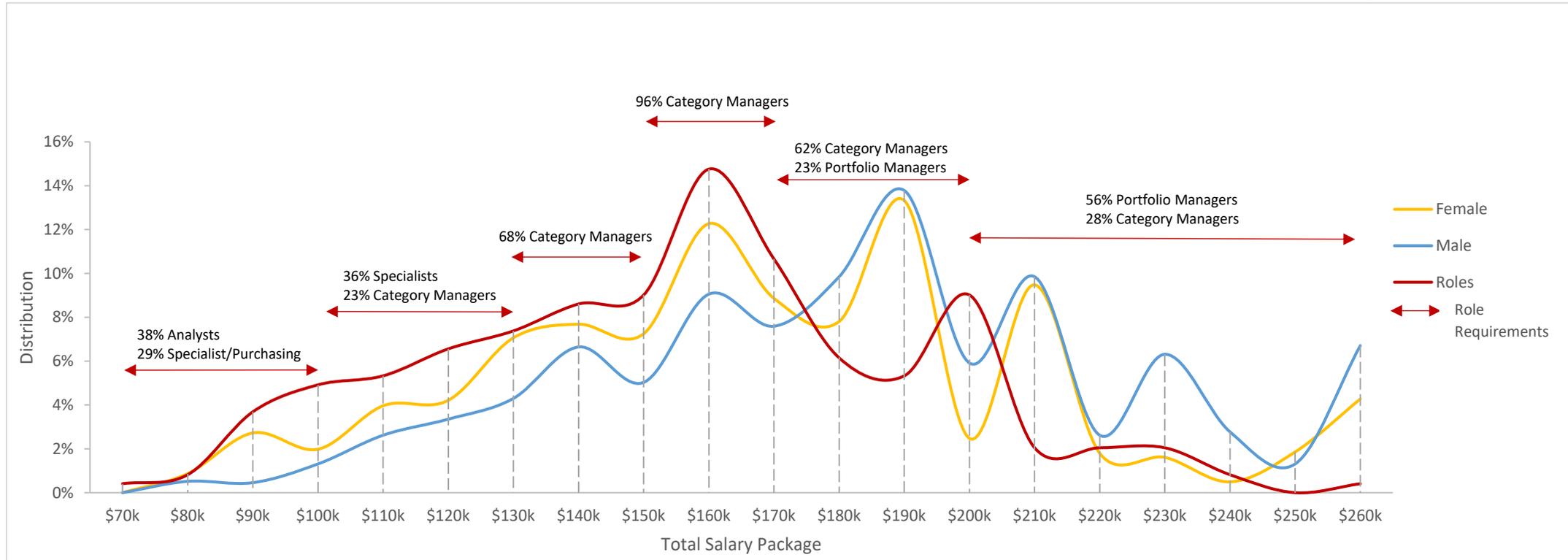


Right Role/Right Candidate: Supply and Demand - NSW Procurement Market



Vertical axis = percentage distribution of roles (demand) and talent (supply) that have been registered with the Jigsaw business over the past 3 years.

Horizontal axis = total remuneration of the given role (demand) and the talent that exists in the market (supply).

For recruitment to be a successful process, several factors must align. Understanding your business, its strategy, and then integrating that to tactical and operational requirements is one element. Understanding how the external workforce aligns to these needs is another. This sounds simple enough, yet it is a complicated process that can take time and investment. All parties involved in recruitment, whether internal or external, are constantly trying to manage supply and demand for talent.

If demand is incorrectly mapped regarding location, structure, skills, remuneration, recruitment budget and time lines to appoint, a business can suffer negative impacts to operational performance. On the flip side, if supply is not correctly understood, all the good work in developing a clear understanding of your demand can be a waste of time as

the talent in the market place is out of sync with these requirements. This is when a price point such as remuneration, recruitment cost and org. chart investment can quickly flip into a cost where business productivity is affected due to stressed operations.

Within Jigsaw TM, we spend a large part of our working week mapping the market. Our core processes and focus are all about managing the supply & demand equation. Over-investment in either side can result in a lack of total market knowledge which leads to an inability to match key talent to key opportunities.

As an example of this, Jigsaw recently took a small sample of jobs that were registered with the business over a 3-year time line (NSW) and compared this sample with our supply market (NSW) which consists of over 2000 candidates. The graph shown sheds light on the issue of the typical gaps that occur between supply and demand regarding talent.

For example, the distribution of roles at \$75k TRP align with the distribution of talent across both genders. This equates to no party having leverage and the job volume is in sync with the supply. This trend of supply and demand alignment for both genders only happens again at \$175k TRP. So, based on Jigsaw's data, Supply and Demand in NSW only reconciles at \$75k and \$175k. Or to put it another way, there is an equal volume of demand to supply across both genders.

Role distribution below \$175k is high which indicates supply (candidate) has the leverage as there is an abundance of roles and limited talent. This places candidates in a powerful position to negotiate better packages. What is also interesting is there are more females than males distributed below \$175k, so diversity targets within businesses should be easier to achieve without compromise. It is worth noting that the distribution of gender regarding remuneration across this job spectrum requires a more in-depth report which will be released soon.

Above \$175k TRP things change drastically. Job volume (demand) drops significantly between \$175k and \$190k and from \$200k it falls of a cliff. At \$190k we see the biggest gap between supply and demand. \$190k seems to be where the genders are in sync regarding talent distribution volume, but job demand is very low. This dynamic, places heavy competition for roles and provides the candidate with little leverage to negotiate or select the ideal role for circumstance.

As we progress across the graph things start to look bleak. In NSW, job volume from \$230k+ offers little for senior candidates. At this end of the spectrum clients have all the leverage as supply grossly outstrips demand. If we increase other factors that dictate successful recruitment such as location, skill, diversity, etc the senior market for procurement does not look good.

Looking closer at the registered roles and their skill requirements further idiosyncrasies can be found. Examining the graph, from left to right, clients start looking for Category Management capability at \$100k TRP despite Category Managers earning on average between \$150k-\$160k TRP. The demand for Category Management capability increases from 23%, to 68% and peaks at 96% around \$150k -\$170k TRP. Which is where the problem lies; if a client is attracting talent at the exact price point that they are on and they have leverage to negotiate, then the go to market strategy is off as that client will not be able to lock in their preferred candidate. A client will have greater success attracting category managers as of \$175k TRP as competitors are drastically less and the client is able to engage both \$150-\$170k TRP market and \$180k-\$190k TRP market who are over supplied.

When looking at portfolio management and leadership capability the same can be applied. Portfolio Managers on average earn circa \$200k TRP, which is exactly where demand (roles) peaks and supply (talent) is low. Engaging the market as of \$210k TRP will give have instant reward of accessing a larger talent pool and greater leverage to lock in the preferred talent.

In short, clients are targeting talent with no carrot/incentive. Corporate culture, fringe benefits, and branding can only do so much to attract the talent and will never deliver consistent results with long term retention. Nobody works for free, no matter how great an organisation is. All it takes is another great organisation to come along who has accurately priced their roles, and clients won't be able to retain the talent that they have spent a lot of time/money on developing.

Further points to consider:

Organisational charts are being developed and are too flat in structure, this is grossly limiting the ability of candidates to progress in the procurement profession. At \$175k package candidates are likely on the tipping point for leadership opportunities, but the huge drop off in demand for such roles, could cause experienced procurement professionals to take sideways steps out of the profession for careers that have more sophisticated succession paths.

If you are in Human Resources and are targeting gender balance you will find it very difficult to achieve if your recruiting procurement roles above \$230k TRP. On the flip side, if you are male and seeking a role above \$230k the market has never been tougher. It is important to consider that due to continued gender pay gaps, female talent distribution is skewed to the lower salary brackets. There are plenty of highly experienced female procurement professionals who are still underpaid.

\$160k seems to be the sweet spot for demand. As a candidate, it is important to select the right opportunities and gain exposure to the right kind of skills that will give you a significant advantage as you attempt to progress your career at the higher salary levels. It would be wise to sacrifice remuneration early on in your career for leadership. This long-sighted view will pay dividends later.

Australia is going to suffer a huge shortage of procurement professionals at the mid to senior end of the market if changes are not made to invest in the full cycle and breadth of the procurement spectrum. With the additional emphasis placed on logistics and port optimisation to increase supply chain efficiency the long-term view of procurement being a reactive admin function is never clearer.

For further information, please contact Christopher Link - christopher@jigsawtm.com