

MRINetwork®

FIRST FRIDAY PREVIEW

FRONTLINE ANALYSIS BY THE MRINETWORK®
TEAM OF GLOBAL SEARCH EXPERTS

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NATIONAL

Use of Temps Going Down; Professional Contract Staff Rises

Somewhere about three-quarters of the way into the Bureau of Labor Statistics monthly Employment Situation Report on table B-1 is a line item that doesn't often get looked at in good times. In a recession however, an upturn in temporary help services, also known as contract staffing, is looked to as an indicator that companies are getting ready to hire more permanent staff. It's not a number that's having a very good year.

Seasonally adjusted, the total number of contract staffers saw its peak in December of 2006 with 2.6 million employed by contract staffing firms. As of this April, that number has fallen by more than 160,000 employees, with the biggest drop starting in October 2007.

"It's a bit of a catch all kind of category," points out Michael Jalbert, president of MRINetwork. "BLS groups a receptionist who comes in for two weeks while the permanent receptionist goes on vacation with an attorney who is hired on a six-month contract with a law firm to take a specialized case through trial."

MRINetwork, which is more likely to deal with the latter situation, has in 2008 seen the biggest year-over-year growth in contract staffing in years.

"MRINetwork works with professional contract staffers—lawyers, accountants, engineers—the middle-income positions that are the power house of American spending. This is where we are seeing continually growing contract staffing demand by hiring authorities."

Michael Jalbert
President, MRINetwork

As demand for professional contract staffing has grown, MRINetwork has also seen rapid growth in the average hourly rate, which is up an average of 20 percent per year since 2005. But rather than representing an actual increase in the cost of contract staff, that is more likely showing the acceptance of using contact staff for higher level positions.

"The rules of workforce management are changing," muses Jalbert. "We keep looking at indicators that seemed so accurate during the last recession but today, with increased globalization, generational shifts and price parity fluctuations, it's hard to say if they still mean what they once did. The one thing that we can really know for sure is that for a top-performing candidate, there will always be a market and for employers there will be no higher goal."

Recent MRINetwork® Analysis

As for more experienced job applicants, Dinse called the market "a mixed bag." The financial sector, with its close ties to real estate, remains weak. But technology is holding up.

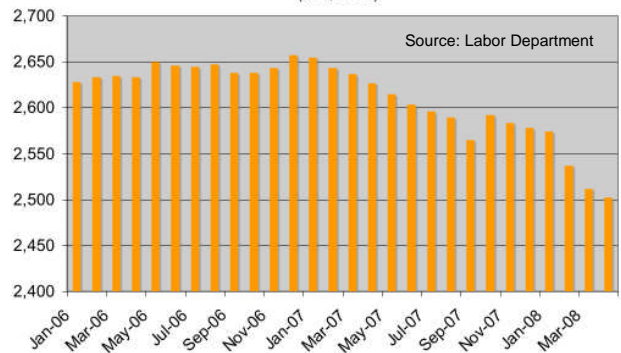
Overall, "it's not gloom and doom, it's not panic," he said. "I've been doing this 32 years, I've seen a lot worse."

Karl Dense, Managing Partner
Management Recruiters of Sacramento
In the *Sacramento Bee*, April 19, 2008

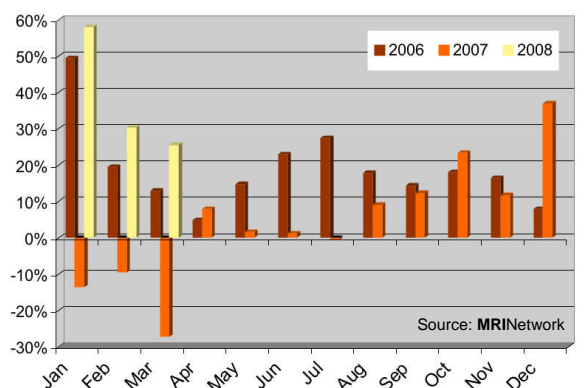
"More enlightened managers, however, are beginning to realize that the X and Y generations are much more committed to forging a balanced life than the retiring baby boomers. This will inevitably lead to a re-evaluation of the performance requirements of individual positions, especially as the younger generation moves into higher management levels."

Michael Jalbert, president of MRINetwork
In *Account Office Management & Administration*
Report, May 2008

Total Employed Contract Staffers in the U.S.
(in 1,000's)



Year over Year Growth of Contract Staffing Hours Billed



U.S. REGIONAL

GEORGIA

Is Atlanta the Corporate Ellis Island?

On September 15, 1926, a Florida Airways mail plane landed at Candler Field in Atlanta, the first flight ever to land at the strip named for the local Coca-Cola tycoon. Eighty years later, Hartsfield-Jackson Atlanta International Airport is the third largest airport in the world and at the heart of Georgia's economy.

Transportation is in many ways the driving force behind much of the growth in the state. In addition to the midnight train and the 2 million tons of freight train cargo that travels through Georgia every year, the Port of Savannah is the fastest-growing container port in the country, growing at an average of more than 15 percent a year. Heineken, Target, IKEA and Home Depot all hold major distribution centers there, in addition to international companies that are just starting to set up shop.

According to Art Katz, managing partner of Dunwoody Group, an MRINetwork office in Atlanta, Hartsfield-Jackson Intern-

ational, which offers more direct international destinations than JFK International in New York, is responsible in large part for the influx of international companies coming to Georgia to develop a U.S. footprint while the greenback remains deflated.

"Foreign companies know that the U.S. economy is going to recover and continue to be strong, so they're taking the opportunity to buy in to the corporate American dream while the cost is low," says Katz. "Between the demand from international and domestic companies, the candidate market is remaining tight in engineering, accounting, finance, pharma and biotech, those last two being fueled by the Atlanta-based Centers for Disease Control and Prevention and local universities."

Georgia was once the crossroads of the U.S. Civil War, but in the years that have passed, it has become a relaxed, calm state with a low-cost, but high standard of living. The wealth of good universities, transportation and weather has made Georgia a desirable alternative to the more traditional corporate centers like New York or Chicago.

"Sometimes Georgia is called the Empire State of the South and the metaphor has more than a few parallels," continues Katz. "We just have better peaches."

INTERNATIONAL

CHINA

Falling Population and the Globalization of China

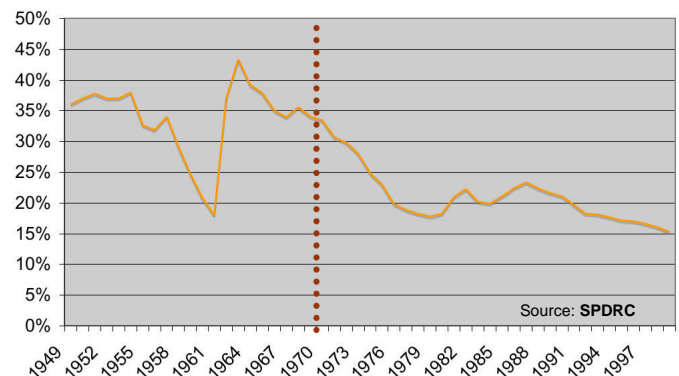
Especially since its sovereignty was shifted from Britain to China in the late '90's, Hong Kong has become the financial capital of the East. So as the global credit and financial markets have tumbled, Hong Kong immediately felt the hit to its economic health, right?

Not true, according to Tony Dickel, CEO of China Group, an MRINetwork Worldwide office in Hong Kong. "Hong Kong and China have been hit, but not enough to cause a significant change in the candidate market. China's exploding economy combined with the baby boomer and Gen Y population disparity has turned the war for talent into an epic battle."

The baby boom was never localized to just the United States. However, China reacted to a swelling population by imposing the one child per family rule in 1971, causing what is now one of the most dire populations crises on Earth. As a result of the policy, the generation that is currently becoming of working age is, by law, less than half the size of the one it replaces.

In spite of this built in talent crunch, the Chinese economy has continued to advance at a breakneck speed. According to Dickel, a new trend is picking up steam in moving China forward and could be the most daunting on the horizon for the talent supply: homegrown multinationals.

Birth Rate in the People's Republic of China



Low wages for manual labor have for years made China the workshop of the world. Recently, however, Chinese companies have grown wary of putting Western brand names on their products and are instead opting to go head-to-head internationally under their own moniker.

Dickel notes that as these companies begin to sell more of their products directly to Western consumers, not only will more profits flow into China, but more of that money will go to mid-income staff. Whereas a factory needs a boss, workers and little else, a consumer products company needs departments like marketing, research, design and distribution. It's going to lead to a swelling in demand for a class of worker whose supply chain is nearly fully depleted.

"The candidate supply and demand is running in opposite directions," says Dickel, "and there's little change for that in sight."