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Perspectives

THE PRINCIPLES OF HIRING NOMADS

While hiring professionals agree that talent with experience across several different areas of expertise are more qualified, they aren't yet sold on the value of hiring them.

**The problem:**

A disconnect is developing between how employers and talent view job-hopping.

Why it matters:

Companies are increasingly looking at ways to optimize the impact of career nomads while minimizing the risk.

The solution:

Create an environment that keeps career nomads challenged enough to stay, while also building capabilities to capitalize on their ideas should they leave.

About three years ago, Laura Mattimore, vice president of global talent with Procter & Gamble, realized the company had a talent challenge. In emphasizing learning agility, breadth of knowledge, and digital skill sets, Mattimore says, the consumer packaged goods titan began to undervalue depth of experience. “We had unintentionally tipped the pendulum too far in terms of valuing discontinuous experiences, believing that the more breadth leaders had, the better it would be for their development,” Mattimore says.

Put another way, in terms of the attractiveness of candidates, the company overvalued job-hoppers.

P&G, of course, is not alone. Companies around the world fell in love with job-hoppers in the last decade. Some of the reasons are macro in nature—for instance, more frequent changes in technology and shorter organization cycles play into more frequent job changes. A growing global economy with lower unemployment rates also helped. More importantly, however, is the fact that the underlying traits that lead talent to job-hop dovetail perfectly with the skills organizations need to adapt to digital change. Top among them are learning agility, a tolerance for ambiguity, and curiosity.



But the thinking is starting to change, or at least become more nuanced. On the one hand, companies want the skills that career nomads—talented individuals who switch jobs, organizations, and even careers at a faster rate than others—can bring. But on the other hand, hiring career nomads is a risk. Clearly, they will leave at some point, and the cost of hiring them and their replacement is real.

“Leaders are increasingly asking themselves to what extent are career nomads considered an asset or a liability to the organization,” says Evelyn Orr, vice president and chief operating officer of the Korn Ferry Institute.

In a recent Korn Ferry survey of nearly 850 executives and hiring professionals, 54% agreed that people who have experience across several different areas of expertise are more qualified. But only 33% say that makes applicants more attractive job candidates, and just 23% agree that working for many different companies helps people get hired.

However, career nomads are attractive in certain situations or functions such as IT, marketing, and digital technology. Talent needs related to the development of new technologies or new markets and business units (e.g., B2C) could also potentially benefit from the more diversified experience of career nomads.

Mattimore says P&G reset its development model by putting people into sequential roles in the same business or area of expertise to build on existing knowledge or experience. While the company prefers to develop talent from within, it does look externally to bring in fresh perspectives. “This approach allows us to build well-rounded leaders in addition to deep technical experts, both of which are critical for our business,” Mattimore says.

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Korn Ferry research shows a disconnect between how talent and hiring managers view job-hopping. The vast majority of professionals, 88% of the respondents who participated in our survey, say switching jobs has helped advance their career. But employers say they still hire more for industry expertise and years of experience. For instance, 85% say they prefer to hire candidates with a conventional resume, and 87% say they factor in the number of years of experience specific to the job. Conversely, only 55% of employers say their company frequently hires professionals with nontraditional career paths.

Orr says that hiring criteria change as workers move up the career ladder. Employers are more tolerant of job-hopping in the early part of one’s career, when it is more appropriate to



be curious and take risks. For mid- and senior-level roles, however, employers start looking for stability, subject-matter expertise, and longevity. “At the executive and managerial positions, what we are seeing is that companies prefer to develop talent from within,” says Orr.

Take the German enterprise software company SAP as an example. According to Julia Wagner, the company’s former vice president of HR strategy and value advisory, SAP focuses on skill building

and functional rotations with early-career talent, but prioritizes depth of knowledge and technical expertise from mid-career onward. “There are generalists who could really benefit areas that need transformation, but these folks—who are agile, curious, and entrepreneurial—are going to do things differently, and that runs against the grain of the culture,” says Wagner. “So when push comes to shove in the technology industry, we still overly weight knowledge, skills, and experience in the exact area we are trying to fill.”

Three Approaches to Hiring Career Nomads

Despite the irony, career nomads are here to stay. But organizations are not yet convinced of the value they bring to the table. Here are three approaches that companies are taking when it comes to hiring career nomads.

The Goldilocks Approach

This approach holds that talent needs to strike a balance between having “too many” jobs and “too few” jobs. The aim is to find people with the right amount of variety and stability.

The “Have My Cake and Eat It Too” Approach

This response is most common among companies that need learning-agile talent but also want deep experts with a strong track record in a specific function or industry. As a result, they focus hiring on subject-matter expertise and combine it with internal rotations for breadth of experience, or vice versa.

The “It Depends” Approach

Organizations that employ this approach have an acute talent shortage in a particular area, or the job is one that did not previously exist. Second-tier companies without brand recognition and functions with high turnover (e.g., IT, marketing, digital) tend to utilize this strategy the most.



The key for organizations is figuring out how to leverage the skills career nomads bring to bear while also creating an enticing enough environment to keep them around as long as possible. “Organizations want to increase flexibility and maximize the use of capital,” says Tom McMullen, a senior client partner at Korn Ferry and head of the firm’s Total Rewards practice for North America. “They are asking what’s the right mix of full-time versus contingent versus contract workers.”

At Fortune 500 companies, for instance, the cost of replacing talent can range from 50% to 75% of the position’s annual salary, after accounting for recruitment, training, and onboarding, among other costs. Moreover, the cost of lost productivity and opportunity may range from one-quarter to 2.5 times the salary, depending on the position. But for many, the cost of hiring a career nomad is worth the trade-off to fill new or hard-to-define roles or in areas where there is a shortage of talent. Career nomads with a resume of recognizable brands, particularly those in the same or an adjacent industry, are also an attractive risk

because of the insider knowledge they possess about how those brands operate.

To be sure, Korn Ferry data shows that among Fortune 500 companies, 44% see an average cost of \$58 million each year due to job-hopping. But 56% see a net benefit of \$46 million per year on average. The disparity can be traced in part to the amount of revenue per employee an organization generates. Organizations that earn more than \$1 million per employee are most likely to benefit from career nomads, while those that earn \$500,000 or less per employee are most likely to see costs.

“Companies in more asset-intensive industries with more revenue per headcount are more able to take more risks on career nomads and either keep them challenged enough to extend their tenure or capitalize on the ideas and changes they bring during their short time with the organization,” says McMullen.



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How to Get More Value from Career Nomads

The cost of hiring career nomads is real in part because they leave jobs faster. That means companies not only lose a productive, high-potential talent, but also have to spend more money to recruit, hire, and onboard a replacement. Here are a few best-in-class ways companies can save money by enticing career nomads to stay longer.

Offer compelling career-development opportunities =

21%

cost reduction

Support work-life balance =

13%

cost reduction

Improve leader effectiveness =

11%

cost reduction

Enhance employee well-being =

9%

cost reduction

Restategize rewards and benefits =

9%

cost reduction

*Sources: US Bureau of Labor Statistics, Capital IQ, Korn Ferry



Perhaps counterintuitively, average job tenure has actually inched up in the last decade, from 4.1 years to 4.2 years, peaking at 4.6 years from 2012 to 2014. By comparison, median tenure in the mid-1990s was 3.8 years, almost 18% lower than the peak this past decade.

The reality is, there isn't much difference between job-hoppers and job-stayers in terms of what they prioritize. Both want to achieve their career goals, do interesting and meaningful work, leverage their strengths, and earn more money. Both will stay longer at a company that offers them challenging and rewarding work, pay and benefits, opportunity for advancement, and competent leadership. Both will also leave in short order if they are bored or not challenged, employees are not treated well, or the company is not well organized or managed. In addition, since the last recession, there has been an added concern that employers don't care about their employees and, as a result, employees are not loyal to their workplace.

McMullen says there are a few practical things companies can do to build an environment that optimizes the impact of career nomads. One way is to more closely align rewards and benefits to the needs of career nomads. Long-term incentives, for example, aren't as desirable to career nomads since they don't plan to stay long. Cash is king for this group, so offering a competitive base salary and sign-on bonus is more attractive.

Moreover, since career nomads value purpose more than non-nomads, the opportunity for community involvement, to have social impact, and other nonfinancial rewards are more important to this group. Meaningful work, organization environment, resources, and brand recognition are also ways to entice career nomads.

“Developing internal nomads can be a competitive talent advantage.”





Selectively moving talent around internally—from business to business, region to region, or function to function—is another way organizations can keep high-performing career nomads from roaming. “Developing internal nomads can be a competitive talent advantage,” says McMullen, who notes that companies are much more willing to provide continuous learning opportunities to proven internal talent.

More effectively recording and understanding reasons for turnover can help organizations develop systems and processes that are more attractive to career nomads. Doing so can also help them better leverage contingent employees for specific projects or highly technical roles.

Teresa Sande, who recently served as vice president of enterprise talent strategy at UnitedHealth Group and currently leads talent for one of their businesses within Optum, says it might be more sensible to hire workers with deep expertise in a particular area on a contingent basis, rather than carrying them on the payroll permanently. “Perhaps it makes more sense to explore carrying on the books the people who want change,” says Sande, noting that a significant amount of future job growth is going to come from roles that currently don’t exist. “Companies will be well-served to employ and retain people who are ready to transform themselves, shedding one expertise and adding new expertise, continually helping the company evolve and adapt.”

For more information, contact Evelyn Orr at evelyn.orr@kornferry.com or Tom McMullen at tom.mcmullen@kornferry.com.

For further reading, also see [Career Nomads: More than a temporary asset](#).