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UNITED STATES

Managing Staffing Needs in Today's Economy

With the U.S. economy now officially in recession, companies of all sizes are struggling with how to balance their business needs with their head count. "While many companies have made deep cuts in their workforce, we are still seeing companies hiring in many sectors, including healthcare, technology and life sciences," says Tony McKinnon, MRINetwork president. "Hiring in a down economy isn't about filling seats, it's about aiming the organization in the right direction and adapting to the economic realities of the day without sacrificing talent," he adds.

Concerned about how long it will take for the economy to recover, many employers are making strategic decisions to bring on contractors, rather than permanent staff, as a way to hedge their bets. Contract workers can now be found in most sectors of the professional workforce including IT, financial services, healthcare, legal and engineering. Such arrangements minimize long-term commitments and provide the flexibility for companies to scale their hiring as needed.

"There are more qualified and talented contract professionals available than ever before," says Conrad Helms, senior vice president of contract staffing for MRINetwork. "In today's economy, many traditional perm candidates will migrate to contracting opportunities as well as seasoned experts opting for contracting rather than retirement."

Business leaders are faced with the challenge of maintaining progress and productivity while operating within tight budgets. Utilizing the concept of "adding extra muscle" is a smart strategy to help leaders accomplish key initiatives by using contract experts for short specific projects.

"However, for a longer-term project," McKinnon points out, "the contract staffing pool available to employers today also consists of a wide array of highly skilled professionals who have made contract work their career choice. It affords them a lifestyle where they have more control over their career than they have in the traditional permanent situation. Many contract workers can also get the same benefits full-time employees receive such as healthcare and retirement plans."

Faced with a challenging economy, access to talent and a need to optimize productivity, companies today are placing greater emphasis on workforce planning. The companies that hire smart and manage their head count carefully and

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"It's the eagles that are hiring, the employers who are thinking far enough in the future to know how important hiring top talent right now is.

"Often that doesn't mean big public companies—they're too busy looking at their quarterly numbers—instead it's private companies who still have access to either cash or credit and are willing to take a loss today for the payout next year or even later."

Bert Miller
President, Protis Executive Innovations

"Even among the white-collar professions, signs of wear are apparent. ConnectPoint Search Group, a Sacramento placement firm ... has seen business jump lately. But "we're seeing larger layoffs," said firm President Curt Cetraro. "We're seeing (firms) taking longer to make hiring decisions."

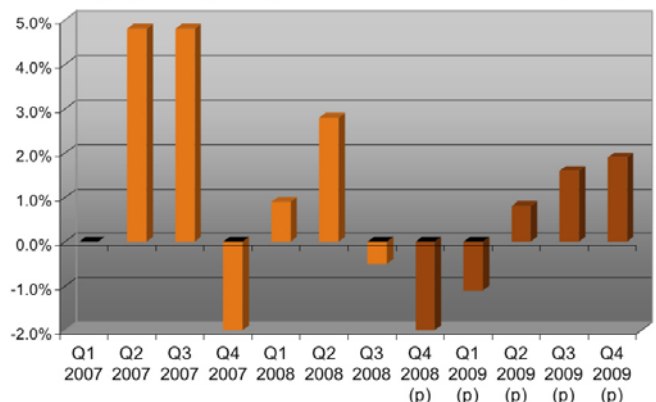
Curt Cetraro, ConnectPoint
As quoted in the *Sacramento Bee*, November 22

creatively during the current downturn are the ones that will emerge stronger than ever.

"To cut costs, layoffs are expected and understandable in a recession, but employers need to look at how to optimize their workforce planning in order to be correctly positioned for a recovery," says McKinnon. "Whether it is hiring top impact players or transitioning to a more flexible employee model, a finely tuned workforce can actually be the genesis of what will pull many companies out of their own downturns."

Annualized U.S. Real GDP Quarterly Growth

(Projections by the Royal Bank of Canada as of November 3, 2008)



NORTHERN CALIFORNIA

The Golden State Seeks Green Salvation

Sacramento is 90 miles east of San Francisco and Silicon Valley, but also a world away. Small and medium sized private business is the norm in California's capital city. Curt Cetraro, of Sacramento-based **MRINetwork** office, ConnectPoint, says that, while companies are not hiring and are even laying off many entry to mid-level employees, he is seeing more demand for high quality senior level staff than ever before.

By contrast, the Silicon Valley and the Bay Area are home to giants of the 21st Century like Google, Apple, Inc. and Sun Microsystems. "Increasingly the Bay Area is also looking like it will serve as a hub to the new green economy," says Michael Shaffer, president of Management Recruiters of San Francisco Bay. "Over the last few years, green construction and engineering companies have popped up throughout Northern California, spurred by the local governments and the mindset of residents that green is the future. In the few weeks since the election, though, that feeling has intensified."

California's unemployment rate soared to 8.2 percent in October, according to the California Employment Development Department – the highest rate since 1994. Both commercial and residential contractors, mortgage companies, hi-tech firms and others are feeling the pressure locally.

The extra resumes haven't made finding top talent in Northern California easier though. "The biggest increase has been in under-qualified resumes, which makes searching through them

more tedious, but not necessarily more effective," says Shaffer. "The best candidates are still employed and won't consider a position if not actively recruited."

"Whether working with a recruiter, or filling a position in-house, the length of the search process is taking longer, as companies filter through more candidates and generally act more cautiously," says Cetraro. "Yet, once they've made an offer, they're expecting a fast response. Employers would rather move down the list to the next candidate than risk waiting for someone who doesn't take the offer."

In general, Northern California has been spared from the wrath of the subprime defaults epicenter in Southern California. However, the fiscal damage hasn't stayed south. Because of falling property tax revenues, the state expects to run a \$24.2 billion deficit through 2010 and California's bonds have been downgraded to a single A credit rating.

Governor Arnold Schwarzenegger recently proposed a temporary 1.5 percent sales tax increase, compelling all state employees to take one unpaid day of vacation a month and cutting paid vacation days by two a year, a cost-cutting effort that will hit Sacramento disproportionately hard.

"I think everyone is trying to keep their nose to the grindstone and a finger in the wind," says Shaffer. "If the momentum that was behind green energy in 2008 continues and takes root, it could be the next dot-com boom for California. If the state's budget doesn't come under control though, and taxes have to be substantially hiked to cover deficits, many of these companies could be scared off to the other side of the country."