TALENT TRENDS 2024 PREVIEW

Strategies for Success in 2024

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INTRODUCTION

In a year where change was seemingly the only constant, staying ahead of the curve where talent is concerned is increasingly important. As we enter 2024, the convergence of AI, compensation, succession planning and the ongoing discourse on the nature of work demands leaders' attention across all industries.

This year has left us with questions such as: is compensation going to level out? AI is here to stay- now what? How are organizations handling increased regulation? Is DEI no longer relevant? How can we attract and retain high-performing individuals?

While we may not have a crystal ball, through discussions with thought leaders across the firm, we've gained insight that begins to paint a clearer picture. Join us as we delve into the most significant talent trends destined to influence 2024, providing you with the knowledge and foresight needed to successfully navigate the ever-changing terrain of talent acquisition.

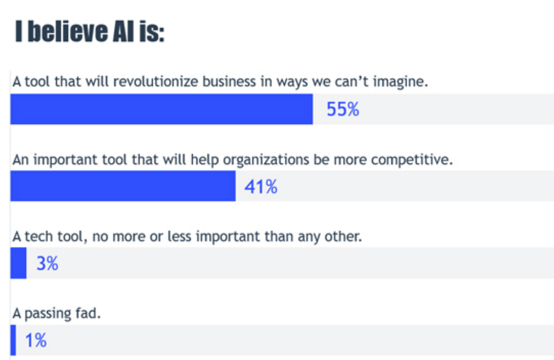
Stay informed. Stay ahead. Bring on 2024.

AI

One of the loudest messages of 2023 was that AI is here to stay...but now what? The one thing that's clear is that it's a work in progress across all industries. Most industries are continuing their quest for effective use cases in leveraging AI. In a recent Caldwell Leadership Roundtable webinar, we asked hundreds of executives about their perceptions of AI and where their organization is in their AI journey. The majority agreed that as a tool, AI will revolutionize business in ways we can't imagine and acknowledged that their organization's AI journey was still in its infancy.

The growing prevalence of AI and machine learning capabilities in not only technology solution providers but B2B and B2C companies as well is undeniable. The focus on utilizing AI and machine learning to provide better client solutions and more effective and efficient operations has become widespread.

In addition to taking over administrative processes like x and y, CEOs envision AI providing data to fuel the decision-making process. And not just business decisions, but decisions regarding employees, such as gauging employee sentiment and engagement. With AI taking on the administrative burden, leaders and employees are freed up to focus on strategic priorities.



Carlos Cata, managing partner of Caldwell's Modern Marketing & Growth Officers Practice, notes that marketers looking to stay on the cutting edge of innovation are exploring how AI can not only enhance creativity but also drive substantial cost savings by revolutionizing content creation processes spanning video creation to translation services.

The legal industry, never known to be the nimblest industry to begin with, is struggling with fear, anxiety, and cautionary tales surrounding AI disruption. Big firms, like any big institution, aren't making any rapid changes. Small to midsize practices are beginning to incorporate AI into document-heavy legal practices, such as corporate closings and litigation. This is gradually becoming an established norm, with AI serving as a complement rather than a replacement for human oversight. From a legal perspective, AI can be a great help in summarizing or creating a first draft of legal research. Another benefit, Meaghan Loughry, a member of Caldwell's Canadian Legal Practice, points out is that AI could help make the justice system more equitable, efficient, and more publicly accessible. For right now, we're seeing clients embrace AI cautiously, as technology cannot substitute human judgment and each client and situation is unique and requires a tailored approach.

The tech industry had more than its share of challenges this past year, yet technology leaders have never been more in demand than they are right now. Five to seven years ago, the buzz was all about cybersecurity – everyone knew they needed cyber talent, and they needed it yesterday. AI has now eclipsed cyber as the new frontier – everyone knows they need the right talent to help them implement AI use cases. Because the area is so new, there isn't a surplus of experienced leaders, so many companies are hiring for potential.

AI's capacity to streamline recruitment processes and identify talent aligns with the broader trends we're seeing across industries. However, the challenge lies in the fact that, as of now, no single firm has entirely mastered this transformative potential.

As we all navigate the uncharted territory of AI integration, the key takeaway is clear: while challenges persist, the momentum of change is irreversible. The fusion of AI and industry practices is not just a trend but a strategic imperative for those seeking to stay ahead in an era where technology is reshaping the fabric of business operations.

For further insights, watch our Leadership Roundtable, Navigating the AI Revolution [on demand here](#).

BOTTOM LINE
It's not the technology that's hindering you; it's the absence of a robust strategy.

COMPENSATION

Navigating the compensation landscape in 2024 poses a multifaceted challenge for organizations as they grapple with the compounding effects of inflation. The relentless rise in living costs has also pressured companies to recalibrate compensation structures to retain top talent without compromising internal equity. Striking a delicate balance becomes even more critical in a challenging economic environment, where discretionary compensation and short-term incentives face constraints. The challenge lies not only in offering competitive packages to prospective executive hires but also in addressing the internal dissonance between compensation equity and external market benchmarks. As candidates demand higher compensation to offset the impact of inflation on their personal finances, organizations find themselves at the intersection of market forces and internal parity, navigating a terrain where retaining and attracting talent requires a nuanced approach to compensation strategies.

In the financial services and fundraising realm, the current market prompts a critical question: *when do the chickens come home to roost*? In a low fundraising year, we expect that compensation cannot indefinitely rise, remarks Scott Bilby, a partner in our Financial Services Practice, specializing in fundraising and investor relations. A discrepancy has emerged as candidate expectations, perhaps fueled by optimism, were a bit overzealous when asked about compensation expectations for 2023. As the pay cycle unfolds, firms facing reduced bonuses due to diminished fundraising may find themselves at a crossroads, contemplating the possibility of talent seeking opportunities elsewhere. This dynamic underscores a delicate balance between the robust demand for fundraising talent and firms' financial constraints retaining employees.

As pay transparency legislation takes hold in various US states and Canadian provinces, its expansion is inevitable, gaining traction within the not-for-profit and cultural sectors. Embraced for its potential to mitigate the gender wage gap and dismantle systemic barriers, pay transparency is becoming a hallmark of equitable compensation practices. Stakeholders in these sectors increasingly prioritize openness and clarity, symbolizing a transformative shift towards trust and accountability in an industry historically shaped by a commitment to social impact. In the Canadian non-profit sector, particularly in Toronto, executive compensation is rising, reflecting a growing acknowledgement of the magnitude of work involved and addressing the rising cost of living, as highlighted by Heather Ring, managing partner of Caldwell's Academic, Non-Profit, Social Enterprise & Culture Practice.

BOTTOM LINE

Organizations will continue to face the multifaceted challenge of recalibrating compensation structures amid inflation and rising living costs, necessitating a delicate balance to retain talent with compromising internal equity across all sectors.

MANAGING BOTTOM-LINE SUCCESS

Unsurprisingly, successfully navigating the delicate balance between managing bottom-line success and enhancing organizational talent remains a top priority for companies. Dave Winston, managing partner of Caldwell's Industrial Practice, notes the trend in seeking chief financial officers who possess comprehensive finance expertise and function as strategic business partners to CEOs. These CFOs, situated closely with CEOs, bring depth and breadth to financial understanding, providing invaluable insights into data interpretation for enhanced management decision-making. The focus extends beyond traditional financial roles, with CFOs playing a crucial role in informing the broader executive team and financial sponsors about potential opportunities and risks. In the broader organizational context, companies strive to maintain a strategic, pro-growth agenda while diligently managing costs and risks – essentially "making score, instead of just keeping score."

BOTTOM LINE
Top companies seek CFOs as strategic partners, not just finance experts, closely aligned with CEOs to enhance decision-making, inform executives about opportunities and risks, and maintain a pro-growth agenda.

THE TALENT CRUNCH

TECHNOLOGY

The tech sector has experienced a significant reduction in force and widespread layoffs, leading to a critical impact on talent acquisition functions, with some firms even dismantling their internal TA teams. As the industry pivots toward growth in 2024, reliance on external search firms for strategic hires becomes crucial for tech companies grappling with the aftermath.

Jim Bethmann, managing partner of Caldwell's Technology Practice, anticipates a surge in movement in 2024, as employees become impatient about the lack of innovation and pace in their current organizations. They will seek companies that create and market technologies with more aggressive growth opportunities. Geoff Keating, consultant in Caldwell's Toronto office, confirms that the power dynamic in the job market remains in favor of employees and candidates, fueling an ongoing war for talent. Employers and clients must be prepared to pay a premium to attract and retain top talent.

FINANCIAL SERVICES

In financial services, 2023 saw a correction of the previous year's hiring boom, as firms try to do more with what they have. This strategic approach involves redeploying talented people to diverse roles, fostering growth opportunities, and enhancing retention. This trend is most notable in insurance, asset management and wealth management.

The approach, accompanied by higher interest rates, permits clients to focus on running better businesses, resulting in *stronger* businesses.

Within alternative asset management, the market for high-performing fundraising talent, especially with specific channel experience, remains fiercely competitive. According to Liz Bernich, a partner in Caldwell's New York office, this necessitates a strategic emphasis on a competitive offering:

- A strong track record that the new hire will be enthusiastic about representing,
- Limited over-hiring, therefore providing career growth opportunities,
- Robust compensation packages with attractive upside potential, such as participation in a carried interest program.

Scott Bilby underscores the importance of candidates adding accretive value to client firms, emphasizing qualities beyond conventional skills, such as relationship management and capital raising success, to establish a lasting footprint in the marketplace.

Reductions at big banks impact market supply, allowing middle-market players to capitalize on movement and dissatisfaction in the bank platforms, albeit with the likelihood of flat pay rates.

LIFE SCIENCES & HEALTHCARE

We are aware that a good number of C-suite executives are keen to move on to their next role but are locked in via their equity deals and reduction of deal flow. As soon as confidence returns in the market and capital is deployed, we anticipate the vacancies to increase again, mentions Rhian Woodisse, partner in Caldwell's Healthcare & Life Sciences Practice.

Throughout 2023, the healthcare industry faced substantial challenges marked by post-COVID fatigue, staffing difficulties, and the overarching cost of living crisis. These factors have collectively contributed to a particularly demanding and strained environment for healthcare professionals and organizations, highlighting the ongoing impacts of the global pandemic on the industry's operational resilience and workforce dynamics. Despite these challenges, investor interest remains high, focusing on businesses poised to address industry issues such as patient waiting lists, early disease diagnosis, and preventative health. Notably, there is a significant emphasis on health technology across various facets, highlighting a growing recognition of the transformative potential of technology in overcoming healthcare challenges.

INDUSTRIAL

In the manufacturing sector, much of our focus is on guiding companies in enhancing operational efficiency across key areas like new product introductions, on-time delivery, quality control, and setup or changeover times. The challenge lies in sourcing experienced leaders and skilled hourly employees when there is a shortage in that talent pool. Particularly in the industrial sector, the emphasis has shifted toward achieving net-zero emissions and rethinking how to make widgets without emitting CO_2. Securing talent and providing them with the necessary skills to navigate this transformative journey becomes crucial in this evolving landscape.

BOTTOM LINE

While we've experienced layoffs and talent shortages simultaneously, the fight for talent remains in 2024, meaning companies must get creative with compensation and incentives.

THE BOARD AGENDA

Looking ahead, boards have two priorities – risk management and strategy. We're seeing boards establish new committees or broaden the scope of existing committees to tackle these topics directly, notes Kelly Blair, leader of the Canadian Board and CEO Practice. Board risk committees must identify and address risks and how those risks are interconnected and compounded. Boards are intent on developing risk frameworks for rigorous oversight.

Strategy requires board attention and must be developed to address current and future business situations at any given time. While the question often is who sets strategy—management or the board, there is little doubt that the board is ultimately responsible for the strategic plan and should be involved in setting the plan and monitoring its implementation. Setting up a small group of directors to leverage their expertise is becoming an effective way of ensuring that strategy takes a place of prominence around the board table.

Additionally, boards have a heightened awareness regarding their performance metrics and a keen interest in how they measure up against industry ratings. The scrutiny extends to various benchmarks, including their diversity quotient, as boards assess and align with evolving guidelines to enhance their overall effectiveness with the challenges of today and tomorrow.

BOTTOM LINE

Boards are forming new committees or expanding existing ones with a heightened focus on risk management and strategy.

THE GROWTH OF GOVERNMENT RELATIONS

In their Top-Performing Lobbying Firms report, Bloomberg Government stated that lobbying in Washington had reached a new high of $4 billion in 2022. In their mid-year report, Open Secrets said that 2023 had already set a new high and it is only getting bigger.

With the heightened regulatory climate, we're seeing investment in and an expansion of the role of government relations across all sectors. Kristin Hebert, managing partner of Caldwell's Legal Practice, states, "The conversations I'm having with my clients are about government relations, external relations, and communication at both the state and federal levels." A substantial portion of public sector government relations is currently steered by sustainability and ESG initiatives, prompting many firms to internally hire experts to address these pressing issues.

According to Heather Ring, strategic issues management has become a key component of higher education communications strategies, as campuses are increasingly called upon to anticipate and plan responses to geopolitical and other emerging issues. Similarly, government relations teams are focused on influencing, at the earliest possible stage, discussions of legislative changes that could either advance or limit their ability to advance their missions.

Funding levels are decreasing in the non-profit sector while impact reporting requirements grow more stringent. This underscores the value of proactive government relations from the start, as organizations navigate decreased funding and increased competition by bringing innovative ideas to the table.

Glenn Buggy, leader of the firm's Legal, Risk and Regulatory Oversight Practice, added: "Every major corporation has someone in this seat. They call it different things sometimes, but it is important, especially in the age of increased regulation."

While businesses, enterprises, or divisions inherently require compliance professionals for checks and balances, the resonance of the compliance voice has been less pronounced in recent years. However, there's a noticeable shift and as we enter Q1, we anticipate increased activity on the talent side.

On the regulatory affairs front, activities related to individuals are experiencing a continuous uptick. Regulators are intensifying their focus on the retail market, encompassing consumer financial services, lending, banking, credit cards, and wealth management.

BOTTOM LINE
With growing regulation, legislative changes, and funding needs, it's paramount for institutions to have strategic government relations talent for proactive collaboration at all levels.

DEI

While 2023 saw backlash in the US against DEI initiatives across industries, has that affected recruiting diverse top talent? The short answer is no. Within our practices, fostering diversity is ingrained, evidenced by the evolution and strengthening of diverse candidate pools over the past five years.

There is, however, a noticeable shift in DEI practices, from offices being added or removed to its integration into broader roles. Teams are adopting more efficient strategies, emphasizing the importance of DEI efforts not being confined to a single department or executive. Instead, these initiatives and values should permeate the entire organizational fabric, reflecting a commitment to DEI at every level, as outlined in Ella Washington's HBR article The Five Stages of DEI Maturity.

Strong DEI-oriented cultures can lead to greater staying power of top talent, creativity and collaboration amongst teams, and increased profitability. It takes focused effort and commitment but is a win/win that can pay off. “Whether your organization is focused on furthering the principles of DEI or retaining a strong DEI-oriented culture, it will be important for candidates being considered across any leadership role to bring substantive examples of supporting DEI initiatives, with measured outcomes,” recommends Liz Bernich. “Look for passion demonstrated through creative initiatives in their examples.”

BOTTOM LINE

As Glenn Buggy said, “While DEI initiatives and funding may be cut back, we can’t un-ring the bell.”

SUCCESSION CRISIS

As the tail end of the “Boomer” generation turns 60 in 2024, the anticipated surge in retirements, delayed by the pandemic, is set to reshape leadership dynamics. Boomers are poised to exit in greater numbers, seeking to capitalize on financial opportunities before it’s too late. Therefore, succession planning is a priority across all industries.

Gen X and younger generations have had early exposure to technology in the workplace which has facilitated accelerated learning, unlike anything previous generations had seen before. However, a notable gap exists in the scale of team leadership experience compared to their Boomer predecessors. Many emerging leaders appear to be three to five years away from full readiness for leadership roles, emphasizing the need to assess and develop their capacity for effective team management.

Organizations are advised to take calculated risks, providing support and executive coaching to set the next generation up for success. Forward-thinking clients are measuring capacity rather than experience and are formulating development plans accordingly. The lack of resources in nonprofit and academic sectors accentuates the urgency to address this leadership transition, prompting senior leaders to step in as coaches and advisors.

BOTTOM LINE

Seize success tomorrow by investing in leadership development and executive coaching today.

THE FUTURE OF WORK

2023 saw the return-to-office or hybrid policy discussion continue, with most organizations landing on... flexibility. Meaghan Loughry noted that many law firms in Canada have settled on requirements like three days in office a week with teams informally or formally, setting core days for specific teams to be in. Even if it's not a requirement, teams are naturally gravitating towards figuring out when everyone derives the most benefit by being all in-office.

Now, talent leaders are moving on from questions surrounding what hybrid means in terms of days in office and onto the future of work. What does it mean? What does it look like? How do we organize our offices? Kelly Blair noted in some cases, real estate is now reporting to HR – something we've never seen before. This is partly because we're asking how we can use our offices to create different kinds of spaces – collaborative spaces, event spaces, etc. When people come into the office, they look for different things.

Senior leaders are struggling with how to balance wellbeing, engagement, productivity, and innovation. While no longer dealing with pandemic-related isolation, mental health will remain a critical responsibility of businesses to deal with as part of employee wellbeing initiatives.

A notable trend among clients is the increasing emphasis on hiring for potential, allowing for a fresh and innovative approach to various roles within the organization. This shift underscores the critical role of learning and development programs in fostering the growth of employees at all levels. These programs, known for their effectiveness and cost-efficiency, play a vital role in engaging employees by providing accessible and easily distributed opportunities for skill enhancement. Organizations recognize the universal desire for personal and professional growth by leveraging learning and development initiatives to ensure employee engagement, upskilling, and employee satisfaction.

BOTTOM LINE

It doesn't matter whether you're in the office or not - flexibility is critical. The future of work is not just about where people will sit every day. It is how they are going to work.

"Big ships aren't meant to be sailed by one person alone; it takes a whole crew."

-Liz Bernich

TIPS FOR CLIENTS

- **Clearly define your work-from-home policy** and embrace flexibility, recognizing its impact on candidates' considerations.
- **Acknowledge the cautious approach of candidates** in their career moves during this candidate-centric market.
- **Compare candidates to a position profile, not to each other.** Be clear on your decision criteria.
- **Recognize the heightened competition for top talent,** necessitating increased competitiveness and flexibility.
- **Maintain momentum in the hiring process**, emphasizing efficiency and candidate choice as a higher percentage of candidates are falling out in various stages of the recruitment process.
- **Be clear about compensation parameters while being aware of market data regarding compensation and benefits packages.** Monetizing their employee "perks" as a part of compensation will help make a client's offer more attractive while also demonstrating their willingness to invest in their employees.
- **Leverage behavioral and predictive analytics** for successful succession planning, leadership development, and engagement with your current teams.
- **If your internal talent acquisition teams are struggling** with sourcing, engage on-demand sourcing support to help fill gaps.
- **Focus on retaining and nurturing high-performing talent** to avoid turnover costs while also preparing next-gen leaders.
- **Recognize the importance of a strong client value proposition, clear performance objectives, and measurable wealth creation rewards** to attract passive high-potential candidates.

TIPS FOR CANDIDATES

- **Stay open to new opportunities** – you never know what might be presented to you.
- **Transparency is vital** in candidate-client interactions.
- **Manage expectations**- it is important to understand what's happening because the market shifts so quickly.
- **Become fluent in the AI and machine learning ecosystem.** Understand how it impacts your particular industry, but also study its ramifications for industries adjacent to yours.
- **Exercise patience during the hiring process,** as top opportunities may move slowly.
- **Understand the philosophy and current culture of the organization** and where it's trending, emphasizing authenticity in interviews and interactions.
- **Be selective on great opportunities** to impact organizations that are serious about growing again.
- **Soft skills win the day.** The ability to influence, collaborate, mentor, be strategic, and be a good leader cannot be overstated.
- **Close the communication loop** when in conversation with a recruiting team, even if you are not interested in the opportunity.
- **Rely on executive search consultants for advice and recommendations** in navigating the current hiring market.

Caldwell

WE BELIEVE TALENT TRANSFORMS

Caldwell is a leading retained executive search firm connecting clients with transformational talent. Together with IQTalent, we are a technology-powered talent acquisition firm specializing in recruitment at all levels. Through the two distinct brands – Caldwell and IQTalent – the firm leverages the latest innovations in AI to offer an integrated spectrum of services delivered by teams with deep knowledge in their respective areas. Services include candidate research and sourcing through to full recruitment at the professional, executive and board levels, as well as a suite of talent strategy and assessment tools that can help clients hire the right people, then manage and inspire them to achieve maximum business results.

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