HQ FINANCIAL VIEWS Volume VI, Issue I, January/February 2011

2011 Overall Economic Employment Forecast©

by Kathy Graham

"I look forward to Kathy's annual employment situation forecasts. She peels the opportunity onion to cook up an outstanding analysis, even if it causes tears some years. Near as I can tell, she's on an eight year streak of spot-on winning calls."
– Gerald W. Laurain, CFA, SVP, Chief Investment Officer, Wealth Management, First Tennessee Bank

SUMMARY:
It's a seesaw this year, with positive growth factors weighing a little heavier than negative growth factors, all balanced on a fulcrum called the Unknown.

The term "the Unknown" is from a June 2008 paper entitled "The Known, the Unknown, and the Unknowable in Financial Risk Management" by Francis X. Diebold, Neil A. Doherty, and Richard J. Herring from The University of Pennsylvania. Their premise for risk management is to adopt "the taxonomy of knowledge used in a famous article by Ralph Gomory (1995). Gomory classifies knowledge into the Known, the Unknown and the Unknowable." They then apply different risk management techniques to these very different risks.

The Unknown risks to the global economy are: the risk of disorderly exchange rate adjustment and other international imbalances, pan-epidemics, conflicts, terrorism, energy, and technology risk, such as the Internet security being breached or Internet traffic halted/crippled in any considerable degree or time period for a significant sector like financial, security, or government activities.

Normally I give my forecast and just footnote a comment saying that all bets are off if any of these Unknowns occur. However, 2011's economic recovery is so weak in some major countries, including the U.S. and even more so most of Europe, that this risk factor needs to be present in a more defined manner.

Therefore, my 2011 overall forecast is that it will be a period of more growth—including employment growth—globally IF an Unknown doesn't occur. Of course, Asia and the emerging markets will continue the recovery they've already started. The U.S. will recover slowly but surely this year on the back of innovation, debt reduction, and increasing manufacturing and services sales. Europe, outside of Germany, and Japan will be the lagging recoveries. However, given the other economies recovery and an open market to encourage mergers and acquisitions, IPOs, and capital infusions, Europe and Japan should continue their upward path to full economic health again.

The concern regarding an Unknown is the following:

- It's a weak recovery in major developed economies.
- The uncertainties over what policies are likely to be adopted in 2011 are so high as to be a major concern and a growth depressant for businesses.
- Unlike in the heart of the Great Recession, where all economies faced the same problems—liquidity and trade disappearing while all assets' correlation became one, now the problems are different for different countries. Such a situation increases the chances that a solution for one might be an aggravation for another, provoking unexpected responses.
- The problems are huge—too much liquidity globally, too much sovereign debt, international imbalances, etc.
- The problems require resolutions through government policy, which many times has, unfortunately, unintended consequences.

My 2010 Overall Trends Forecast was correct in saying that the year would be one of slow economic growth stretched throughout the entire year with a fair share of ups and downs along the way, which makes all eight of my annual predictions to date completely accurate.

For professionals, the year 2010 was called "The Year of Making These New Dynamics Work," where individuals became more proactive (by learning to sell themselves and by developing genuine vertical and horizontal networks) and more risk-averse. For those successfully employing this approach, 2010 brought some wonderful career growth. In fact, 22 of the 30 fast-track individuals who purchased HQ Services' *Your Career Campaign™* products and many of those attending HQ Seminars' "Career Strategies" workshops have already secured their next ideal position, with more having offers in process that should finalize in first quarter 2011.

We enter 2011 with the outcomes predicted in my 2010 predictions in place. The following pages detail my forecasting process and provide the supporting evidence to my 2011 conclusions. Pages 7 and 8 detail what jobs and sectors in 2011 will be hot and which ones look like upcoming duds. These pages also provide advice as to how to grow your career in both hot and dud job environments.

HISTORY & PROCESS:
Since 2002 I've been presenting an annual financial services job and overall economic employment trends forecast, which to date has been completely accurate each year. Now it's time to use the same process once again to create my 2011 predictions.

Both my overall economic employment trends and financial services job forecasts are produced by making a list of all the economic indicators in the current year that are relevant to predicting the next year's job status in the financial services field, i.e., the asset management, banking, corporate, hedge funds, investment banking, private equity, real estate, research, and turnaround/workout sectors.

The leading economic indicators used are: fiscal and industry statistics; senior financial management's outlook; status of retained search recruiters; and personal perceptions of people in the different sectors (what I call "word on the street").

Then this list of economic indicators is divided into two categories:

- ones that are likely to have a negative effect on financial services job creation;
- ones that are likely to have a positive effect on financial services job creation.

The last step is easy. Those job holders with more negative economic impacts than positive ones probably will have a no growth to slow growth in this year's job forecast. Those whose fields are affected by more positive than negative economic impacts will benefit, which will vary from some job growth to really hot demand for their skills.

Analyzing the current year's economic indicators to forecast financial services job demand works because both a person's career and job are second derivatives. You see, what first determines the value of a person's skill set is the supply and demand level for the expertise stage the person is at whose career or job is being considered … BUT this first factor's value is dependent upon the status of the underlying economy, which makes a person's career and job second derivatives.

People routinely forget that much more than their own performance and education determines their pay level, the availability of positions, and even the speed of their career progression. Remembering that jobs and careers are dependent upon what happens in the underlying economy makes career decisions—and annual financial services job forecasts—more effective.

Identifying the overall trends becomes apparent using this process because finance is the engine that drives the entire economy. When you see where the money is flowing, overall trends become quite obvious.

THE LEADING INDICATORS SAY:

What's negative:

✪ **STATISTICS:** **<u>OECD Economic Outlook</u>** sees "global imbalances remain wide…and there are rising concerns that they may threaten the recovery. Abundant liquidity, associated with protracted monetary accommodation, has spurred large capital flows towards emerging market economies, attracted by higher interest rates and growth expectations. This has contributed to significant exchange rate appreciation…or further reserve accumulation." Reactions to this liquidity flow have been mixed because of a lack of world governments' cooperative responses. Fiscal consolidation is a daunting task for many countries and individuals with debt levels still quite high. The U.S. housing sector is again climbing higher when it comes to real estate delinquency rates.

✪ **STATISTICS:** **<u>IMF</u>** sees "a recovery that is neither strong nor balanced and runs the risk of not being sustained." Of particular concern to IMF are "underlying sovereign and banking vulnerabilities." IMF considers implementing better financial sector policies and practices, rapidly resolving weak banks, and repairing wholesale markets critical to the recovery while legislating plans that aid achieving sustainable fiscal positions before 2020 is the most urgent challenge for developed economies. In emerging countries the fostering of internal consumption to counter the drop in consumption by developed countries needs to be undertaken. Of course, if emerging countries develop internal consumption, then their need for government debt from advanced economies declines. If the advanced economies have not tackled their sovereign debt by that time, they could face GDP declines due to increasing sovereign and corporate spreads. Real estate will continue to be a significant drag in developed countries while real estate bubbles are possibilities in Asia and a few other countries. Continuing rising commodity prices are a real possibility given demand exceeding supply.

✪ **STATISTICS: The Usual 21st Century Risks** such as terrorism, energy, pan-epidemics, healthcare costs, and operational risks (key person, fraud, settlement, judge track record, claim liability, disputed and contingent claims, holding period, liquidation, tax issues, compliance, IT, legal, infrastructure, etc…) are again economic growth derailment possibilities if they impact sizeable areas. Appearing on this list of risks for the second time is: "the risk of disorderly exchange rate adjustment"—OECD's identified international imbalances, most notably the U.S. deficit and the China surplus. Appearing for the first time on this list is the possibility of technology risk, such as the Internet security being breached or Internet traffic halted/crippled in any considerable degree or time period for a significant sector like financial, security, or government activities.

✪ **STATISTICS: World Bank's annual *Global Economic Prospects*** shows the same risk factors to economic recovery in 2011 as the IMF and OECD, namely; liquidity flows into some countries causing damaging upward pressure on currencies; market concerns over sovereign debt sustainability; continued very low interest rates in high income countries prompting large volatile capital flows to developing countries, destabilizing exchange rates, commodity and asset price movements; and incorrect or no government policy changes to maintain/restore fiscal sustainability. They also mention real food prices rising as a potential concern.

✪ **STATISTICS: Challenger, Gray & Christmas** reported that even though government had a 17% drop in 2010 layoffs, "the government sector is likely to see heavy job cuts again in 2011 as the budget shortfalls that existed in 2010 continue into the new year. In fact, the sector could see an increase in job cuts in 2011 as state and local agencies, which saw the heaviest downsizing last year, are joined by federal agencies under increasing pressure from a Congress determined to cut spending…Overall 2010 was still a lackluster year for the job market. The private sector did experience 11 consecutive months of net job gains, but the gains were relatively small."

✪ **STATISTICS: New York Times/Harvard Business Review 12/8/10 Daily Stat** says that "Americans who have been out of work for more than a year are much less likely to land a job within the next month than those who have been out for fewer than five weeks; the two groups have re-employment rates of 30.7% and 8.7%," respectively.

✪ **STATISTICS: Moody's Investors Service Report** says that depressed home prices are hurting the recovery of the banking sector because their loans and lines of credit comprise 23% of all commercial bank assets, and banks have 16% of their assets in commercial real estate. "Home prices could suffer a mid-single digit percentage point decline in 2011 from where they currently stand…Such a decline may not be fatal to the economic recovery, but it limits the upside for banking sector profits and credit valuations."

✪ **STATISTICS: 2010 Year End Federal Reserve's Survey of Economic Conditions** show risks from declining home prices, millions of foreclosures, and increasing materials costs for companies.

✪ **STATISTICS: AP 12/28/10 article *Where Are The Jobs?*** says that (1) all but 4% of the top 500 U.S. corporations reported profits in 2010; (2) the stock market is close to its highest point since 2008 melted; (3) internal demand has grown dramatically in 2010 for emerging markets emerging middle market consumers; (4) Americans are still spending 18% less than before the recession on furniture and 10% less on electronics; (5) American companies have created 1.4 million jobs overseas in 2010 but less than 1 million in the U.S. The additional 1.4 million jobs would have lowered U.S. unemployment rate by about 1%.

✪ **MANAGEMENT: Bank of America Merrill Lynch Survey:** Healthcare costs, revenue growth, cash flow, and the rising cost of raw materials and commodities are grave concerns to the CFOs cited.

✪ **MANAGEMENT: DUKE/CFO Magazine Study:** shows that U.S. firms are still sending jobs overseas with an expected 5% increase in 2011 outsourcing. European plans to hire full time have dropped from 0.5% in 2010 to 0.2% in 2011. Temporary hiring in Europe is even worse, going from 0.6% in 2010 to laying off 1.9% of current temps. European CFOs, however, will be increasing their outsourcing by 1.9%, from 4.0% in 2010 to 5.9% in 2011.

✪ **MANAGEMENT: Chief Executive Magazine CEO Confidence Index** shows that most CEOs are still cautious on hiring before sales ramp up. They are concerned about the ongoing political uncertainty. "When the government does not have a clear view of how they are going to govern, it is tough for business owners to plan how they are going to manage."

✪ **MANAGEMENT: WSJ *Battered Europe has the Strength to Merge*** article says 2010 European equity capital markets volume dropped 44% while debt volume fell 21%, dicing a profit mainstay of investment bankers.

✪ **MANAGEMENT: Pepperdine University Survey** shows that the number one concern for most privately held U.S. businesses is the uncertain economic environment/low demand.

✪ **MANAGEMENT:** **National Federation of Independent Business Small Business Optimism Index** is still below pre-recession levels even though it's risen for the fourth straight month in a row (September – December 2010). In fact, the optimism level among small businesses is the lowest since 1973 when the index was launched.

✪ **MANAGEMENT:** **Russell Reynolds Survey** shows that hiring in the asset management business rebounded in 2010 but has not reached the overall activity levels of 2007. CIO searches, global/emerging marketing, international equity, alternatives, and credit strategies were most in demand while active fundamental domestic equity professionals were of minimal interest.

✪ **MANAGEMENT:** **Columbia University Study** shows that job losses during recessions can lead to very large earnings losses—some 20% or more less than those not laid off—even 15 or 20 years later. Jorge Perez, SVP for Manpower said in 12/3/10 *USA Today* article that about 30% of workers his firm places are overqualified for the jobs they're accepting versus 10% in normal times. Given over 14M unemployed, 12M part time or dropped out of workforce, and millions more underemployed Americans, this impact could be huge on U.S. society. Add U.S. Federal Reserve Chairman Bernacke's *60 Minutes* comments in 12/10 that it could be 4-5 years until unemployment dwindles, these numbers might spell significant changes in the U.S.

✪ **MANAGEMENT:** **Robert Half Hiring Index** says that 86% of CFOs surveyed said they would not be hiring first quarter 2011, 8% percent said that they would grow their staff 2%, which is up from 1% in 2010 fourth quarter—this 2% is the largest percentage hiring increase in 2 years.

✪ **STATISTICS:** **Heidrick & Struggles Analysis** says that Fortune 1000 CFOs are changing jobs 7.5% less than in 2009, a drop for the second straight year in a row, which settled those CFO position changes to half of what it was before the September 2008 meltdown. One factor: private equity acquisitions usually result in CFO turnover and those types of deals have been way down. Furthermore, 57% of Fortune 1000 CFO jobs were hired in 2010 via an internal promotion, compared with 54% in 2009 (note: there were only 37 external CFO hires in 2009) and 50% in 2008. Translation: there are fewer opportunities for aspiring CFOs. However, internal controllers and chief accountants are 10 times more likely to win the CFO role internally versus 3% hired for external searches. The statistics say that 78% of external CFO hires had been either sitting CFOs or divisional finance executives with operational finance experience.

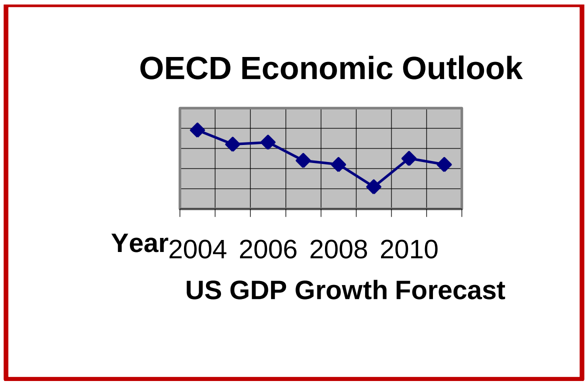
✪ **WORD ON THE STREET:** **Banking** –especially the smaller community banks—have another year of pain yet ahead of them.

✪ **WORD ON THE STREET:** Some experts think that the Spanish housing market is another real estate bubble ready to pop, much like the U.S. housing situation was and is. European banks hold the majority of these claims, close to Euro 1.0 trillion.

✪ **WORD ON THE STREET:** **Hoovervilles**—or shantytowns of the homeless—are on the increase in the U.S. The homeless population in just Southwest Florida has tripled since the beginning of 2008. Churches and other providers to the homeless and hungry are being stretched…yet many indicators point to yet more families and individuals to lose their homes in 2011. Already the number of Americans on food stamps has reached a record 43 million.

What's positive:

✪ **STATISTICS:** **The IMF Growth Forecast** concurs with the OECD Economic Outlook in expecting the recovery to continue slowly because the negative and positive factors broadly cancel each other out. Asia, especially China, is leading the global recovery. The U.S. is forecasted to have continued but slow recovery with low inflation, stubborn unemployment, strong private savings, high government debt level, and improving fiscal balances. Canada's recovery is expected to be strong due to healthier pre-crisis conditions and higher commodity prices—however, 75% of its exports are bought by the U.S. The rest of the world is also recovering nicely with Europe being the one exception. Given the wide range of complex societal issues and range of sovereign debt loads, Europe is forecasted to be the trailer in the recovery.

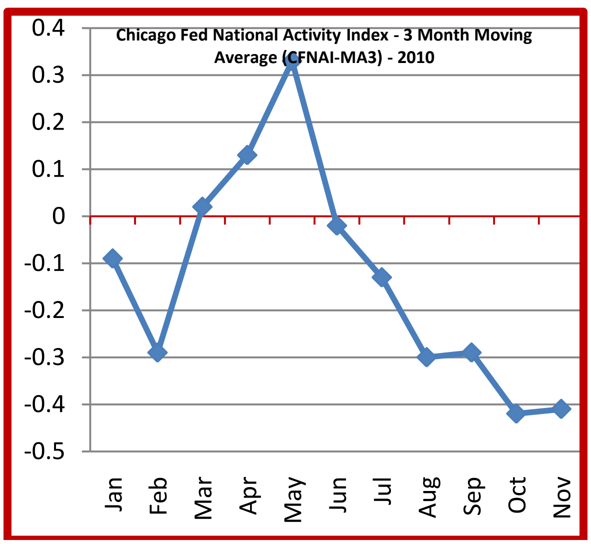


✪ **STATISTICS:** **OECD Economic Outlook** is "As financial markets continue to normalize, and households and firms reduce their indebtedness, growth is projected to gradually strengthen in the OECD area in 2011-12." U.S., Europe, and Japan's annualized quarterly real GDP growth is trending with a slight uplift. Fiscal policy is shifting from stimulus to contraction, although contraction slows down growth even as it increases long-term prospects and helps avoid debt crises.

Household saving rates are stabilizing at a rate higher than pre-recession but not as high a height as in the recession (which was a height that depressed growth via much lessened consumption). Households are lowering their levels of debt. Unemployment rates are slowly falling. Financial conditions in the U.S. and Europe are above zero and inclined upwards while Japan inches its way to zero. Corporate profitability remains robust.

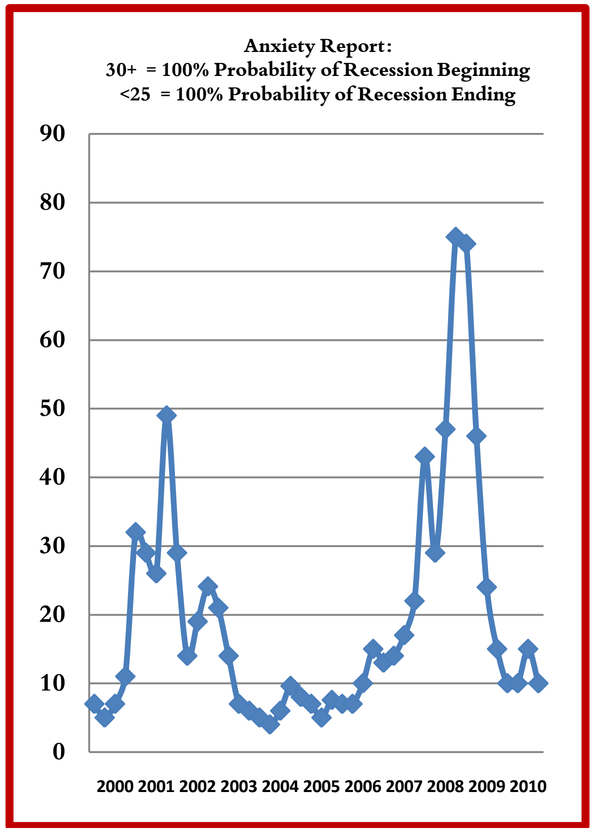
✪ **STATISTICS:** **Conference Board's U.S. Employment Trends Index** "increased in December for the third consecutive month, closing the last quarter of 2010 on a positive note. The index now stands at 99.3, up from November's revised figure of 98.5. The index is up 7.6 percent from a year ago. Compare this trend to the Index was "down 5.2% at the end of 2009 from a year ago (i.e., December 2008)." Their Associate Director of Macroeconomic Research says, "The improvement in the employment trends index in recent months suggest employment growth is likely to accelerate moderately in the first half of 2011."

✪ **STATISTICS:** **The 2010 Chicago Fed National Activity Index CFNAI-MA3** When a CFNAI-MA3 value moves above –0.70 following a period of economic contraction, that movement indicates an increasing likelihood that a recession has ended. A CFNAI-MA3 value above +0.20 following a period of economic contraction indicates a significant likelihood that a recession has ended. In 2010 these numbers are all above -0.70—unlike first quarter 2009 that started with a -3.66 and didn't do much better the other two months—but there's no indication here of a strong recovery.



✪ **STATISTICS:** **December 2010 Non-Manufacturing ISM Report on Business Employment** the 2010 Non-Manufacturing Index average for 12 months was 54.1 with a low of 50.5 and a high of 57.1 ("a reading above 50 indicates the non-manufacturing sector economy is generally expanding…below 50…is generally contracting"). The December 2010 reading of 57.1 indicates "continued growth in the non-manufacturing sector for the 12th consecutive month." Compare these numbers with the 2009 report that stated "activity in the non-manufacturing sector contracted in December for the 23rd time in the last 24 months."

✪ **STATISTICS:** **The Anxious Index**, which is what Table Four's Estimated Probability of Decline in Real GDP in The Federal Reserve Bank of Philadelphia's quarterly Survey of Professional Forecasters has been dubbed because that number is known for rising as recessions begin, peaking during them, and then declining when recovery is imminent. Since fourth quarter 2009 and throughout 2010 numbers have been less than 15, a clear signal that the worse is over.



✪ **STATISTICS:** **Standard & Poor's Distress Ratio** falls to 6.5% in December 2010 versus 14.6% a year earlier.

✪ **STATISTICS:** **Moody's Global Default Rate** closes 2010 with only 59 corporate defaults, roughly one fifth of the defaults that occurred in 2009 and a two-year low to boot. Moody's is forecasting that just 1.8% of all debt globally will default in 2011, down from 2.9% in 2010 and 13.6% in 2009.

✪ **STATISTICS:** **2010 Year End Federal Reserve's Survey of Economic Conditions** shows factories boosting production to meet growing demand for cars and high-tech equipment, hiring firming with businesses in most regions planning to increase hiring at the same or faster pace in 2011, and retailers experiencing better sales.

- **STATISTICS: Challenger, Gray & Christmas** report that the lowest number of technology job cuts occurred in 2010—in fact, it's the lowest annual total layoffs for this sector since 2000. Smart phones and tablets are driving the growth in electronics, telecom, and computers. Equally good news, "after reaching a 7-year high in 2009, downsizing activity in 2010 fell to its lowest level since 1997."
- **STATISTICS: December 2010 ADP Report** showed private sector payrolls increasing with the services sector adding the highest jump on record and the 11th straight gain. Jobs in the goods-producing sector showed the largest increase since February 2006. It was small to medium-sized businesses (<500 employees) that drove most of the hiring.
- **STATISTICS & WORD ON THE STREET: December 2010 Manufacturing ISM Report on Business Employment and JPMorgan Global Manufacturing PMI** "Economic activity in the manufacturing sector expanded in December for the 17th consecutive month, and the overall economy grew for the 20th consecutive month, say the nation's supply executives in the latest Manufacturing ISM *Report on Business®*. This trend has been noted from numerous other sources, specifically: that U.S. factories are ramping up production in response to gains in exports due to growing demand for products from U.S. companies, rising emerging markets demand, supply chain spillover, and increased U.S. domestic consumption. The JPMorgan report noted December reaching a six month high showing strong expansion for advanced and emerging economies with China and India slowing. Japan, Ireland, Spain, and Greece are lagging in manufacturing recovery.
- **MANAGEMENT: Business Roundtable's Economic Outlook Index** climbed at the end of 2010 to the highest level seen since 2006. 45% of their respondents—who run 193 firms with 12 million employees and $6 trillion in annual revenue—say that they will add to payrolls in 2011.
- **MANAGEMENT: Bank of America Merrill Lynch Survey:** 64% of CFOs predict their firms revenues will rise in 2011; 47% say their firms will hire more workers—which is way up from 28% saying they'll be hiring in last year's survey. Top 2009 concerns for 2010 such as credit availability and the cost of capital didn't even make the 2011 Top 5.
- **MANAGEMENT: Robert Half Hiring Index** says that those 8% of CFO interviewed planning on increasing hiring by 2% are interested in financial analysts, business system analysts, and senior accountants.
- **MANAGEMENT: WorldatWork 10/10 Survey** says that "more than 75% of organizations that froze pay during the last 18 months have lifted their pay freezes or intend to do by the end of 2010."
- **MANAGEMENT: DUKE/CFO Magazine Study:** shows that U.S. firms expect to increase their full-time work force by 2% in 2011 with heaviest hiring in tech, service, and consulting. U.S. domestic temporary hiring will rise by just 0.5%. Asian CFOs plan to increase staff by 5% and China by 10%. Half of the CFOs, who are collectively sitting on $1.9 trillion, are planning on spending some on capital projects (65%), acquisitions (34%), pay down debt (33%), or pay dividends/make share repurchases (20%). Of the hoarding CFOs, 50% say that they don't have any excess cash, 37% need a liquidity buffer, and 32% are concerned about lingering economic uncertainty. CFOs are planning on spending 9% more in 2011 than 2010 on capital expenditures, 5% more on technology, 4% more on research and development, and 2% more on advertising.
- **MANAGEMENT: Pepperdine University Survey** shows that 70% of private equity groups are saying that demand for business investment is up from early 2010 with about 64% looking to make two to four investments in 2011.
- **MANAGEMENT: Chief Executive Magazine CEO Confidence Index** says that CEOs are investing more in 2011 in capital projects, their supply chains are filling up again, and they're anticipating improved sales so they're starting to order product. CEOs are also starting to hire for technical and engineering positions to handle the new technology that they're investing in.
- **MANAGEMENT: Vistage Small Business CEO Confidence Index** shows that 54% expect to hire more employees in 2011, which is the first time in 3 years that the majority of CEOs planned to hire. A major concern for small businesses is lack of access to capital, with many having personally financed the survival of their small business during the recession.
- **MANAGEMENT: U.S. Small Business Administration** soon will allow community groups and other nonprofit lenders to make federally guaranteed business loans in an effort to reach "underserved" startups.—*Crain's Chicago 12/31/10*
- **MANAGEMENT: Chinese / U.S. IPOs / M&A / private equity / venture capital articles** from 1/3/11 Bloomberg and Xconomy.com say that more than 50% of U.S. IPOs planned for 2011 are from private equity firms selling some of their investments in the first window opened since the Great Recession started. Almost 40% of IPOs completed last year

occurred after September 2010. More than 120 companies are already seeking SEC approval to raise funds through an IPO in 2011. Venture-backed IPOs and acquisitions also surged fourth quarter 2010, bringing the total number of venture-backed acquisition deals to 420 for 2010—the highest deal volume since 1985 when such record keeping began. There were 72 venture-backed IPOs in 2010 versus 8 IPOs in 2009, with most of the IPO activity driven by Chinese companies going public on U.S. exchanges. In mergers and acquisitions, there were 445 deals, which is a 17% increase over 2009 activity.

- **MANAGEMENT:** ***WSJ Battered Europe has the Strength to Merge*** article says takeover deals with a European target were up 13% in 2010 over 2009, but still 44% lower fourth quarter 2010 than what they were in fourth quarter 2007. Recent activity is being driven by emerging markets with 8 of the 15 biggest deals—5 from Russia and 3 from Turkey. Western companies are looking now to make acquisitions in the faster growing emerging markets.
- **STATUS OF RETAINED RECRUITERS:** The focus is still towards Asia and corporate boards although U.S. recruiting activity is up from 2010 levels, especially for CMOs, Chief Information Officers, and consulting.
- **STATUS OF RECRUITERS:** In the Midwest, recruiters are even working weekends to fill the large number of manufacturing jobs opening with all size companies. The U.S. is building product again!
- **WORD ON THE STREET: Hiring** is all the rage again for the consulting firms. Lawyers are finding their work coffers finally full and are hiring independent contractors for the overload. Ditto for valuations and intellectual property professionals. Why? Corporations are evaluating their holdings, deciding which firms/divisions they would like to buy or sell, so they need the above services to strategize and prepare the transactions.
- **WORD ON THE STREET: Workouts and distressed debt investing** have peaked and are now slowly ebbing.

THE HOTTEST JOBS:
- Consulting in most areas
- Intellectual property
- Legal

THE NON-GROWTH JOBS:
- Distressed debt
- Green for most sectors
- Workout

What do all these facts mean?

BANKING:
- ↑ Credit unions
- ↑ Custodial and other fee-based services
- ↑ Investment banking
- ↑ Private banking for high net worth individuals
- ↓ Community banking
- ↓ Most other areas

CORPORATE:
- ↑ Chief Information Officers and technology staff
- ↑ Chief Marketing Officers
- ↑ Commodity Risk Managers
- ↑ Engineers
- ↑ Project Managers
- ↑ Manufacturing technical professionals
- ⇔ Financial and business system analysts, accountants
- ⇔ Most other positions

GOVERNMENT:
- ↓ Most positions.

HEDGE FUNDS:
- ↑ Compliance
- ↑ Commodities
- ↑ Emerging Markets
- ↑ High Frequency Trading
- ↑ Options
- ↑ Traders

MONEY MANAGEMENT
- ↑ Alternatives
- ↑ Chief Investment Officers
- ↑ Client Services
- ↑ Emerging Markets
- ↑ Financial Advisors
- ↑ Investment Advisors
- ⇔ Active Equities Management
- ⇔ Family Offices
- ⇔ Fixed Income
- ⇔ Indices

NONPROFIT
- ⇔ Arts
- ⇔ Foundations
- ⇔ Social Services

PRIVATE EQUITY/VENTURE CAPITAL
- ⇔ Most positions.

REAL ESTATE:
- ↑ Mortgage specialists
- ↑ Workout
- ↑ Valuations
- ↑ REITS
- ↓ Most other positions

RESEARCH:
- ⇔ Most asset classes.

BEST OVERALL CAREER STRATEGY:
1. Do whatever is needed that's legal and ethical to stay financially viable. Pay debt down and save.
2. Take good care of yourself—don't let stress wear you down. Spend quality time with family/friends.
3. Before you invest in your career (or anything else, for that matter), investigate "back door" strategies so that if the investment doesn't work out, you know what you're going to do next.
4. Before you commit to being an entrepreneur, ask yourself: Is this career a fit for my persona? How well do I handle uncertainty? How flexible am I? Do I have the resources to survive a period of no cash flow in? If the answers are negative to any of these questions, focus on full or part-time positions as an employee instead.
5. Keep track of your achievements in detail as they occur. Keep this data at your home as it's personal information. Your workplace is neither an appropriate nor safe place for personal data (what will you do if you don't have that information and your job is unexpectedly terminated?) These are the facts that will build your career. You will need them:
   - ► as an employee, to demonstrate your worth at performance reviews and for promotions.
   - ► as an entrepreneur, to create your website and marketing materials and to provide detail to potential customers.
   - ► as a job seeker, to explain and sell your background to future employers.
6. Enjoy your work. If you don't, focus your efforts on switching over to something that you do enjoy. The most successful people in all sorts of fields have told me that they love what they're doing so much that they would do the work even if they weren't paid for their efforts. Such an attitude creates success as those individuals strive harder and longer because it's not "work" to them. Such an attitude rubs off on all other aspects of your life. In an economic environment where compensation may not have a substantial upside, changing fields doesn't have as big an opportunity cost, so if you're not working your passion, start switching now. If you are working your passion and the money just isn't enough, figure out ways to cut costs and increase revenues as quickly as possible—and in the meantime, don't fault yourself as it's the world that's changed, not your performance.

WHAT TO DO IF YOU'RE IN A POTENTIAL NON-GROWTH AREA
1. Dust off that resume and update it.
2. Make plans to upgrade any education and/or training that's suboptimal given your level.
3. Make a list of other positions/fields that your skill set and personality could easily transfer to. If uncertain what those might be, hire a career coach, visit your university's career development center, or identify other possible sources of help through your local business library.
4. Attend events held by associations in your potentially new field/position to develop relationships and confirm/disconfirm your interest in these other possibilities.
5. Become an active volunteer for associations and nonprofits that are of interest to you, are aligned to your career objectives, and have the individuals you need to develop relationships with as their members.
6. Consider purchasing my firm's latest product, ***Your Career Campaign™***, which is a six pronged approach towards propelling your career upward. The campaign plan consists of: (1) a **resume** that sells you; (2) a **strategy** that defines the sectors and positions that should be your marketing aim…and tells you some approaches to employ; (3) a **contact list** with names, phone numbers, and notes that will jumpstart your networking to increasing success; (4) an **organizational tool** so that you don't drop contacts; (5) **scripting** your conversations with those you need to know so you gain the optimal return…plus (6) **a personal trainer** you have regular conversations with to keep you on track until you reach your goal. Using ***Your Career Campaign™*** methodology, you will be learning by doing ***The Six Steps to Career Success Strategy™.***

Note: *Your Career Campaign™* is NOT just for finance professionals—it's for accountants, CEOs, educators, engineers, entrepreneurs, healthcare professionals, high tech, lawyers, marketing, research, etc. For more information and a free consultation, call me at 630.466.7095.

KATHLEEN A. GRAHAM

Connecting companies with successful professionals who stay and grow. ✫ Connecting professionals with career enhancing strategies.

Kathleen "Kathy" Graham is a career strategist who owns four businesses that focus on different aspects of career development for professionals. After working for several search firms where she was a top national award-winning recruiter, Graham co-founded in 1997 HQ Search, Inc., a retained executive search firm specializing solely in senior financial services positions (total compensation in the six-seven figure range) globally. Her firm is known for making such good matches that the professionals her client firms engage stay longer and are promoted more frequently than most other hires.

In 2006, Graham started three new companies: HQ Seminars, Inc.—through which Graham speaks to professionals in the U.S. and Canada about how to grow their careers strategically in any economic environment; HQ Scripts, Inc.—through which Graham's books on resume writing and career development are published; and HQ Services, Inc.—through which Graham provides one-on-one career and human capital development strategy consulting.

For the last eight years Graham has issued an annual overall economic trends forecast that to date has been completely accurate. Facing her bleak forecast for 2008, Graham decided to use her recruiting expertise to create the *Your Career Strategist*™ series of services, workshops, and products to help professionals grow their careers themselves. These offerings have received tremendous positive feedback due to the high rate of success that individuals are experiencing in securing their ideal career goals, even in this challenging economic climate. These professionals are in fields as diverse as marketing, legal, healthcare, consulting, accounting, and finance. Their current positions range from entrepreneurs to mid level corporate to C-suite Fortune 500 executives.

Graham earned her MBA from The University of Chicago and a BA in Business Administration and Marketing from North Central College. She is a frequently requested speaker and writer nationally on topics regarding human capital and career development, including presentations given for The Chicago Federal Reserve Bank, FRA, MFA, NYSSA in New York City, The CFA Society of Chicago, The Boston Security Analysts Society, and Northwestern University's Alumni Association.

Her first career book, *Graham's Manual of Style for Resumes and Cover Letters*, published in 2009, was such a success that an expanded second edition will be forthcoming first quarter 2011. Her new book, *Bullseye: Graham's Six Steps to Career Success*, will also be published first quarter 2011. Graham can be reached at graham@hqsearch.com.