

JOB SEARCH 2003©

**the personal opinion of Kathleen A. Graham, Principal,
HQ Search, Inc., Naperville, Illinois (630) 466-7095**

- **ECONOMIC INDICATORS**
- **NON-GROWTH SECTORS**
- **WHERE THE HIRING IS**
- **BEST CAREER STRATEGY**



ECONOMIC INDICATORS

- 1) Statistics**
- 2) Headhunters**
- 3) Word about town**
- 4) CEOs**

ECONOMIC INDICATOR:

1) Statistics

- ***“Since last fall, the number of workers job hunting for at least 6 months has more than doubled, reaching 1.66 million people nationwide in October, the highest level in more than 8 years...Illinois is among the hardest-hit states, with unemployment at 6.7% in October...”***

-Crain’s Chicago Business, 11/25/02

- ***“The re-employment rate among white-collar workers is significantly lower than it was following the downturn of the early 1990s...only 62.4% of displaced professional workers between 1/99 & 2001 were re-employed in the same occupations they had left.***

-Chicago Tribune, 11/24/02, Section 5, Page 5

ECONOMIC INDICATOR:

1) Statistics continued

- ***The Anxious Index (Wall Street forecasters' doubts about their own forecasts)...unusually good economic indicator...is now at 24.1: a recession has followed 50% of time reaches mid-20s; if at 30; a recession usually ensues"*** – *New York Times, 11/25/02, C11*
- ***Manufacturing: "Economic activity in the manufacturing sector declined for the 3rd consecutive month with index at 49.2 in November, 48.5 in October, & 49.5 in September (<50 separates expansion from contraction)... new orders index fell in November to 49.9, down sharply from 65.3 in March and signals further sluggishness ahead...Manufacturing employment continued to decline in November as the index remained below the breakeven point for the 26th month."***
- *Crain's Chicago Business, 12/2/02*

ECONOMIC INDICATOR:

1) Statistics continued

- **The pension plan funding drain:** *“21 major corporations are coughing up a collective \$32 billion to boost their pension plans’ funded status...at the end of September, approximately 95% of the 200 largest U.S. corporate pension plans were underfunded” – Pensions & Investments, 11/25/02*
- **Health care costs:** up another 15% again in 2002; becoming a serious concern to small businesses.
- **Uncertainty about fuel costs:** the “what if war in Iraq/Mideast tensions create oil price spikes” concerns.

ECONOMIC INDICATOR:

2) Headhunters

- ***“The labor market is so tough these days that even people who make a living finding jobs for others are scrambling...Executive recruiters face another lean year in 2003, as an uncertain economy has companies wary of filling current holes in upper and middle management, let alone hiring new executives...Heidrick & Struggles laid off nearly 1/3 of its executive search consultants in past 18 months & annual sales dropped \$250 million in 2 years with little or no revenue growth seen for 2003...Korn/Ferry raised \$50 million – money it used to stave off insolvency, analysts say...Ray & Berndtson purchased out of bankruptcy” – Chicago Tribune, 12/2/02, Business page 1***

ECONOMIC INDICATOR:

3) Word about town

- **Not a lot of hiring by fund companies in 2002; growth managers and value-oriented shops also minimal hiring in 2002 and no expected increase in positions for 2003. Originally sell-side impacted first but hiring has minimized for buy-side now, too.**
- **Futures industry is booming because it thrives on volatility BUT it's a consolidating field because of shrinking margins so the business volume isn't translating into additional personnel needs.**
- **Turnaround/restructuring firms still quite busy and seeing no slowdown in immediate future.**
- **Optimists think there's 2 more years of this type of economy ahead of us; pessimists think 4 - 6 years. HUGE UNCERTAINTIES**
- **Many industries in low points that haven't been seen in years.**

ECONOMIC INDICATOR: 4) CEOs

- **Majority of CEOs polled do not see 2003 as a boom year; most still planning on more layoffs. CEOs' opinions and actions have been one of the most reliable indicators of future economic performance.**
- **Firms are becoming profitable again but not through the sale of more product but rather through cost-cutting savings...and not hiring additional staff is a large cost saver.**

NON-GROWTH SECTORS:

Investment Banking: bulge bracket

- **“Bonuses, the lifeblood of the investment banking business, are down by an average of 50% from last year, and sources say approximately 3 in 10 employees will receive little or nothing...The millionaires club will shrink by 10 - 15% this year, largely due to job cuts at U.S.-owned firms...Top performers may get 80 -90% of the bonuses they received a year ago, while mid-level staffers will get about half. So-called “C” players, if they’re lucky, will get to keep their jobs...It’s probably been 10 years since it has been this bad...A 10% reduction in head count expected in 2003...Base salaries are relatively modest, and can account for as little as 20% of total compensation...**

- *The Globe and Mail, 12/3/02*

OTHER NON-GROWTH SECTORS:

- **Banking: large corporate**
- **Technology & Telecommunications**
- **Consulting**

NON-GROWTH SECTORS:

Money management

- **“Most analysts will see their take-home pay slide, part of the fallout from Wall Street scandals on the links between investment banking revenues and analyst compensation ...Analyst pay seems to be on a unstoppable slide downward”**

-The Globe and Mail, 12/3/02

NON-GROWTH SECTORS: Private Equity/Venture Capital

- ***“VC firms...were blindsided by the downturn. Now some are bleeding and fighting for their survival...The rewards associated with being a venture capitalist are considerably lower than they were 4 -5 years ago”***
– The Boston Globe, 11/25/02

WHERE THE HIRING IS

- **PRIVATE BANKING**
- **BONDS**
- **CREDIT DERIVATIVES**
- **RESTRUCTURING**
- **ORIGINATION**
- **HEDGE FUNDS/FUND OF FUNDS**
- **CREDIT**
- **RISK MANAGEMENT**

WHERE THE HIRING IS:

- **PRIVATE BANKING**
- **BONDS**
- **CREDIT DERIVATIVES: One of few areas where hiring was strong in 2002**

WHERE THE HIRING IS: Restructuring in all its Phases

- **WORKOUT**
- **VALUATIONS**
- **TURNAROUND**

WHERE THE HIRING IS: Origination

- **Boutique investment banks:** private placement debt/equity, valuations, fund of funds, M&A sell-side/buy-side, high yield agency trading
- **Lower middle market:** lending
- **Middle market:** M&A, lending

WHERE THE HIRING IS: Hedge Funds/Fund of Funds

- Fund of funds: one of few areas hiring in 2002
- ETFs another area of growth

BUT....

- ***“MAJOR HEDGE FUND TURNOVER SEEN IN 2003...up to 1,000 hedge funds (1/6 of the total hedge fund market) likely will close shop in 2003...another 1,200 - 1,500 hedge funds will open in 2003...There is still growth...it’s probably slower this year than last year. It speaks to flat results...This year is one of the most challenging years for hedge fund profitability.”***

–Pension & Investments, 11/25/02

WHERE THE HIRING IS: Credit & Risk Management

- **Hedging strategies for high-priced inventories (bonds, oil, etc...) using derivatives**
- **Seasoned credit in banks, senior underwriting in insurance companies, etc...**

But what about
CORPORATE?
REAL ESTATE?

It's a mixed bag.

BEST CAREER STRATEGY

- 1) SURVIVE**
- 2) FIND PERSONAL SUSTAINABLE COMPETITIVE ADVANTAGE**
- 3) DEVELOP PERSONAL SUSTAINABLE COMPETITIVE ADVANTAGE**
- 4) DEVELOP SUPPORTING FUTURE NETWORK**
- 5) ENJOY**

BEST CAREER STRATEGY:

#1) Survive

- ✓ **Part-time jobs or jobs out of your field never are added to a resume.**
- ✓ **Be careful when changing jobs/departments/companies.**
- ✓ **Project work is wonderful.**
- ✓ **Cut expenses.**
- ✓ **Use any extra time to hone credentials.**

BEST CAREER STRATEGY #2 & 3: Sustainable Competitive Advantage

- ✓ **FIND:** testing, career coaches, research
- ✓ **DEVELOP:** **THINK OUTSIDE OF THE BOX**
do project work/part-time options, create virtual firms,
be an entrepreneur: *“Approximately 11% of the
unemployed managers using...outplacement ...have
opened their own businesses”*
 - *Crain’s Chicago Business, 11/25/02*
 - “Persuade employers to create positions: Of 22 people
hired last month, 17 were jobs that didn’t exist,”*
 - *Chicago Tribune, 12/1/02, page 20, section 1*

BEST CAREER STRATEGY:

4) DEVELOP SUPPORTING FUTURE NETWORK: position yourself for future growth

5) ENJOY!

