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If you haven't heard the term "Talent Wars" yet, you have now. They are heating up, and most small businesses aren't very well equipped to compete in them.

"Talent Wars" refers to a growing shortage in the U.S. labor market for properly trained and educated employees. Starting prior to the Great Recession, there has been a mismatch between people seeking jobs and those who hire them.

Statistics show that employers are currently advertising to fill 51 million open positions, an all-time record. Many business owners complain bitterly about the lack

of talent in the hiring pool—especially in sales, technical jobs and trades. There are

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One strategy to counter the middle-experience gap is to look further up and down the age bracket. Over the next few years you will find yourself reconsidering fixed ideas about what is an ideal age for these positions. Boomers are generally healthier than preceding generations, and many plan to work much longer. A “new” hire in her late 50s can be up to speed in far less time, and still be a productive member of the team for ten or fifteen years.

The second major issue with finding qualified people is training. Our higher education system today is driven more by low-interest government guaranteed loans and far less by the value of a degree. Employers can no longer look at a college education as de facto evidence of qualifications, but it can still provide some guidance. How long did it take the applicant to graduate? (Less than 50% make it in 4 years.) What courses did he or she take? Hopefully they were something more substantial than “Bruce Springsteen’s Theology,” (an actual for-credit course at a major university.) A well-rounded liberal arts education still has value, and timely completion still indicates a goal oriented person. Both, however, require more investigation than merely checking the sheepskin.

Finally, business owners have to face increasing competition from Corporate America for talent. After years of downsizing, outsourcing and technology upgrades to replace people, large organizations are now filling the slots left by the wave of retiring Boomers. According to a poll of 587 corporate executives in a study titled “Talent Wars – The Struggle for Tomorrow’s Workforce” published in The Economist, the top five concerns were:

1. Aging population
2. Shift of personal values (e.g. stronger focus on work/life balance)
3. Lack of investment by organizations in training and developing employees
4. Increasing gaps between what universities provide and what industries need
5. Low or declining standards of education

The issues they identified aren't surprising. What the owners of small and mid-sized

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There are tactics available to smaller employers that cost little beyond some time and energy, and may actually reduce your employment expenses.

Treat employees as real people: Most small companies say things like “We are proud of our family atmosphere.” The culture of your business is still your biggest advantage. Employee satisfaction surveys consistently rate the importance of social interaction in the workplace far higher than wages.

Tailor jobs and benefits to individual employees: Use behavioral tools to show that you are truly concerned about an employee's job satisfaction. Some companies have a flexible self-improvement benefit; a few hundred dollars annually for each employee to use as he or she chooses for education, hobby lessons or a gym membership. Consider carefully whether it is really a problem if an employee schedules around family needs, like dropping the kids off at school in the morning.

Maintain current technology: Most of us get frustrated if a website doesn't load in less than five seconds. Don't make your employees deal with outdated equipment or software. The cost of a second monitor or upgraded workstation is less than most employees' weekly salaries.

Consider outsourcing: Many smaller companies hire a skilled person, and then “fill in” his or her 40 hour week with lower-level tasks. Is your controller entering invoices? Does your sales manager produce the customer newsletter? The luxury of “We do that ourselves” is impractical when you are overpaying for the function, and you can't afford to pay for full-time talent if it is really only a part-time job.

Invest in skills: Owners often worry that they are training people to get better jobs elsewhere. Let employees know that you are investing in them as recognition for their ability, and have them sign agreements that forgive training costs over time.

Once they are more qualified, adjust wages to reflect their new value. Gratitude is a

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take for granted all the good things that their current employer offers. Make a list of all the tangible and intangible benefits that your company provides, and schedule regular reminders of them for your workers.

The Talent Wars are here, and they will intensify in the years to come. Finding and retaining the right people will depend on your ability to fight back with the inherent advantages of a small business: speed, creativity and culture.

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