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Silver Linings

Despite Economic Uncertainty, There are Opportunities Out There

As 2011 draws to a close, there is a lot of angst, uncertainty, frustration, and negativity regarding the economy. With so many negative headlines dominating the media lately, it is easy to become pessimistic. However, it is important not to lose sight of some of the positive events of 2011, such as strong corporate earnings, increased M & A activity, emerging global markets, and an increase in hiring both in the United States and abroad.

Profits are a Good Thing

This is not meant to be an opinion piece, but in light of the “Occupy Wall Street” movement, there are a few basic conceptual points that deserve mentioning. The basic purpose of corporations and other businesses is to provide goods and services to consumers. Seeking to maximize profits should not be viewed as an inherently bad thing. Profits can be invested back into the business to spur innovation, to expand operations, to pay back shareholders and investors, and also to reward the hard work of officers and employees. While it is true that a corporation is not really a “person”, people - the employees, managers, executives, and board members - ultimately determine the path that the business takes. Businesses need people to produce and deliver their products and services. There will always be a need for talented individuals to fill open positions.

Companies are Hiring in the United States . . .

Although there has not been a “V-shaped” recovery, through the end of the third quarter of 2011, the U.S. economy has grown (in terms of GDP) for nine consecutive quarters. According to the U.S. Bureau of Labor Statistics (BLS), since February 2010, private sector employment has increased by 2.6 million in the aggregate or at an average rate of 136,000 jobs per month. Also, those figures are net and do not reflect the actual number of new hires. In the most recent “Job Openings and Labor Turnover” report from the BLS, there were almost 2.8 million job openings

in the private sector in August 2011 and close to 3.8 million hires. The BLS also noted that since the end of the “Great Recession” in June 2009, the total number of job openings (public and private) has increased by 26% and the total number of hires has increased by 11%. Employees have also shown a willingness to seek other options. There were 2 million “quits” in August 2011 according to the BLS. While the unemployment rate has not decreased significantly, companies are hiring, and there are opportunities available.

. . . and Abroad

Although increased globalization contributes somewhat to economic uncertainty, there are still opportunities in other parts of the world. Companies will continue to tap into demand for their products abroad and also look for opportunities to cut costs, particularly if there is another economic downturn. Many companies are looking to raise capital and invest in other markets. For example, Coca-Cola recently announced that the company and its bottler partners planned to invest up to \$3 billion in Russia over the next four years and up to \$4 billion in China over the next three years. Also, although recent events have caused some companies to delay or withdraw plans for IPOs, the stock exchanges in Hong Kong and Singapore have seen record numbers of IPO applications.

Also, compared to Europe and North America, there is more optimism in other parts of the world regarding the economy. According to a global survey conducted by McKinsey & Company entitled *Economic Conditions Snapshot, September 2011*, more than one-third of the executives polled in the developed markets of Asia (defined as Australia, Hong Kong, Japan, New Zealand, the Philippines, Singapore, South Korea, and Thailand) and in India, China, Latin America, and other developing markets believed that economic conditions in their countries would improve over the next six months.

Expansion efforts by companies in other parts of the world should create opportunities for U.S. employees who have the desire and ability to work abroad. In addition, the continued economic growth in China, India, Brazil, and other emerging markets may lead to more foreign investment in the United States. According to the U.S. Bureau of Economic Analysis, “foreign direct investment” in the United States increased by 11% during 2010 (after only 3% growth in 2009). Recently, the Obama administration has announced that it is exploring ways to encourage even more foreign investment in the United States as a way to create more job opportunities.

Strong Demand for Executive Talent

There is a particularly strong demand for managerial, director level, and executive level talent. CareerBuilder recently surveyed more than 2,600 hiring managers and HR professionals and found that nearly one quarter of employers expect to fill executive level positions in the next six months. The data from the BLS noted strong increases in employment for the professional and business services industry. This is not surprising given the economic uncertainty. Navigating through difficult times requires effective management and leadership teams. Those companies who are able to “trade up” by adding high-level executive talent will be poised for success.

Many companies are looking for individuals who can fill multiple roles within the organization. This is true even at the C-level. CFOs are often asked to also take on the responsibilities of a COO and vice versa. Also, COOs must become more knowledgeable regarding available technology and oftentimes are tasked with the responsibilities typically given to a CIO. With increased regulatory requirements and smaller budgets, General Counsel or Chief Legal Officers are more actively involved in decisions made at the executive level and are expected to rely less upon outside law firms. CEOs are expected to have knowledge across all functions in order to effectively lead the organization. The increased responsibilities and expectations placed upon executives have made filling openings at the highest levels within an organization more difficult and more critical to the overall success of the company.

Finding People Who Make a Difference®

There is also a supply of talent available to meet the demand of employers. As noted in prior issues of the *SRA Update*, the recession led to pent up demand among employees to seek other opportunities. In its publication entitled *Talent Edge 2020: Building the recovery together*, Deloitte reported that 65% of employees were either actively or passively looking to leave their current employer. “Generation X” (ages 32 – 47) employees, many of whom hold managerial or executive level positions, are the most restless. The Deloitte report noted that only 28% of Generation X employees expected to remain with their current employers. Therefore, there are substantial opportunities for companies to improve the talent of their management and leadership teams. Hiring managers will be under increased pressure to find executive level talent who can lead their organizations through uncertain times. Due to the increased responsibilities and expectations placed on executives, making a bad hire can be a very significant setback for a company.

“Finding people who make a difference®” is the goal of every search assignment conducted by Sanford Rose Associates®. Sanford Rose Associates® executive search consultants have in-depth industry specific knowledge and take the time to understand their clients’ needs and unique culture. Finding the candidate who not only possesses the requisite skills for a position, but is also a “cultural fit”, is crucial. The proprietary Sanford Rose Associates® Dimensional Search® process allows our search consultants to drill deeper and match (1) the client’s expectations for the position with those of the candidate, (2) the technical requirements for the position with the candidate’s education and background, (3) the candidate’s experience and personality with the company’s culture, (4) the chemistry between the hiring manager and the candidate, and (5) the candidate’s experience and prior results with the client’s expectations for the major, measurable initiatives of the position.

—Rick Carter

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