

June 5, 2020

# HEIDRICK & STRUGGLES

Presentation to The Partnership for New York City

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# New York City's Recovery and Reinvention Plan

## *Executive Talent Attraction and Retention*

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As part of New York City's recovery and reinvention plan, Heidrick & Struggles is working with the Partnership for New York City to evaluate the impact of COVID-19 on New York Metro Area executive talent attraction and retention. Over the past two weeks, Heidrick & Struggles conducted two surveys to capture and evaluate data regarding the current talent landscape.

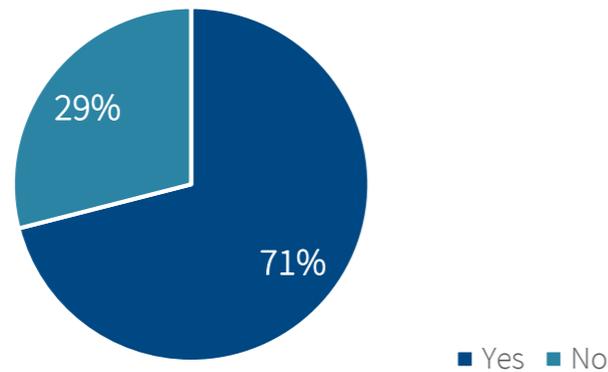
The first survey was circulated **internally within Heidrick & Struggles to professionals who are in regular contact with the New York City senior talent market** and received *43 responses*.

The second survey was circulated **externally to CHROs/Heads of Talent at enterprises with a significant New York City presence** within the Heidrick & Struggles network and received *24 responses*.

# Q1: Do candidates still consider New York Metro Area as desirable place to remain or relocate to?

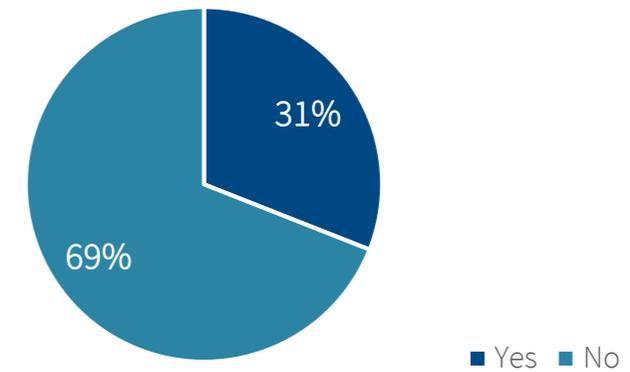
The opposite results between the external and internal survey can be attributed to the position of the external survey participants. Executive recruiters follow the recruiting process from the beginning to end, whereas senior HR leaders are more likely to interact with candidates who have already made it to the later stages of the hiring processes.

External Survey



Overall, participants observe that there are no dramatic changes in how candidates perceive New York Metro Area as a desirable location. The high cost of living and general impacts due to COVID-19 along with the option to WFH contributed the reason some candidates are not considering the New York Metro Area as a desirable place to stay or relocate to.

Internal Survey



Some candidates who are currently New York Metro Area residents do not mind staying and some have expressed interest in WFH for the foreseeable future. Participants also expressed that it is harder overall to attract outside talent at this time. COVID-19 is giving everyone a chance to slow down and think about their quality of life. The high cost of living combined with low quality of life compared to other cities makes it difficult to justify relocation or staying in the New York Metro Area. On the other hand, some remain optimistic that the city will bounce back.

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# Q1: Do candidates still consider New York Metro Area as desirable place to remain or relocate to?

## *Quotes*

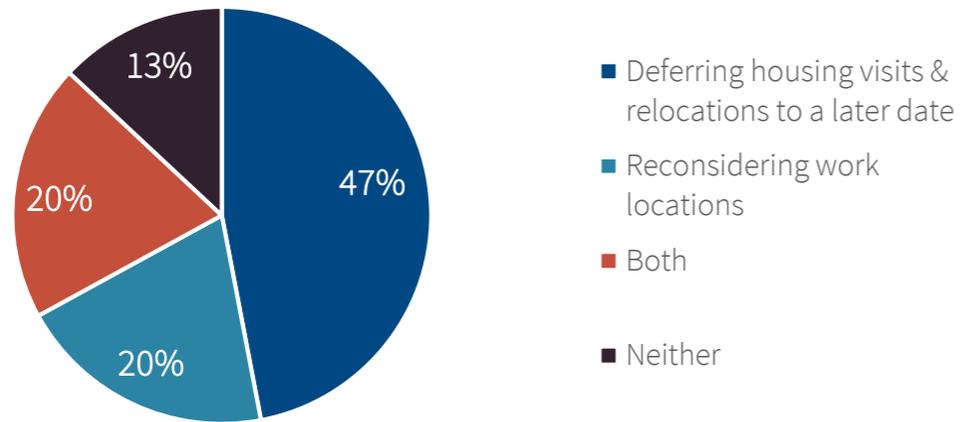
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- “We have seen candidates outside of metro NY fully withdraw from the process based on the need for the role to be in NY. For those interested in relocating to NYC they are proceeding with a lot of apprehension. They have a lot of questions on what re-opening may mean, the timing and what precautions will be taken. So while they are interested, they are not picking up and moving until they know that NYC is open and safe. For candidates in Metro NYC and gainfully employed, we are seeing a increase in asks around flexible work arrangements (i.e., 3 days in NYC and 2 day WFH) as candidates are not as willing to commute in full time once things open back up fully.” – **CHRO, Financial Services**
- “Most believe NY will come back bigger and better. Questions about schools when children are involved is a primary driver.” - **CHRO, Professional Services**
- “Executive level candidates have not dramatically changed their long-term perspective of NYC metro area.” - **CHRO, Technology**
- “Many are worried about the resurgence of COVID-19 and given the density and population of the city feel it's not ideal to live here. Quite a number of executives that live in the city relocated to their homes outside Manhattan for better quality of life and distance.” - **H&S Engagement Manager**
- “Those not based here already have shown a preference to other potential geographies for new roles they may consider. They see NY as too concentrated with mass transit and office space.” – **H&S Partner**
- “For those people in the Tri-State area, the attraction or recognition of the importance of the area remains. For people outside these three States there is a lot more reticence.” – **H&S Partner**

# Q2: If a relocation to the New York Metro area is required for a 2020 executive hire, is the organization deferring housing visits and relocations to a later date and/or are they reconsidering work locations?

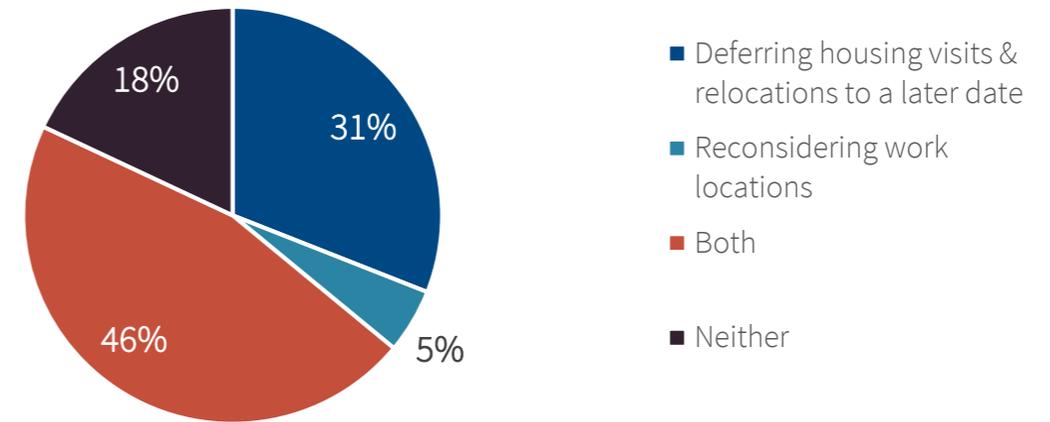
Overall, the timeline of deferred relocation is to be determined even when a possible timeline is mentioned. Companies are waiting to see how the Pandemic will play out before deciding on location.

External Survey



The timeline of deferred location belongs into two major categories – To Be Determined/ (64%) and Q3-2021 (29%)

Internal Survey



The timeline of deferred relocation belongs into three major categories –To Be Determined (39%), Q3/Q4 (32%), 2021(27%).

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**Q2: If a relocation to the New York Metro area is required for a 2020 executive hire, is the organization deferring housing visits and relocations to a later date and/or are they reconsidering work locations?**

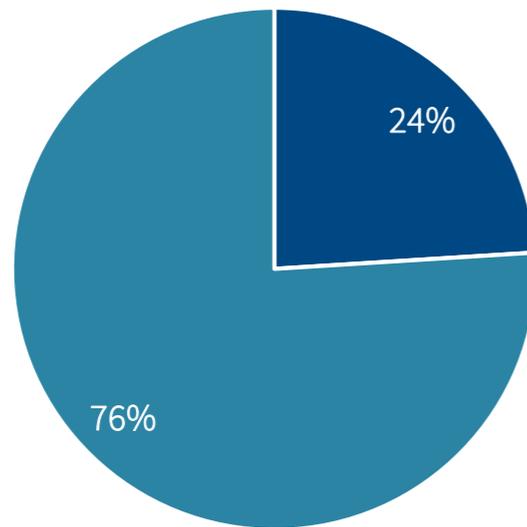
*Quotes*

- “We are considering no longer requiring people to live in NYS.” – CHRO, Technology
- “To be determined depending on Pandemic evolution in the area and where the executive is currently living.”  
– CHRO, Consumer Product
- “To be determined - following State and City guidance.” – Head of Talent Acquisition, Financial Services
- “To be determined - pending their own offices reopening, getting reestablished.” – H&S Partner
- “To be determined. It's still too early to tell. Likely will not consider before 2021.” – H&S Engagement Manager
- “Fall 2020 if there is no second wave.” – H&S Engagement Manager

# Q3: Are organizations considering shifting executive-level positions out of the New York Metro area? (This could include a relocation of divisions, regional office, etc.)

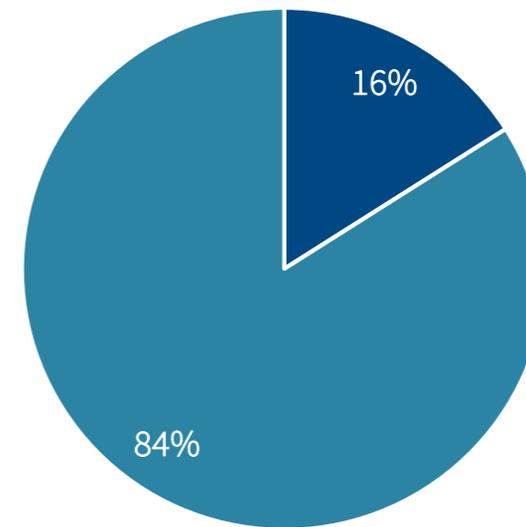
Organizations are not currently planning to shift executive-level position out of New York Metro Area. Those who are considering the shift often mentioned WFH flexibility.

External Survey



■ Yes ■ No

Internal Survey



■ Yes ■ No

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## Q3: Are organizations considering shifting executive-level positions out of the New York Metro area? (This could include a relocation of divisions, regional office, etc.)

### *Quotes*

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- “We are not necessarily moving [new hires] but embracing flexibility more.”  
– Head of Talent Acquisition, Professional Services
- “We are looking to become location neutral - people can live anywhere we currently have employer tax entities. About 28 states.” – CHRO, Professional Services
- “Clients are more comfortable with people working remotely rather than formally moving roles out of New York. This would mean that the role is officially still based in New York but the executive may not be expected to be regularly in the office in New York.” – H&S Partner
- “Remote (work from anywhere).” – H&S Engagement Manager

## Q4: What should the Government do?

Suggestions from both surveys placed 1) lowering cost of living, 2) ensuring public health and safety, and 3) improving public transportation as top priorities to tackle. It is important to acknowledge that due to COVID-19, issues such as high cost of living are now amplified and the benefits of living in the 'new' New York Metro Area may no longer justify the cost.

Top responses for the internal and the external surveys include:



Lowering Cost of Living



Ensuring Public Health & Safety



Improving Public Transportation

Lower cost of living includes lowering taxes and more affordable housing. Overall public health safety includes clean and safe public transportation, a COVID-19 vaccination and clear guidelines to protect against COVID-19. Other suggestions include a clear action plan and investments in the New York Metro Area (improving homelessness, investing in local businesses, and development local talent), positive marketing of New York Metro Area, overall public transportation improvement and business friendly policies for corporations.

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## Q4: What should the Government do?

### *Quotes*

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- “Marketing plan that includes when its safe to come back and highlights the benefits of working in NYC. Explain why NYC/metro area is an attractive option – tell the story of what the area offers that other places don’t in order to overcome the affordability issue and other negative perceptions (e.g., crime rate). Consider financial impact - candidates outside of the region are also hesitant based on the higher payroll taxes, higher cost of living and increased commuting times and public transportation with not the best track records. Cleaner public transportation, cleaner streets. Safety issues – not just COVID – related but also personal safety, one example is when commuting to/from and being female/POC in the city. Offer incentives to keep large companies based in these areas. Recruit more companies to the area so it remains a thriving hub. Execs do not want to move to an area where there is an impression that there is a lack of career opportunities (e.g., startups going out of business or significantly lowering their number of employees, many larger companies considering permanent work from home)” - **CHRO, Financial Services**
- “Ensure commuting into and working in the NY Metro area is as safe as possible” – **CHRO, Professional Services**
- “Reduce taxes (property and state income tax). Make mass transit safe/reliable” - **CHRO, Technology**
- “Testing - rolling out the most proactive testing program in the world. Travel - investing/ innovating to remove the perceived risk relating to public transport. Tax - frustrating but true” – **H&S Partner**
- “Invest, invest, invest (somehow). People need to feel confident that NY will get through this relatively quickly, and by supporting small business and getting the pulse back into the city, it has more of a chance. Lowering cost of living.” – **H&S Engagement Manager**
- “Ensure people are taking the proper safety precautions related to COVID. Ensure the community is safe when it comes to COVID-related crime spikes. Lower taxes” – **H&S Associate**

Thank you

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ONE LEADERSHIP TEAM AT A TIME™

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