

JOB SEARCH 2004©

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

- **REVIEW 2003 FORECAST**
- **ECONOMIC INDICATORS**
- **NO GROWTH SECTORS**
- **WHERE THE HIRING IS**
- **BEST CAREER STRATEGY**

REVIEW 2003 FORECAST

QUESTION: What's the probability that the 2003 job market will be a market where much hiring occurs? **ANSWER:** **Very small probability.**

ECONOMIC INDICATORS

- **Statistics** showed a jobless recovery, firms at 75% capacity utilization with heavy debt load, underfunded pension plans, rising healthcare costs, & uncertainty regarding fuel costs.
- **Sources:** **headhunters** laying off/going out of business; **local financial hiring authorities** thought at bottom but couldn't see expanding; majority of **CEOs** said 2003 not going to be a boom year & were planning more layoffs.

REVIEW 2003 FORECAST

QUESTIONS: Who's hiring? who isn't hiring? What to do?

NON-GROWTH SECTORS

- Investment banking, large corporate banking, technology & telecommunications, consulting, private equity/venture capital.
- Money management: "quote (re analysts pay ↓ as part of fall out from wall street scandals) says it all. And we haven't yet begun to see the lawsuits hitting the State Streets and Fidelitys because all the focus is right now on suing the investment firms and companies."

GROWTH SECTORS

- Private banking, bonds, credit derivatives, restructuring, origination, hedge fund/fund of funds, credit, & risk management.

BEST CAREER STRATEGY

- Survive and plan to thrive by developing personal sustainable competitive advantage & supporting network.

2004 JOB OUTLOOK FORECAST

QUESTION: What's the probability that the 2004 job market will be a market where much hiring occurs? **ANSWER:** A **GOOD** probability.

ECONOMIC INDICATORS

- **Statistics** show plans for hiring especially in financial services/insurance/real estate with employees/managers ready to change jobs.
- **Sources:** **headhunters** actually have lively searches; **local financial hiring authorities** can see business expanding; only 50% of **CEOs** have a "wait and see" attitude (vs. last year majority were pessimistic & most planning on laying off) while only 36% are planning more layoffs.

2004 JOB OUTLOOK FORECAST

QUESTIONS: Who's hiring? who isn't hiring? What to do?

NON-GROWTH SECTORS

- Restructuring & maybe bonds.
- Most of money management: "Quote (re analysts pay ↓ as part of fall out from Wall Street scandals) says it all. And we haven't yet begun to see the lawsuits hitting the State Streets and Fidelitys because all the focus is right now on suing the investment firms and companies."

GROWTH TO STEADY SECTORS

- Private banking, cash management, compliance, consulting, corporate, credit derivatives, investment banking/private equity/venture capital, hedge fund/fund of funds, credit, & risk management.

BEST CAREER STRATEGY

- Adapt/expand your personal sustainable competitive advantage to a global workforce. Dust off that resume and start working that supporting network NOW - there's gold to be had in this new economic landscape*!

* However, remember the 100% effect so minimize your risks while you're at it.

SUPPORTING EVIDENCE I

- **"Nearly three-quarters (72%) of small businesses now see growth opportunities for their businesses over the next six months, up sharply from 64% in the fall of 2002...fewer businesses are reporting cash flow concerns, 55% down from 63% a year ago."** -*Business Wire, 10/15/03*
- **"Unemployment rates fell slightly from year-ago levels in six of the state's 10 metropolitan areas in October..."** "*State Unemployment Rates Down*", *Crain's Chicago Business, 11/26/03*
- **CORPORATE: "CFOs finally see enough signs of economic recovery to be confident that the new year will be brighter....71 percent of U.S. finance executives say they are either "confident" or "very optimistic" about the domestic economy over the next year, ...up from 58 percent....CFOs base this optimism on their hopes for better profits and revenues in their own companies. A solid 69 percent expect to improve profitability next year, while 79 percent think sales will increase...for the first time since 2001, respondents did not list weakness in the local and global economies as one of their top three concerns. In this reporting period, increased competition was named the chief concern, followed by cost of benefits and the need to attract and retain employees....45 percent of CFOs will increase hiring over next six months and another 46 percent expect to keep the ranks of employees at the same level."** - "*CFOs Feel a Groove Coming On*", *CFO.com, 12/1/03*

SUPPORTING EVIDENCE II

- "After two lean years, headhunters and consultants have had some good news: Accenture says nearly half of middle managers are either looking for new positions or plan to do so. Nearly two-thirds aim to intensify their searches when the job market strengthens." -

"Headhunters wait for the restless executive", FT Careers USA, Nancy Dunne, 9/19/03

- **HEADHUNTERS: still falling revenues/employees until 11/03 - now everyone's talking about new assignments.**
- **"Job satisfaction is slipping, workloads are too heavy, and 60% of workers are preparing to bolt from their companies, according to a recent CareerBuilder.com survey...job dissatisfaction had jumped 20% (in 2 years). - "Survey: Workers Prepare to Bolt", Crain's Chicago Business, 11/24/03**
- **THE WORD ON THE STREET: IT software consulting ↑, corporate & money management accounting/audit/compliance ↑, investment banks ↑ - just about everyone's seeing an increase in business (except turnaround) for the first time in 3 years.**
- **CEOs: "The Business Roundtable found that 71 percent of the executives expect their sales to increase in 2004 but only 12 percent expect to expand their work forces...Banks and financial institutions are already strengthening their work forces." - "Despite Jobs Spurt, Executives Remain Cautious About Adding Workers and Plants", 11/9/03 , page 16, The New York Times.**

SUPPORTING EVIDENCE III

- **"Merger and acquisition activity began to rise from low levels in the Chicago...district...Philadelphia said...increase in investment banking activity, while venture capital firms were beginning to evaluate start-up projects in the Atlanta district. Labor markets across the nation generally improved...Chicago added that the higher demand for temps was widespread...New York reported that bonuses in the securities industry are expected to be 20 percent higher than last year." - *The Federal Reserve Board Beige Book, 11/26/03***
- **"Since 2000, venture partners' total compensation has decreased by about 35%, while their private equity counterparts' total compensation has only decreased about 27 percent..."There's no question that total PE employment will shrink in the coming year...firms are indeed going to be employing fewer people."- *"PE Comp Levels Continue Downward Spiral", Buyouts, 11/3/03* - **BUT we're seeing hiring!****
- **"Forbes (Reuters) reports that assets under management at hedge funds soared in the third quarter, growing...to \$687.5 billion." - *"Hedge Fund Research Report: Funds Cream the S&P 500!***
- **"In a recent survey, only 12 percent of chief executives of large companies said that they planned to increase employment in the last three months of this year, according to the Business Roundtable...36 percent said they would reduce their work forces." - *"3 Months of Job Growth is the Best in 3 Years", B2, The New York Times, 11/8/03***

THE 100% EFFECT

- **"But declaring merger mania and a return to speculative enthusiasm now is a little like declaring the winner of this Sunday's New York Marathon at the second mile....The rash of deals helped push the year-to-date volume of mergers and acquisitions to \$405 billion. That certainly is better than last year...finished year at \$432 billion...in 2000 mergers totaled \$1.7 trillion...in 2001 \$756 billion in deals were sealed...In other words...mergers are still pretty depressed."** - *"Wall Street's Hot M&A Fantasy, Daniel Gross, Moneybox, 10/31/03*
- **"The \$2.1 billion (of venture-backed M&A activity) represents the largest dollar figure since the third quarter of 2002 when 39 acquired companies reported a total value of \$2.6 billion."** - *Thomson Venture Economics: National Venture Capital Association, 11/10/03*
- **"The standard forecast is still for good but by no means gangbusters growth," said William Poole, the president of the Federal Reserve Bank of St. Louis, in an interview with Bloomberg News last week. "That means we are only going to make very slow gains in reducing unemployment."**- *Your Money, 11/17/03*
- **"The local picture contrasts sharply with national trends, which point to a hiring uptick next quarter...the survey shows 66% of Chicago-area companies expect to maintain current payrolls between October and the end of the year. Only 16% plan to add employees while 10% plan to cut jobs. The remaining 8% are uncertain."** *Local Hiring Picture Remains Bleak: Survey", Kelly Quigley, 9/16/03, Crain's Chicago Business, 9/16/03*
- **"The new issues market heated up in November as 15 companies came public, the most in two years...there have only been 51 deals this year...compare that with 247 in 1998, 480 in 1999, 406 in 2000, 83 in 2001 and 70 in 2002."**-*"Busiest IPO Month in Past Two Years; Profits Are Key Now". Ken Hoover, IBD, 12/1/03, page 1.*

THE 100% EFFECT continued

- **"Business owners are clearly feeling better about their prospects for growth compared to one year ago, with more planning to hire, fewer reporting cash flow concerns,..."** said Kerry Hatch, executive vice president and general manager, **OPEN: The Small Business network from American Express.** **"However, business owners are still keeping a watchful eye on the overall economy, which they once again cite as the top factor that could impede their growth prospects."** *Business Wire, 10/15/03*
- **"Although the decline in unemployment rates is generally a hopeful sign, hiring still appears stagnant in most industries across the state,"** Brenda Russell, director of the Illinois Department of Employment Security (IDES), said in a report..." *"State Unemployment Rates Down", Crain's Chicago Business, 11/26/03*
- **"Less than half (46 percent)(of CFOs) think a broad recovery is already under way...another 24 percent expect it to begin in the first half of 2004, and 23 percent say it could be the second half of 2004 or later - "CFOs Feel a Groove Coming On", CFO.com, 12/1/03**
- **"BANKING AND FINANCE: Loan activity was subdued in most districts...Chicago reported little change in overall lending activity. - The Federal Reserve Board, The Beige Book, 11/26/03**
- **Robert Hormats, vice chairman of Goldman Sachs International, in a speech to the National Association of State Treasurers, "If we can't produce a lot of new jobs, then the sustainability of the economic recovery is called into question." - "Goldman Executive says US needs More Jobs Growth", Reuters, 11/24/03.**

DRAGS ON JOB OUTLOOK

- **150,000 new jobs monthly needed to sustain economy (Professor Alibur at University of Chicago Business Forecast lunch, 12/4/03); need 250,000 new jobs/month to grow. "It would take jobs growth of 200,000 to 300,000 a month for six months or more to make a dent in unemployment," said James Glassman, senior economist at J.P. Morgan.- "POLL: U.S. Unemployment to Stay Stubbornly High in 2004", Wayne Cole, Reuters, 10/15/03**
- **"Wage pressures were mostly subdued, although almost all districts reported concerns about escalating health and other insurance costs." - The Federal Reserve Board, The Beige Book, 11/26/03**
- **"Employers are dispensing notably smaller pay raises this year...and workers should not expect much improvement in 2004. Companies tapped in a pair of surveys have budgeted pay increases averaging 3.3 percent to 3.5 percent this year and plan about the same next year, the smallest raises for workers since at least the mid-1970s...The belt-tightening reflects employer efforts to balance pay with rising worker health care bills and pension costs in a business climate that has made it difficult to raise prices for their own products, according to a survey...by Mercer Human Resources Consulting." - Employers Are Giving Smaller Raises", Adam Geller, The Associated Press, 7/29/03**
- **"...the United States' recovery remains dependent in large part on borrowed money. The budget deficit is expected to reach \$500 billion next year and remain high for the foreseeable future. At the same time, the United States continues to run extremely high foreign trade deficits. The deficit in the nation's current account... is expected to run about \$500 billion this year...a level of indebtedness that most economists consider unsustainable...it is a big reason that the dollar has steadily lost value against the euro and other major currencies." "Manufacturing at Highest Level in Two Decades", Edmund L. Andrews & Floyd Norris, 12/2/03, New York Times.**

ONE LAST FACTOR: OPPORTUNITY OR NIGHTMARE

GLOBALIZATION

- **"More than 100,000 British financial services jobs will be lost to overseas locations, such as India and China,...up to 20,000 jobs had already been moved to India...at least 40,000 jobs in the life and pensions and general insurance industries and 60,000 in banking are likely to be moved abroad within five to seven years...represents 25 per cent of all back-office staff...financial service providers faced huge pressures to cut costs...coupled with the advent of cheap global communications and the emergence of skilled workers in developing nations, the temptation for companies to shift jobs abroad was high." - "UK 'faces financial jobs loss'" , Christine Seib, Times online, 11/24/03**

ONE LAST FACTOR: OPPORTUNITY OR NIGHTMARE

GLOBALIZATION

- **"McDonald's does more than half of its business overseas. During the dollar's long bull run, profits were squeezed as foreign-currency earnings were converted into a rising dollar. Now the reverse holds. According to UBS Investment Research, dollar weakness will generate 5 percent gains to the company's profit growth in 2003, and could contribute the same next year." - "Happy Meal", Reuters' Company of the Day, 11/25/03**

BEST CAREER STRATEGY

- **Adapt/expand your personal sustainable competitive advantage to a global workforce.**
- **Dust off that resume and start working that supporting network NOW - there's gold to be had in this new economic landscape*!**

* However, remember the 100% effect so minimize your risks while you're at it.



Now aren't you glad you asked me back?

- **Have a happy,
healthy, safe &
prosperous New
Year!**

*Kathy Graham
& the staff/management
of HQ Search, Inc.*