

NSW Procurement & Supply Chain Recruitment Market Summary 2009 - 2011

By Mike Ward

2009 Overview

Now quickly fading from memory, 2009 was a year of restraint in the job market with several businesses aggressively managing their cost base through the organisation-wide cutting of head count. Whilst a familiar story now, especially to anyone who found themselves in the job market through 2009, it can be easily forgotten that this was a very difficult time for job seekers.

Interestingly, widespread anxiety about job security caused many people to sit tight in their current roles and ride out the storm. The market for high calibre professionals seeking new employment evaporated as people felt more secure with their current employer, especially if they had been with the organisation for enough time to feel safe from retrenchment.

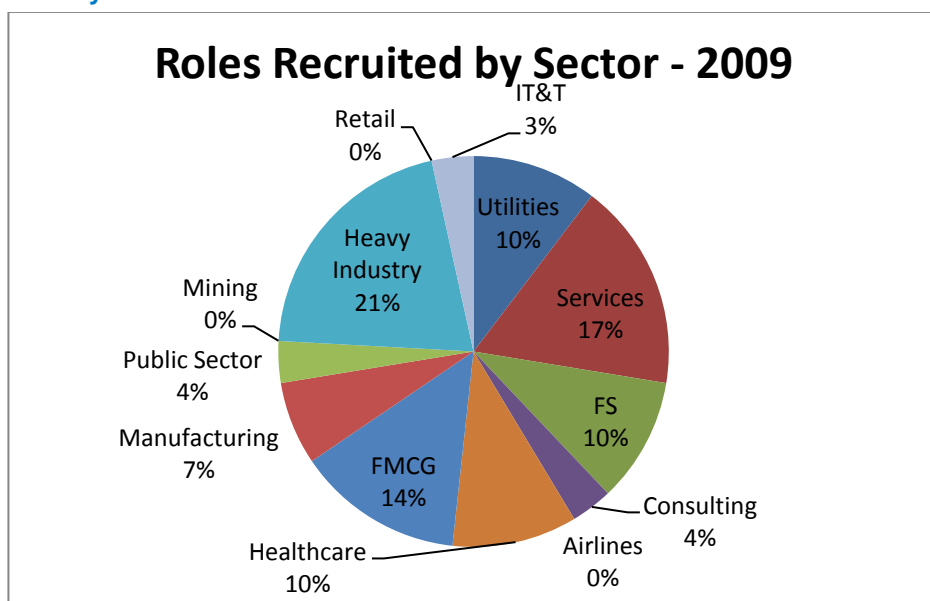
There was therefore effectively still a skills shortage through this time. At the same time employees were subject to a freeze on salary reviews and bonus payments were also impacted significantly. Employees were not given career development or promotion opportunities whilst being asked to work in teams with reduced headcount and resources.

Consequently, they were expected to pick up the extra workload.

All of these challenges snowballed though 2009, but anxiety over job security meant that most people showed loyalty to their current employer despite these growing frustrations.

We will see through 2010 how these job security 'fears' diminished in a short space of time together with the associated impact on the employment market dynamics.

Industry Stats 2009



In 2009, general recruitment activity remained reasonably strong across heavy industry and many service related businesses. In the NSW market, Financial Services traditionally a major recruiter of procurement talent, accounted for only 10% of our activity, which was a sharp fall compared to previous years and which was a direct result of the GFC. The Consulting arena was dramatically affected with a state-wide recruitment freeze put in place across NSW Government (which has remained until at least the recent 2011 elections) being one of the major causes. Manufacturing too was impacted by a sharp decline in demand for products from consumers and major markets across Asia compounded by a very strong Australian dollar.

Global businesses headquartered in the US or Europe (Financial Services, FMCG, Pharmaceuticals) showed the most noticeable decline with reactive measures implemented that perhaps reflect sentiment in their larger overseas markets than the actual state of the Australian economy which was widely felt to have been impacted significantly less.

However, on the whole, Australian owned ASX listed businesses remained fairly resilient and Utilities and Infrastructure in particular benefitted from federal government investment schemes which began to gain traction though the latter part of 2009 and into 2010.

2010 Overview

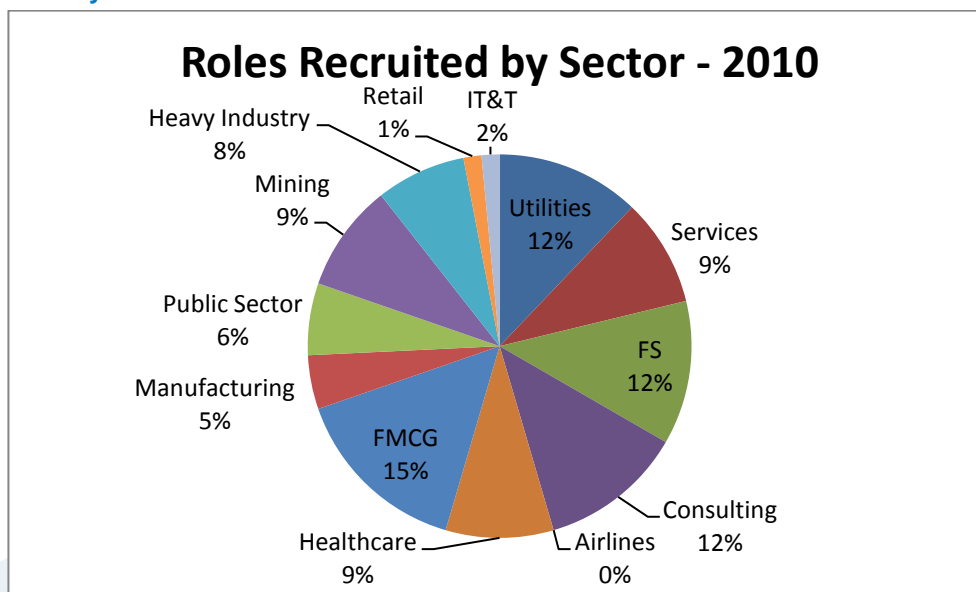
So what changed in 2010?

2010 for NSW was a year of two halves. Following widespread recruitment freezes, headcount constraint and an overall lack of investment in people and resources across almost all business sectors post the GFC, many companies who were feeling the strain through 2009 continued to struggle on well into 2010.

However in May 2010, Jigsaw Search noticed an early indicator of more positive market sentiment and improving 'employer confidence'. The number of recruitment engagements Jigsaw Search was invited to assist with doubled in that month. This change in activity was sustained for the rest of the year with demand peaking in September – approximately 20% of our assignments for the year commenced in that month alone.

One further market dynamic that pointed to a more optimistic outlook for 2011 was the increased demand for senior/leadership level practitioners and also candidates who have specialist Supply Chain & Procurement consulting experience. This demonstrates demand from big business to invest in strategic Procurement and commercial Supply Chain practitioners to maximise market opportunities and stay ahead of competitors.

Industry Stats 2010



Consulting businesses came back on line, with a particular focus on Procurement and Strategic Sourcing as their major offering. The long lead times to deliver end to end Supply Chain & Logistics transformation and the investment required by businesses to deliver these meant that there was relatively low demand for consultants in this arena through 2010.

The Consumer Goods sector showed a marked improvement compared to 2009 but still hired conservatively, reflecting a more positive local market within the constraints of their struggling global parents.

Financial Services was where the major changes were seen. As an early indicator of the improving market sentiment and the developing confidence that any further crises was increasingly unlikely, many came back to market to hire strategic procurement professionals, vendor managers and project managers to deliver acquisitions and business integration projects and to capitalise on the market opportunities that were beginning to appear. In this industry in particular, the focus was on IT Category Management and Jigsaw Search has seen significant movement in this area as well as organisations importing external skills and talent from as far afield as China, the US and UK.

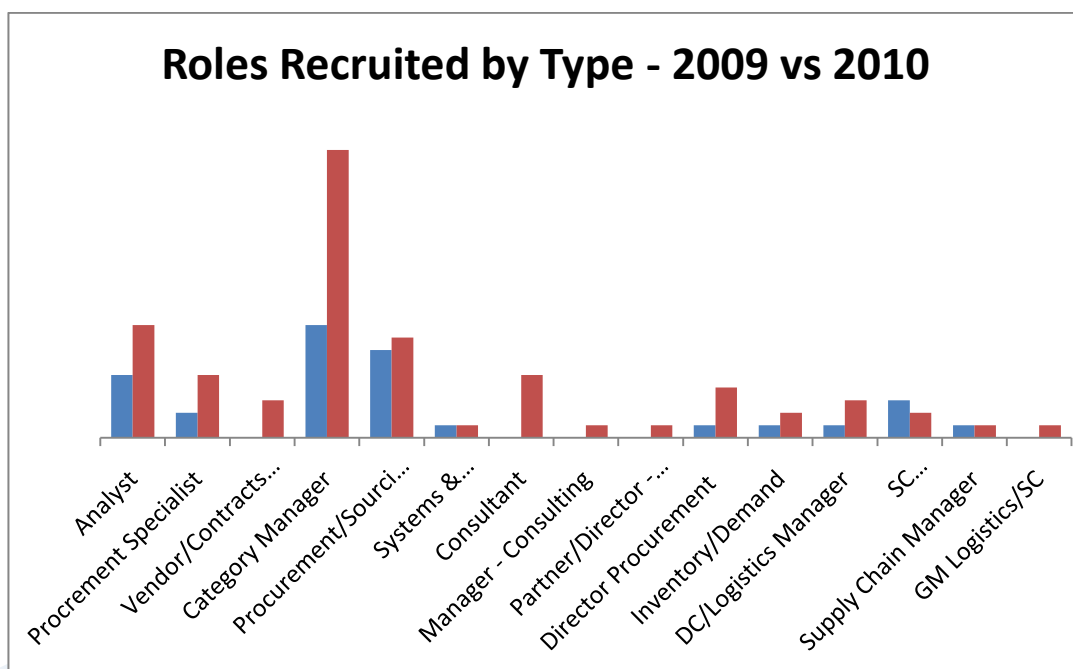
Retail, Aerospace and Travel, all sectors directly exposed to consumers remained very flat and Mining & Resources, Utilities and Infrastructure all returned approximately to normality by rehiring resource.

Job Opportunities by Type – 2009 versus 2010

Comparing the number of roles per 'job type' between 2009 and 2010, there is clear evidence that businesses began restocking their diminished, under-resourced teams in late 2009 and early 2010. Then from mid-2010 businesses finally began to reinvest in new roles, growing teams and commencing a range of projects and 'transformation' programs to improve existing capability as well as drive new business initiatives and exploit market opportunities presented post-GFC.

This is further demonstrated by the proportion of contracting versus permanent roles between 2009 (37% contracting) and 2010 (23% contracting) indicating the lifting of recruitment freezes and improved hiring confidence by employers

Clear investment in Category Management is also indicative of the increasingly mature and advanced procurement organisations that exist in Australia. Whilst many people believe Australia is still some way behind the rest, the profession is evolving and advancing extremely quickly here in Australia.



Outlook for 2011

Even during a sustained period of higher unemployment levels over the last two years, there has still been a 'skills shortage' and this situation is already amplifying in 2011.

Jigsaw Search has already seen several examples of strong Category Managers in the Financial Services, Resources and Infrastructure sectors receiving multiple offers of employment in the first few weeks of 2011. Reflect on how these sectors reacted in 2009 or whether their markets operate over longer term cycles (i.e. Resources) and some of the government incentives handed out and this may come as no surprise.

Within NSW, there has been a sharp increase in the number of new opportunities recruited within the Financial Services sector and Consulting specifically as confidence returns in these businesses. We have also seen the global/multinational businesses whose head offices are in Europe or the US regain confidence and begin to re-hire.

The FMCG industry has remained relatively static, as indeed has the Manufacturing sector, but the Resources industry (primarily QLD and WA) continues to remain buoyant, surging ahead with investment in their Supply teams and capitalising on ongoing demand for Australian minerals.

2011 is already shaping up to be a positive year for job seekers at all levels and the best statistical lead indicator Jigsaw Search can present to demonstrate this is the significantly higher numbers of candidates at all levels approaching us in the early months of the year to discuss their next career move.

New candidate registrations in January 2011 have increased by nearly 150% compared to January 2010 and Jigsaw as a business is currently experiencing its busiest period in the last 5 years.

This measure of increasing 'Employee Confidence' ultimately predicts the future 'churn' in the job market as dissatisfaction builds and new opportunities continue to open up across all job categories though 2011.

If you would like to discuss anything raised in this article or would like further information, contact Mike Ward at mike@jigsawsearch.com or call 02 8216 0913



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