Academic program as a key element of staff development in IT companies

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Agenda

- Modern Design Centers and their Staff

- Academic Programs as a Regular Practice in IT Industry

- Best Talents Filtering Funnel

- ROI & Savings

- Key messages

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Modern Design Centers …

WHAT IS A MODERN DESIGN CENTER? High quality building, good decorations and furniture, latest hardware and software, internet access – YES, but these are just necessary attributes

STAFF is a key factor!

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… and their Staff

Having experienced STAFF as

a key factor we have to:

- **Form** it
- **Keep** it
- **Train** it
- **Satisfy** it
- **Substitute** losses and
- **Be prepared for growing**

STAFF development is critical process for IT!

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Staff: hiring practice

Substituting losses and growing business we use all possible hiring channels:

- – Hiring department
- – Agencies and headhunting
- – Referral
- – Relocation
- – **Development of fresh graduates**

Expensive and limited

Profitable and unlimited

**Profitable STAFF development?
Is it possible?**

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Staff development (1 of 2)

- Current staff
  - Carrier planning
  - Substitution matrix
  - Trainings
  - Performance reviews
  - Promotions
  - Relocations (among projects or sites)

Focus on INTERNAL staff is better than "Super Experts" hiring

Staff development (2 OF 2)

New staff development at Universities

- Lectures, practices and seminars
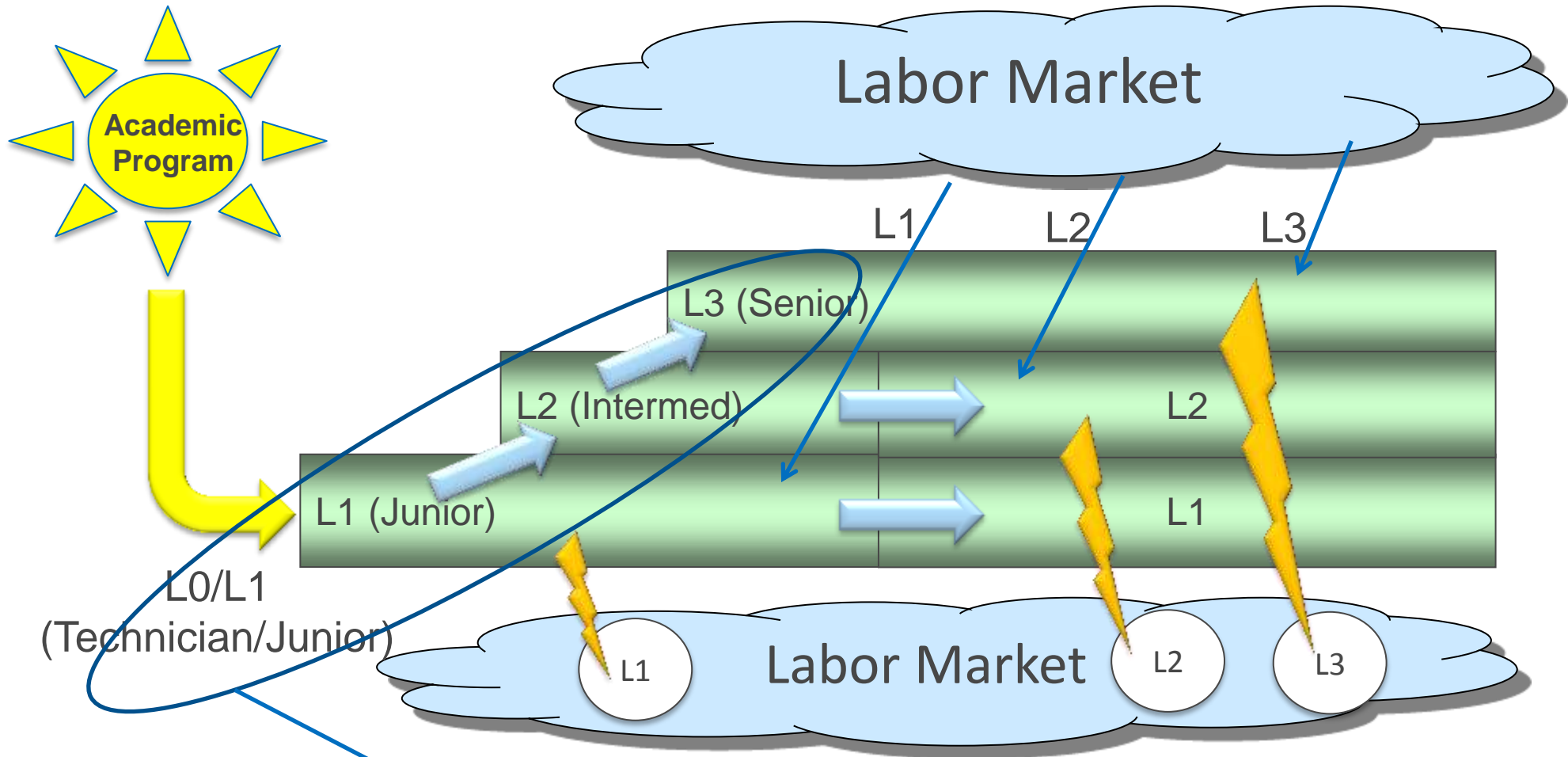- Special labs
- Study projects
- R&D projects

New staff development at company

- Summer practice
- IT-college
- Internship

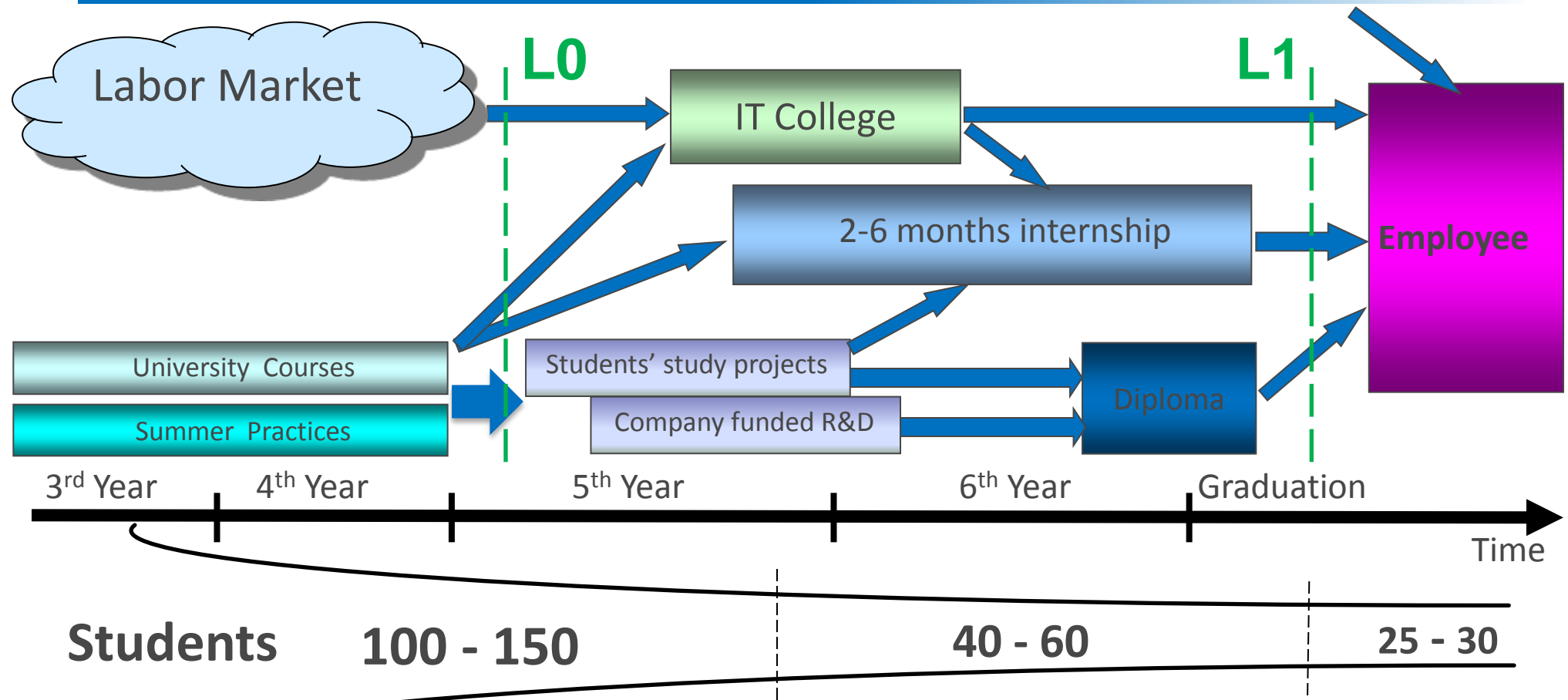**Focus on INTERNAL staff requires fresh graduates tuning**

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Internal Promotions and Relocations

Academic Program

Labor Market

L1   L2   L3

L3 (Senior)

L2 (Intermed)

L1 (Junior)

L0/L1
(Technician/Junior)

Labor Market

L1   L2   L3

Internal promotions and fresh graduates tuning create SYNERGY

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Best Talents Filtering Funnel

Labor Market

L0

IT College

2-6 months internship

Employee

University Courses

Summer Practices

Students' study projects

Company funded R&D

Diploma

L1

3rd Year | 4th Year | 5th Year | 6th Year | Graduation

Time

Students   100 - 150   40 - 60   25 - 30

Academic Program should cover major hiring needs

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Academic Program as a Key Element of Staff Development

- AP should be oriented to **PROFITABILITY** improvement

- AP should be oriented to **THE BEST TALENTS** identification

- AP with 115 students, IT College and 25 interns **IS COST EFFECTIVE**:

  - ROI = 300%+

  - 3 years AP savings around $238K

Profitability of Academic Program is payment for your efforts!

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Assumptions for ROI calculation

- Annual Academic Program budget - $8,000

- Average internship duration - 4 months

- Average monthly salary of interns - $600 RUR

- Average %% if intern hours billed to customer – 10%

- Average billing rate per month - $4,000

- Monthly L1 salary level
  - Internal promotion – $800
  - Market average – $1,075

- Monthly L2 salary level
  - Internal promotion– $1,350
  - Market average– $2,000

- Monthly L3 salary level
  - Internal promotion– $2,100
  - Market average– $2800

- Salary increase annual rate – 20%

Assumptions are based on St.Pete data

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ROI calculation – Staff scenario

- Year 1
  - From 115 AP graduates – 25 interns
  - In 4 months (average) – 25 L1
- Year 2
  - 10 L1 grow to L2
  - 10 L1 remain in the same positions
  - 5 L1 leave company
- Year 3
  - 5 L2 grow to L3
  - 8 L1 grow to L2
  - 2 L1 leave company
  - 2 L2 leave company

Scenario is based on authors experience

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ROI calculation

P&L: Costs and savings items		Year 1 Balance	Year 2 Balance	Year 3 Balance
IT colledge & summer practice: Student -> L0	# of graduates	115		
	Cost	-$8 000,00		
L0 (Interns)->L1	# of people working	25	10	0
	# of people resigned		5	2
	Cost	-$60 000,00		
	Intern billed (10%)	$40 000,00		
	L1 Salary savings	$55 000,00	$16 560,00	$0,00
L1->L2	# of people working		10	11
	# of people resigned			2
	L2 salary savings		$93 600,00	$31 260,00
L2->L3	# of people working			5
	# of people resigned			
	L3 salary savings			$42 000,00
Year savings		$55 000,00	$110 160,00	$73 260,00
Total savings		$55 000,00	$165 160,00	$238 420,00
ROI		39,71%	201,71%	309,44%

Academic Programs annual budget			$8 000,00
Average internship duration, months			4
Average %% of Intern hours billed to customer			10%
Average billing rate per month			$4 000
Average salary during internship			$600,00
L1 salary level		Min	$800,00
		Average	$1 075,00
L2 salary level		Min	$1 350,00
		Average	$2 000,00
L3 salary level		Min	$2 100,00
		Average	$2 800,00
Salary increase annual rate (for most productive)			20%

Nonmonetary profits

With young talented people passed through our Talent Filtering Funnel, we get:

- Proved skills and intellectual level
- Adaptation period passed during internship
- High degree of loyalty towards Exigen Services
- Reliability
- Predictability
- High motivation

Nonmonetary benefits are very important in long term perspective

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Key Messages

- Experienced Staff is critical for IT Company Success

- Academic Program is a key element of "Staff development conveyer" oriented to **THE BEST TALENTS** identification

- AP with 115 students, IT College and 25 interns **is COST EFFECTIVE and PROFITABLE**:

  - ROI = 300%+

  - 3 years AP SAVINGS are around $238K

  - 25 interns will work productively as **TECHNITIAN** and **JUNIOR ENGINEERS**

- Additional **NONMONETARY BENEFITS** will support your company in long term perspective

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Thank you!

Questions?

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