

# The Kensho Group

## UNITED STATES

### A New Year Gives Rise to a Clean Slate

It is official, 2008 is over. It was a bad year for homeowners, homebuilders, bankers, investors, insurers, retailers, wholesalers, carmakers, journalists and the Detroit Lions. At last it is finally over.

So what now?

A new year doesn't mean everything is automatically better, but it is more than just a random deadline. Corporations are finally locking down 2009 budgets, creating opportunities for new hiring. Consumers will start learning what their tax refund will be and, based on the potential for capital losses, there could be some good surprises there. Most importantly for morale, those "year-to-date" statistics will finally be reset.

Mark Rednick, founder and owner of Sales Consultants of Dallas, points out, the best harvest time for hiring is from the last two weeks of December to the third week of January, before your competitors have digested their budgets and plans. "You can pick off eight first round draft choices before they even get to the table," Rednick says, "and you can avoid the January-February auction sale that occurs every year."

When asked what sector would bring recovery to the U.S. economy, most people – at least for the last half of 2008 – were predicting renewable energy. Between the hyperbole of a prolonged presidential race and soaring prices at the pump, everyone was looking to find another way.

"At MRINetwork, I think we've gotten resumes from just about every banker, broker and analyst on Wall Street saying they wanted a job in green energy," says Cindy Dunn, a recruiter with Velocity Talent, an MRINetwork office in Lake Oswego, Oregon. "But right now, green firms are moving at such a quick pace they need candidates who already have experience in the space, and finding those people requires more aggressive recruiting techniques."

However, after all the build-up, gas prices have now dropped precipitously, and political talk about the economy has gone from green to red.

Is this the eighties again where a price spike created a nation of oil thrifts who returned to the pumps only when prices retreated?

"We're looking at a much different tone today than we saw in the eighties," says Tony McKinnon, president of MRINetwork. "This time around the price has come back down, but terrorism and global warming are keeping issues like foreign dependence on oil and greenhouse gas emissions front of mind."

### Recent MRINetwork® Analysis

"If the mass layoffs and company implosions happening now don't break the perception that working for a big company equals security, nothing will," said Trent Overholt, managing partner of MRINetwork Management Recruiters of L.A. "The message that has to get through is that new hires can quickly have meaningful impact at a small firm."

Trent Overholt,  
Management Recruiters of Los Angeles-South Bay  
As quoted in the *Los Angeles Times*, December 29, 2008

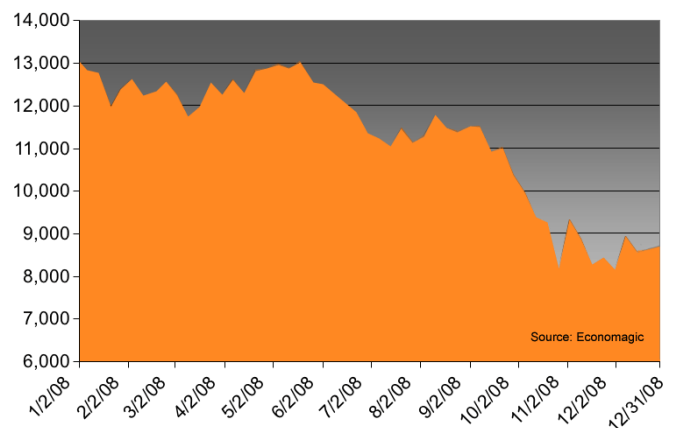
"Bill Ritchie, a recruiter for MRINetwork in Indianapolis, notes that the stigma now attached to mortgage brokers is similar to the negative attitude toward year 2000 information technology professionals who found themselves unemployed and looking for work when the Y2K crash failed to materialize."

Bill Ritchie, Management Recruiters of Indianapolis-North  
As quoted in *Workforce Management*, November 2008

"The climate still remains rich for all varieties of alternative energies, and forward-looking firms are acting on the notion that once we are clear of a recession, the tide will shift forcefully back to green," continues McKinnon. "With that in mind they are hiring top impact talent in engineering, operations and management in order to be able to get the jump on the competition at the slightest shift in the economics of energy."

Where the Dow will be in a year is anyone's guess with projections ranging from 7,000 points up to 7,000 points down. Either way, it is nice to be able to note that for the first time in 52 weeks, on Friday, January 2, the Dow Industrial Index opened, year-to-date, in the black.

### The Dow Jones Industrial Average, 2008



## UNITED ARAB EMIRATES

### Rising From the Sand, Nation Seeks Its Own Form of Oil Independence

Organized under a federal flag, the United Arab Emirates (UAE) is a loose federation of seven individual emirates, about the size of Maine on the western edge of the Saudi Arabian Peninsula, and the seventh largest holder of proven oil reserves in the world.

Starting in the 1990s under its founding president, Sheikh Zayed, having seen the boom and bust of the 1980s, the UAE set a course to create a diverse economy, separate from its oil wealth. Zayed's goal was to make the desert nation a global hub for tourism, finance and logistics, sparking a building boom that has made UAE the largest spender on construction in the Gulf Cooperating Council Countries.

In 2007, there were more than \$350 billion in active construction projects amongst the seven Emirates. In Dubai alone there currently is more than 24 million square feet of commercial space under construction, including what will be at its completion the largest building in the world. By comparison, New York City, with eight times the population has a total of 450 million square feet of commercial real estate.

The companies building this new, more diverse country have had to look far beyond the 880,000 native Emirati to fill positions though. Four-fifths of the UAE's current population are expatriates, including Trevor Pearson, managing partner of MRI Middle East, an MRINetwork office based in Dubai.

"Expats used to come to the UAE purely to make money – and

you still can do that – but increasingly they come for the lifestyle and to experience the world," says Pearson, who came from England in 2003. "We expats outnumber our hosts five-to-one so it often feels like you could be anywhere in the world. That being said, we are still the outsiders and must take efforts to abide by both the local laws and customs which at times can be truly foreign, but then that's the whole point of living abroad."

As the country continues to grow and firms modernize their work practices in areas like management, financial standards and corporate governance, getting top talent still often means importing from Europe, Asia and the United States. "Though hopefully, many of these positions will start to be filled by returning Arabs currently based in the West," Pearson says, referring to the region's own emigrants who have left to study and work abroad when there were less local opportunities.

Understanding the volatility of oil, every emirate has been making efforts towards green energy. In Abu Dhabi the \$22 billion "Masdar" development is planned to be a 2.5 square mile totally green city. The first city of its kind, it will use reclaimed water for landscaping and be powered by a combination of solar, geothermal and wind energy. Masdar's architects intend it to become the technology center for the region and are creating a university of science and technology with links to MIT.

"Westerners have an image of the UAE and the rest of the Gulf states which can be hard to correlate with their experience here," says Pearson. "Yet, those who look past the stereotypes will find a technologically advanced—and growing—region, a sincere openness to Westerners, and a home in one of the most interesting and mysterious parts of the world. One day it's the pyramids in Egypt, the next it's skiing in Lebanon or even the DubaiLand theme park.

"All of which," Pearson notes, "beats a rainy day in London."

## TEXAS

### State Doubles Down On Energy Production

On January 10, 1901 oil was discovered at the Spindletop oil field launching the first commercial oil field in Texas. More than a century later, the American petroleum industry remains founded firmly in the Lone Star state.

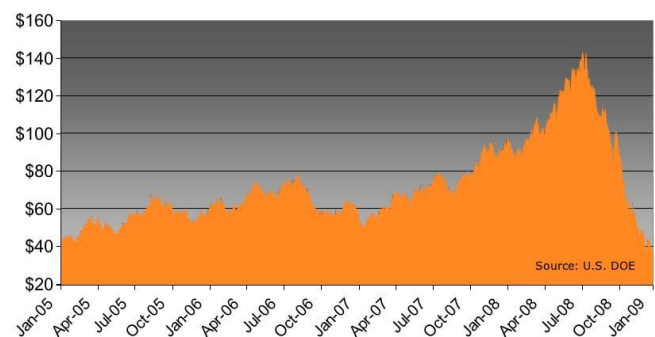
While the crude oil isn't coming from the state as much anymore, Texas still remains the home to much of America's refining capacity and the corporate headquarters of many of the world's largest oil companies. Such firms are providing a wealth of high-paying blue and white-collar jobs to the state, and are relatively insulated from the global economic woes.

The only way Texas's stability could be significantly threatened would be if the world were to stop needing oil.

"Some firms, like Exxon Mobil, have opted not to spend much on developing green energy sources," notes Rondall Brasher, managing partner of PrincetonOne-Houston. "While they are the largest, they are in the minority. Most firms here are now looking at themselves as not just petroleum, but as energy companies."

According to a study by the United Nations, Texas has the potential to manufacture 4,330 quadrillion BTU per year. That is 400 times more energy than the state currently consumes, and assumes no advancement in technology. More surprising

Price Per Barrel of Blended North Sea Crude



though, the report said Texas could produce enough energy for the entire state using 700,000 acres of land for solar arrays, less than a quarter of the area that is needed if using oil.

Texas hasn't been immune to the economy, and growth in the labor market has slowed. Yet, its 2 percent annual growth rate well outpaces the United States' 1.4 percent contraction.

"For the last 100 years, oil has provided the cash that has driven the Texas economy, though that money goes far beyond the oil industry to support every sector of the state from finance to construction to hospitality," says Chuck Wright, managing partner of Sales Consultants of San Antonio.

With the age of fossil fuels on the waning end, there are unlikely to be any other states vying to take Texas's spot as the center of American oil, leaving one industry secure. At the same time, the state readies to be on the leading edge of the next form of energy, no matter what it may be.