

> THIS WEEK'S CASE STUDY

Shallow talent pool hurts Edmonton firm

Pledge to avoid contractors keeps staff happy but costs lucrative work

RYAN STARR
SPECIAL TO THE STAR

Cybertech is grappling with a geyser of new business opportunities.

The Edmonton-based engineering firm — which designs and programs the control systems used in oil and gas industry infrastructure — has experienced substantial growth in the past five years, largely fuelled by the Alberta oilsands boom.

In that time Cybertech's workforce has more than doubled, recently reaching 117 employees from a start of just 42.

"It's been tremendous," says Mike Palamarek, one of four directors at the company, which was founded in 1994 and whose revenues topped \$10 million last year. "There's been a lot of infrastructure put in for oil and gas in Fort McMurray and around Edmonton and Fort Saskatchewan," he notes. "It's been a constant cycle of upgrades and expansions to those facilities."

But rapid growth has created serious staffing issues for Palamarek, whose clientele includes major industry players like Shell, Enbridge and Kinder Morgan. Lately, he says, Cybertech has been turning down new business because of HR-related hindrances.

Unlike many of its competitors, Cy-



BUFFY GOODMAN

Cybertech director Mike Palamarek's approach to hiring could turn out to be a double-edged sword.

bertech avoids bringing contractors on board for short-term jobs. Given the amount of training and specialization its work requires of electrical, chemical and computer engineers and technologists, the firm prefers to hire full-time staff.

That is, it prefers full-timers when they are available. Sourcing employees with adequate experience has proven a daunting challenge, thanks to the competitiveness of the market space in which Cybertech operates.

"The pool in Alberta is basically dry for (engineers and technologists with) experience on certain systems," Palamarek says, noting that the bulk of the experienced workers in Fort McMurray and Calgary prefer to make their living as contractors, moving from job to job based on the lucrativeness of opportunities.

While Cybertech occasionally uses contractors — usually in on-site roles or specialized short-term tasks — it generally eschews the practice.

"We see it as a threat to the compa-

ny's culture to bring in a bunch of high-priced consultants as a temporary measure," says Palamarek. "It's demoralizing to our employees and could jeopardize the key strengths that got us where we are."

This principled approach comes at a big cost. "We're having to say no to projects from existing clients, because we don't have the capacity to do it. We don't want to take on (jobs) we're going to fail at," he says.

But saying no to a job doesn't mean that job ceases to exist.

Palamarek acknowledges that some Cybertech clients have been forced to turn to competing firms to fulfil their needs. "They've got to go somewhere else, to somebody they don't know. That's the key strategic problem with us being resource-constrained," he says.

To help with their talent crunch, the firm has set its sights beyond Alberta, searching Canada-wide and interviewing candidates from as far as Ontario and the Maritimes.

"We've hired two fellows who have come from pulp mills in New Brunswick and Nova Scotia that closed down, and two others prior to that," Palamarek says.

In addition to its national talent search, Cybertech has also launched a new recruiting drive in the U.S. and the U.K., carried out via job sites like LinkedIn. So far, these efforts have led to only one potential hire.

So with the future in mind, Cybertech is training staff at the ground level.

"We know that if we can't hire the senior people, we'll have to grow them ourselves," Palamarek says, noting that the firm is currently mentoring five college graduates.

"But it's a very long process," he says. "Most of them need a good three years under their belts before we'll move them to an intermediate level. Only then will clients (trust them enough to) let them work independently on-site."

HR consultant Glenn Nishimura

> VITAL STATS

Owner: Majority ownership split between directors Mike Palamarek, Ken Martel, Pat Richardson and Rob Van Soest

Name: Cybertech
Address: 17533-106 Ave., Edmonton

Contact info: cybertech.ca, 780-483-6222

Field: Engineering

Employees: 117

Years active: 19

Offering: Engineering and systems integration for the oil/gas, pipeline and food and beverage industries

Sales: More than \$10 million

Core customers: Enbridge, Shell, Kinder Morgan

says the company is on the right path with this approach, but should go further and create a talent incubator — a full-fledged Cybertech college dedicated to nurturing new employees.

"The idea is to bring in a lot of people at the very beginning who will be field-ready upon graduation," he says.

This requires a substantial commitment of time and money, says Nishimura, but it's far preferable to playing 'find the employee' a couple of times each year.

"The key to recruiting is that the pipeline has to be full at all times," he says. "You have to minimize how often you have to say to clients, 'No we can't do that because we don't have the capacity right now.'"

Palamarek reckons his staffing problem is preferable to a lack of new business opportunities. But with Cybertech having to turn down work from existing clients as it seeks to solve its HR issues, the firm runs the risk of sacrificing relationships with established customers and harming its long-term viability.

"One of our mission statement goals is to make our clients' lives easier," Palamarek explains. "By saying no to them, we're not making their lives easier, because we can't do the work for them, and now they're in a jam."

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Cybertech has been ranked as one of the top ten small-medium sized employers in Canada for several years running, and they need to better market this fact.



TARA TALBOT
VICE PRESIDENT
Human Resources,
Workopolis

Cybertech has been ranked as one of the top ten small-medium sized employers in Canada for several years running, and they need to better market this fact.

They should create a much more dynamic and engaging online presence that showcases their award-winning company culture — maybe even include video testimonials from current employees to demonstrate that staff really does appreciate working for them.

I also think the company should increase the size of its mentorship program, partner more closely with universities, or even create a Cybertech scholarship, so they always have a full pipeline of fresh graduating talent.

And, if they're looking for people from out of province, they have to sell the whole Alberta lifestyle. I'd be talking to candidates about the city's great restaurants, the close access to nature, and Edmonton's sports culture. People consider overall quality of life when relocating, not just their career.

Finally, I think they need to reconsider using contractors when appropriate, especially if it will allow them to take on more business. This will expand their talent pool, and as long as they use contractors appropriately, shouldn't hurt their culture.



DR. BRYNN WINEGARD
ASSISTANT PROFESSOR
AND DIRECTOR OF MBA
RECRUITMENT
Ted Rogers School of
Management, Ryerson
University

Cybertech has a problem recruiting enough qualified engineers to satisfy customer demands and operations growth in a highly competitive marketplace. Demand for skilled labour is higher in Cybertech's industry than there is supply.

Basic solutions include: first, changing their self-imposed restrictions and finding a way to integrate contract engineers when required; second, increasing their recruiting efforts across the country into less saturated labour supply markets; third, commencing recruiting efforts earlier in the education cycle, such as with first or second year engineering students at local universities; and finally, to consider less personnel-reliant processes by automating through their organizational value chain where possible.

Each of these successive options is more expensive and will require a longer term investment. The more expensive options have the advantage of being more sustainable and effective over a longer term. However, though, they require a significant commitment and financial outlay up-front. Ideally of course, the ultimate solution might include some combination of all of the above so that Cybertech is able to maintain its growth, organic demand, quality of customer relationships, and profitability.



DEIRDRE FITZPATRICK
PROFESSOR
George Brown School
of Business

Cybertech are dealing with a nice problem to have, and it's fairly typical to these types of companies out west. But they do seem to be doing everything right — it isn't often you find companies that value their employees so highly.

That said, Palamarek's growth strategy really is a long-term one, and he can't keep turning business away forever. So I'd recommend he continue to perfect his HR strategy

by really engaging employees — bring them into talks about the company's long term strategy, give them full responsibility over their own projects, and reward excellent work with bonuses. This will keep retention high and generate hiring referrals from happy staff.

Still, there's an immediate problem to solve. I think the only real solution is actually hiring contractors, but doing it in a way that doesn't alienate full-time staff. I'd match each employee to a contractor and make them responsible for the temporary hire's work. This will further engage staff, foster leadership, reassure employees that hiring policies aren't going to change, and also ensure all work lives up to Cybertech's trademark quality.

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