



### SETTING EMPLOYMENT EXPECTATIONS FOR REST OF 2020

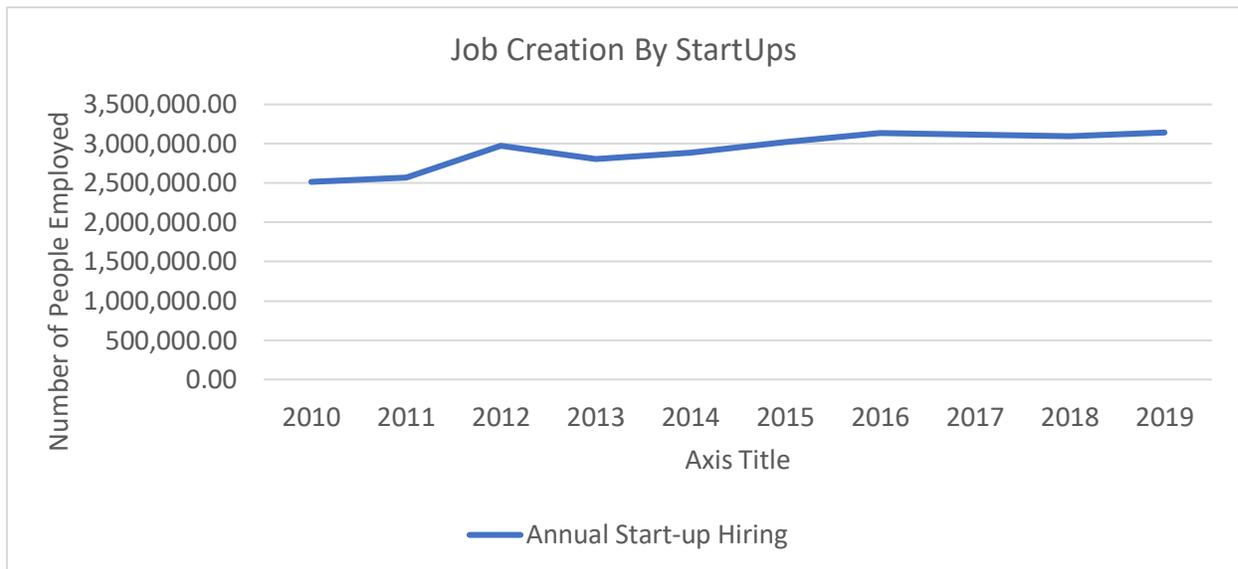
Author: David Newkirk, CEO – Business Realignment

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After 12 years of economic expansion, we have taken an abrupt descension into a pandemic driven recession in the U.S. economic cycle. Until more clarity comes to light in 2020 regarding the COVID-19 pandemic, it will be challenging to identify what the duration of this recessionary period will be. One thing is certain, however. The employment outlook carries a great weight on the market right now and there are important factors you need to know as an EMPLOYER or EMPLOYEE not being discussed.

### THE HIDDEN NUMBERS YOU NEED TO KNOW

We hear about notable companies and learn of the impact to employees. We see the impact to retail businesses. But there are two important and little-known statistics (www.statista.com) making a big impact going forward. **Over 29 million people were employed by startups between 2010 through 2019:**





Add the additional statistic tracked by MBO Partners and cited by the Hinrich Foundation – **41 million Americans were solopreneurs in 2019.**

### **THERE ARE OVER 70 MILLION SOLOPRENEURS AND STARTUP/SCALEUP EMPLOYEES IN THE ECONOMY**

The impact of a recession first impacts those businesses that are in short supply of cash flow to fund their business – usually startups, scaleups and solopreneurs. With a decrease in demand for products and services in the overall economy, many of these employees will have to think very hard about re-entering the workforce by competing for positions at established, cash flow safe companies until the recession bottoms out. This creates an oversupply of human capital to the demand of available hiring positions.

Over the past 3 weeks, first time unemployment filers reached approximately 30 million workers. Absent from this statistic are solopreneurs, who are not eligible to file for unemployment (however, some states are allowing this as a one-time exception) ***That means the casualties as a subset of 41 million solopreneurs cannot be statistically measured to show how large unemployment really is.*** I estimate 25% of all solopreneurs are not making any revenue from their business. This would add at least another 10 million to the unemployment statistics.

Regarding start-ups, there is a percentage receiving SBA loans to help support their personal living expenses right now and they will not be able to continue with business. Eventually, this will add to the official unemployment total.

### **THE HIRING CYCLE FOR THE REST OF 2020**

For the first time in 12 years, we have shifted from an employee driven hiring market to an employer driven market. From my direct experiences with businesses, during the bull market a company would receive on average 100 resumes for an open position. With the number of unemployed higher than at any other time in American history, we can assume the following:

- **Stiff Competition:** The number of applications for a single position will be a multiple times 100
- **Salaries:** Wage deflation will cause positions to experience a 20-35% decrease in annual salary depending upon the position
- **Negotiation:** Employee negotiations will be limited and be challenged with take it or leave it offers
- **Hiring Delays:** Businesses will wait to hire for as long as possible so they can maximize existing resources to allow incoming revenue to catch up to accumulated costs and move them into a profitable financial picture

### **EXPERT ADVICE FOR EMPLOYERS AND EMPLOYEES**

In order to get a perspective on how employers and job candidates can best prepare for this new environment, we asked two nationally successful experts – [Laura Caton, Partner & Senior Consultant at The Cornerstone Group, Inc.](#) who works with companies on finding the strategically right executive hire and [Elizabeth Gross, Founder of Job Search Divas](#) who works with Executives in transition.



During my conversation with Laura, we discussed how companies view hiring. According to Laura “the January strategy is still the same as today, but the current market requires Business Leaders to re-think and ask the question – do they have the right people for a new business strategy going forward. This new strategy is how to move forward differently during a pandemic and recession.”

So, I discussed with Laura the growing unemployment rate and will that affect the thinking of businesses in the hiring process. One area where Laura finds which employers have the most successful hiring practices are those who “view interviewing and hiring as an art and have a qualitative, proactive interview process. The practice of last-minute preparation and executing a laundry list of to do’s adds risk to not having the right people in place.”

Moving forward, Laura suggests firms perform a gap analysis to understand if redeployment of personnel is needed to leverage their natural abilities and talents. It may require change – an uncomfortable task for some business leaders, but one needed to adapt to a new paradigm. Lastly, I asked Laura what she would recommend to business leaders who are involved with new business development, a #1 focus for businesses right now. Laura’s recommendation is “negotiation between buyer and seller will be most important and both sides can win in this market. Sales Managers need to give their salespeople latitude to negotiate with their clients & prospects without having to ask permission so salespeople can leverage their influencing skills and strategic conversations with the opportunity.”

Next, I asked Elizabeth for her insights from the perspective of a job candidate looking to be hired in this tough market. Elizabeth first gave an overall insight as to the macro environment for hiring – “the job market collapse is not specific to a group. We are all sharing in this problem. The market will take quite some time to come back.”

Elizabeth talked at length about creating a positive environment and personal outlook for people in transition – “it is an opportunity for people to rebuild, re-structure and reach out to their community. They need to continue promoting their professional selves.” One interesting note from Elizabeth was that “people are more flexible now to making time to re-connect” which means the opportunity is right now for taking action, not waiting until the market re-activates with hiring.

I asked Elizabeth about the “personal brand” of someone seeking employment. She said there is a beneficial focus to have right now: “Candidates should continue to build their personal brand. They may not have control over competition in the hiring process, but there is quite a bit that can be controlled – how to position yourself with your resume, LinkedIn profile, continuing to apply for jobs.” As for networking, Elizabeth had some additional advice “be a good listener and create an emotional connection. The key to a good networking connection is having a good conversation, not necessarily pushing for a job. Use Zoom to show your professional self.”

## FINAL THOUGHTS

During this tough time, the most successful leaders, business owners and job candidates all share one thing in common. They seek help to define their vision of success and modify it before taking action. Finding collaborators who you can trust that have the expertise and promote a sense of service to you



are the best partners during this unique time. Find them, engage them, pay for them and 20/20 hindsight months from now will tell you that you have made the wisest and smartest decision for your long-term prosperity and success.

## ABOUT THE AUTHOR



David Newkirk is a leader in financial services with over 30 years of experience and expertise. During his career, David has launched 6 lines of business for both financial service companies and businesses serving financial institutions.

As a financial industry historian, David is able to innovate and leverage the trends in the macroeconomic environment with the dynamics of an organization to create long-term sustainable growth and prosperity to his clients.

He is the CEO of 2 companies:

[www.ethosconsults.com](http://www.ethosconsults.com) (ETHOS Consulting LLC)

[www.business-realignment.com](http://www.business-realignment.com) (Business Realignment)