Feet**. These companies make their livings by providing a variety of types of insider's looks into a company. (It's useful to understand that negative PR is a fact of life in today's world of broadly distributed desktop publishing.)

The real benchmark for community based Recruiting is stills the Well. The Well, now owned by Salon Magazine remains the archetype of online community. In order to recruit effectively among the glitterati that inhabit this discussion board, one must be a functioning member of the community with contributions to make beyond pragmatic business needs.

Developers.net, a quiet but influential technical job board, hosts the job offerings at **Slashdot**, the single most influential industry "community". By delivering jobs directly into this highly credible but eclectic mix, Developers.net allows an advertiser to get even closer to the end target demographic.

The reason that community based recruiting (Internet Doublespeak for micro niche demographic targeting) is catching fire is that the discipline, in the final analysis, is all about

precision targeting. Communities provide a great way to learn the basics.

Craig's List

<http://www.craigslist.com/>

The Vault

<http://www.vault.com>

Wet Feet

<http://www.wetfeet.com>

The Well

<http://www.well.com>

Developers.net

<http://www.developers.net>

Slashdot

<http://www.slashdot.org>

Trend 22

Emphasis on Strategy Rediscovered

Given the explosion in Recruitment related services, little attention has been paid to the specifics of Recruiting Strategy. In a world driven by infinite novelty, it's difficult to keep the nose to the grindstone. However, Strategy is emerging as a key consideration.

Another word for strategy is "cost effective planning". With the extraordinary number of opportunities to spend and rapidly growing budgets, most recruiting shops need a plan on which they base their success. If a company's approach is jettisoned each time a new vendor emerges, the real Recruiting endeavor never gains traction. A number of firms, including our own Interbiznet Consulting Group, have emerged to carry some of the weight.

The key elements of a Recruiting Strategy include:

- A clear picture of current and future staffing requirements (five years is a



- good horizon line)
- An assessment of the skills, demographics and workload requirements of current employees
- A solid definition of regional expansion plans
- Training Requirements for Recruiting competency
- Established communications patterns for hiring decision making
- Clear criteria for hiring decision making
- A clear understanding of regulatory requirements
- A relationship with a team of creative copy writers
- A detailed understanding of current and future marketplace trends
- A process for identifying demographic targets
- A conceptual map of the communications vehicles available for reaching demographic targets
- A compelling story about the reasons this particular workplace is attractive
- A job communications budget
- A plan to measure the effectiveness of dollars spent on Recruiting
- A database in which to collect data about potential employees
- The ability to match job requirements against potential employees
- A clear understanding of the supply-demand dynamics in the regions that will be recruited
- Hiring Timeline objectives and a system to measure performance
- A formal "vetting" process for new vendors

Trend 23
Talent Markets Grow Slowly But On Track

On July 4th, 1999, Monster.com ushered in a new era of staffing. The **Monster Talent Market** proposed to facilitate the interaction of so called "Free Agents" and the companies

that employ them on a project basis. The concept challenged the very definitions of temporary staffing.

Although Monster was first, they gained no "first mover advantage" from the fact. In the following 18 months, hundreds of derivative offerings have emerged. At the core, these companies provide a forum in which Free Agents and small companies can advertise their services to large audiences of buyers. At least the Press Releases suggest that they are large audiences.

The market for these services is directly analogous to the evolution of job boards. In the early days of the job board business, the number of job hunters seriously exceeded the number of job offerors. The result was huge windfalls for Recruiters who used the service. Today, the ratio of Free Agents to employers creates the same dynamic. The smart companies who are taking advantage of talent markets are reaping extraordinary benefit while they work the kinks out of the process.

Here's the list of the top 10 talent market sites (we left both **Net-Temps** and **DICE** off of the list since they cross boundaries...they would have been the top two). The number next to each service is a relative ranking among all websites according to Alexa (as of the date of this publication). Think of it as "compared to Yahoo".

Rank	Name	Overall Web Ranking
1.	Guru.com	1461
2.	Elace	2796
3.	EWork	5838
4.	FreeAgent	6489
5.	ICPlanet	12555
6.	Ants.com	14972
7.	Skills Village	31427
8.	Iniku	38670
9.	Aquent	39214
10.	IPros	44316



Most interesting, however, is the fact that **talent.monster.com** ranks below the 1,000,000th website indicating a serious flaw in Monster's overall brand development strategy.

Monster Talent Market
<http://talent.monster.com>

DICE
<http://www.dice.com>

Net Temps
<http://www.net-temps.com>

Guru.com
<http://www.guru.com>

EIance
<http://www.eiance.com>

EWork
<http://www.ework.com>

FreeAgent
<http://www.freeagent.com>

ICPlanet
<http://www.icplanet.com>

Ants.com
<http://www.ants.com>

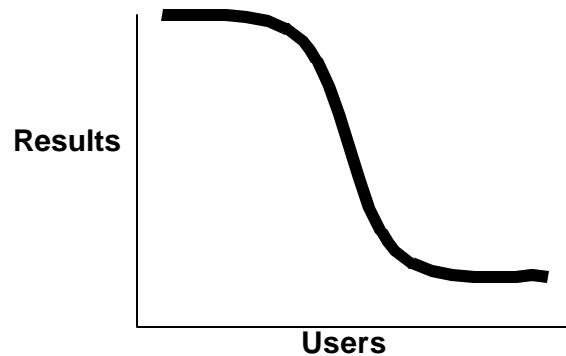
Skills Village
<http://www.skillsvillage.com>

Iniku
<http://www.iniku.com>

Aquent
<http://www.aquent.com>

IPros
<http://www.ipros.com>

Trend 24 **Limits Of Tools Understood**



With any tool, the quantity of results declines to a normal level as the number of users increases. Proven true from crossbows to shovels, the tendency of a tool to give early adopters a tremendous advantage while merely leveling the playing field for the bulk of all users is a predictable part of. Not surprisingly, this has proven to be the case with the early generation of Electronic Recruiting tools. As the number of recruiters using a specific tool increases, the quality and quantity of results declines to a stable level.

In the early days of job boards (five years ago), it was unsurprising to hear that a Recruiter had been overwhelmed by the number of qualified applicants for a specific job posting. The ratio of the number of job hunters to the number of job listers was skewed incredibly. In those days, marketing and sales professionals from the job board industry often described their challenge as "educating the customer". Stories describing those early results have taken on urban legend proportions and still are a part of the sales kits of many.

In today's market, results more closely approximate the realities of the labor shortage. The RecruitUSA team suggests that no poster of a single job should have any reason to



expect any results whatsoever. They propose that their targeted carpet-bombing approach represents the next generation of tool.

Talent Markets represent highly effective investments for users who adopt the strategy today for exactly the same reasons.

Over the coming year, the early adopter advantage will accrue to users of alumni networks, community recruiting, referral networks, Employment branding and some of the other trends mentioned in this paper. Then, as predicted, the results will fall off to a more normal level.

This broad understanding of the life cycle of new tools will turbo charge the adoption of techniques in coming years. When the return on investment is so significantly higher for early adopters, there is a solid stream of rationalization available for early buying decisions.

For a Recruiting function to maintain its competitive advantage, it will have to have a portion of its resources devoted to the discovery of new tools. Staying abreast of the marketplace, the underlying trends and new entrants is critical to honing a meaningful market edge.

RecruitUSA

<http://www.recruitusa.com>

Conclusions

A number of other trends are influencing the evolution of the newly emerging Human Capital Management Marketplace. The Labor Shortage, driven by declining birth rates is a new and permanent face of the global economy. Shifting skills requirements, pushed ahead by the rapid deployment of Information Technology, are redefining traditional notions

of the workplace. Counter intuitive notions, like working to retain under performers or deciding to drive attrition levels to all time highs are the subjects of experimentation around the planet.

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