



THE FIRST FRIDAY PREVIEW

November 2008

Volume II Issue XI

UNITED STATES

Employers starting to look beyond the fall

October ended as one of the most tumultuous months in the history of the U.S. financial markets, featuring record gyrations. The U.S. GDP shrank for the first time since 2001. There were historic acts of government intervention, both in the United States and abroad. Unemployment claims continued to rise, and consumer confidence fell nearly 30 points. To cap it all, it ended with the climactic conclusion of the 21-month long presidential race and the election of Barack Obama.

So – is it over?

For the economy as a whole, there are signs of a leveling off. New home sales increased in October for the first time since the slump began, and builder inventories dropped at their fastest rate since records started being kept in the 1960s. Durable goods orders saw a surprise uptick by 0.8 percent and the LIBOR, the interest rate banks offer each other, has fallen nearly a point and half from its high of 4.8 percent on October 10. Many value-oriented money managers are saying it's time to start buying stocks again. Hedge fund manager Teeka Tiwari, speaking at the MRINetwork Global Conference in Las Vegas on October 5, predicted a fall of the Dow Industrial Index into the 8,000s, where it would start to rebound inside of eight weeks. Even Warren Buffett has recently started to open large new positions.

“Unfortunately, the labor market has always been a trailing indicator of the economy. No company wants to start growing their staff until they know there is a market for additional product,” says Tony McKinnon, president of MRINetwork. “At the same time, many managers see this as an important time to take a second look at their talent management plans so that they are correctly positioned for a recovery.”

In the financial sector, the shape of the industry has literally changed forever and even a full recovery is going to have firms expanding in a very different space. As McKinnon notes, old companies are filling new roles and while a wave of new regulation has not yet settled over the industry, no one doubts it is coming, which adds further to the difficulty of workforce planning.

For non-financial industries, however, the changes will be markedly less dramatic. Managers across the country have one eye set keenly on keeping their businesses afloat. Yet, the other eye is now shifting to see how best to come out of the slowdown ahead, and is looking for the first indication of change.

Time grenades, like baby boomer retirement, and talent doughnut holes in fields from engineering and life sciences to

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Chris L. Lutes ... says he is seeing many of his clients take advantage of the down economy to attract top-notch employees. “Forward-looking companies are positioning themselves to increase market share while their competitors are in a defensive or protective mode,” he says. “The time is ripe for companies to hire those high-profile impact player-type candidates who might not otherwise be available to them.”

Chris L. Lutes, TopGrading Solutions
As quoted in *Internet Retailer*, October 20

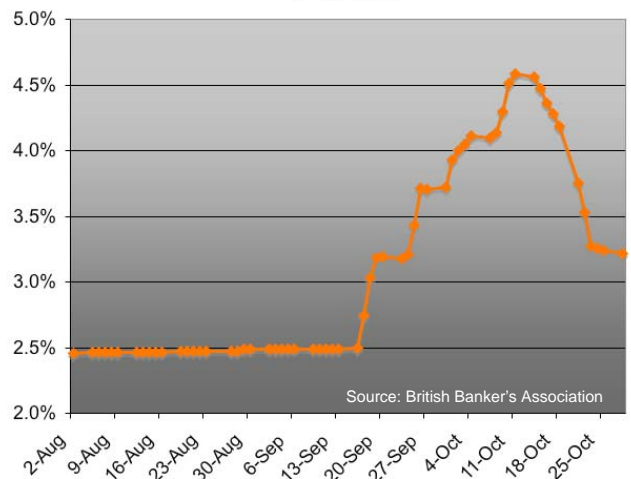
“You can’t position yourself as having value if you don’t know what the employer needs. Identify the most critical competencies for the position then look at your own background and analyze your skills. Look at where the alignment is between the two,” Rothman says.

Jeff Rothman, Management Recruiters of Moreland Hills
As quoted in the *Cleveland Plain-Dealer*, October 15

accounting and insurance, have been given a longer fuse by the economic slowdown, but they’re still lit.

“Succession planning will need to take place to help move everyone up the ladder a little faster. Top talent will need to be upgraded to be more efficient and responsive to the market’s needs. Most important, though, is for managers to see this time as an opportunity to reevaluate their long-term workforce needs and develop a plan for how to get there,” says McKinnon.

1-Month London Inter-Bank Offered Rate (LIBOR)



IDAHO

Comfort food stays strong, hi-tech workers look for opportunities

Unemployment in the last six months has almost doubled in the state most well-known for the 11 billion pounds of potatoes it harvests every fall. The 5 percent non-farm unemployment rate in October was still more than a point under the overall U.S. rate of unemployment.

Food is a big business in Idaho, but it goes beyond just potatoes. The state is also home to the world's largest producer of barrel cheese, the raw product that is turned into processed cheese for fast food restaurants around the world. In fact, one of Idaho's biggest strengths is that its food business is based mostly around low-cost fast foods. From french fries to TV dinners, as the economy has soured, many of Idaho's players remain both strong and in demand.

Despite the rising unemployment rates, to fill skilled food manufacturing positions from maintenance and project engineers to financial and accounting positions, **MRINetwork** recruiters often have to woo candidates from Southern California's high cost of living or the Midwest's cold winters.

When looking at the rising unemployment rates, Craig Alexander, general manager of Management Recruiters of Boise, points not to blue-collar companies, but to white. "The layoffs are coming from hi-tech and are creating, for the first time, a growing supply of highly skilled workers in a field which often has a shortage."

Micron Technologies, the semiconductor giant and the state's largest employer, recently laid off 1,500 employees from its Boise headquarters. As part of a merger, the AMI Semiconductors facility in Pocatello is slated for closure by 2010. MPC, which bought Gateway's enterprise computing business last year, and employs more than 400 in Idaho, is nearing bankruptcy.

As of September, Idaho's total employment had shrunk by 15,400 jobs to 721,500, or just over 2.4 percent in 12 months. Since August, though, when unemployment rose 0.4 percent, the workforce has actually added 1,500 jobs. The increased unemployment rate came from 3,200 new entrants to the job market, not from job losses.

"While the economy in Boise has long been strong, low unemployment has made it hard to attract new businesses and industries," says Alexander. "With the low cost of living and pleasant weather now combined with more available talent, we might see that start to change."

In the northern panhandle of the state, unemployment has been increasing at a much slower speed, though. "We have such a diverse economy up here, there isn't any one employer or industry that can rock us the way Micron has done in the South," says Brent Travis, managing partner of Management Recruiters.