Silver IT Lining in Dark Clouds

The possible economic slowdown may yield some refreshing changes in IT management

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There is no question that the IT sector and the U.S. economy look considerably weaker today than they did just several months ago. And some noted commentators believe a modest recession may well be in the cards.

More than 8,700 jobs were lost in the Internet sector last month alone, more than 50% the rate of the previous month. Many analysts say the overall unemployment rate could increase from its current 3.9% to 4.5% or more by year's end.

Late last winter, in the midst of the Internet boom and the then skyrocketing Nasdaq, I shared a drink with a frequently quoted bank economist. Someone asked us what we thought would happen. We agreed on three fundamental points.

First, the Internet sector is a speculative bubble just waiting to burst. Second, a correction is necessary. And third, its effect will be contained to the Internet and related sectors and won't threaten the financial stability of the broader economy. I still feel basically the same way.

What does this mounting economic anxiety mean for the IT jobs and workers? And, how can professionals best anticipate and cope with these shifts?

Even though overall unemployment is rising, IT jobs aren't drying up. Layoffs in the Internet sector amount to but a fraction of the millions of jobs that have been created. And, larger employers have yet to announce any considerable layoffs.

Certainly, no one anticipates the kind of IT cuts that occurred in the early 1990s when IBM alone laid off tens of thousands of people. As IT executives and recruiters tell me, the demand for talented, hard-working, and experienced IT professionals remains strong.

Ironically, the shakeout may make some things better for IT workers. The gold rush mentality of the past few years opened the floodgates to high-tech hucksters ushering in an unprecedented era of techno-dilbertism distinguished by grossly inexperienced executives and managers who were way over their heads.

"The management here is atrocious," one reader wrote me in a recent E-mail. "The amazing thing is that valued long-term employees are leaving my company at a frightening rate, and the owners don't even seem to notice or care. As a middle manager, I've learned a considerable amount about how to (and how not to) treat my employees."

In one horror story, three terrific young people I know spent this past summer working tirelessly to develop the business plan for a high-tech huckster, who ran out of money and refused to pay them. But, they learned from this experience and have struck up a relationship with a solid venture fund.

The current economic downturn is accelerating this weeding-out process, separating fad from fundamentals, hype from reality. This is helping IT employees and companies discover what really matters in their work-life and their competitiveness, respectively.

The IT workers I talk to, including college and graduate-school recruits entering the job market, are much savvier and much more realistic than before. They're looking for a solid company with experienced management. They want a good salary and solid bonuses and are less willing to jump at an offer for options. And they're far less likely to be lured by meaningless promises. They want to know they'll work on great technology, have flexible schedules, and design their jobs.

Companies are responding, particularly larger-established companies, and they're doing even more to attract top people. One established company I work with is snapping up disgruntled employees from all sorts of dot-coms and going-nowhere startups by combining a stable work environment and exciting technology with architecturally interesting space, a make-your-own schedule policy, and on-site perks from a state-of-the-art health club to organic food. It's thinking about

eliminating its traditional vacation policy in favor of a take-what-you-need policy.

There may not be as many choices for IT workers, but from my vantage point it appears that the choices are getting better.