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MRINETWORK®
DENNIS PARTNERS
A LEADER IN REGULATORY AFFAIRS RECRUITING

Reaching Top Talent as a Path to Growth

The recession and broader economic slowdown have given business leaders the cover they need to make sweeping changes to their business structures. For some, it has meant sending core processes overseas, for others, it has meant investing in technology that would automate tasks once carried out by humans. It's why in the depths of the recession, economic output per hour worked actually skyrocketed, growing at over 5 percent for more than a year.

After a decade of lightning-speed technological advancements, the recession was a well-placed opportunity for businesses in almost every sector to look for ways to streamline their processes and improve efficiency. It allowed many companies to mitigate the impact of the recession on their bottom lines. Yet, the law of diminishing returns means these methods will only work for so long. Eventually, growth will need to come from growth.

"You would be hard pressed to find a company that has managed long-term growth without investment. That investment normally needs to begin with human capital," says Rob Romaine, president of **MRI**Network. "After a deep recession that affects people at every level, trying to expand through increasing workloads can be counterproductive as employees are pushed past their tipping point, leading to increased turnover."

New hires intended for growth, however, can be some of the most difficult. As a company expands laterally, or even horizontally, new positions with unique qualifications become necessary. Existing in-house recruiting pipelines can often fall short of meeting the demand of new pools of candidates required.

When an organization creates a new position, it calls for a very different type of candidate than if the position was already in existence. Finding the types of candidates ready to take on such a task frequently, if not exclusively, requires reaching deep into the workforce of current and would-be competitors to find people who can not only do the job, but define the job.

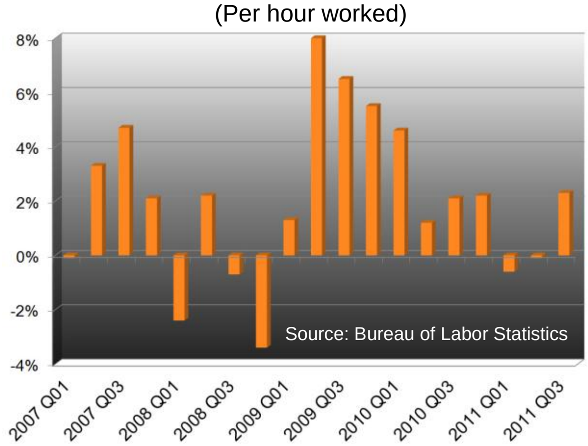
"The type of top talent you want to recruit aren't going to answer the phone when a competitor calls them—much less be actively applying to job openings—automatically screening out some of the best new staff you could bring aboard," notes Romaine. "That exact same candidate though, will likely not only take a call from an industry recruiter; they may already be working with one."

Acting as a third party, an industry recruiter can work with hiring managers not only to create what the job description for a new role might look like, but also help them understand what types of candidates are already in the passive candidate market. They can map out a search strategy to identify, screen, and eventually recruit the correct person.

"The most effective employees are almost by definition the most engaged. They are invested in their jobs and aren't actively considering other employment. But it's also not going to stop them from taking a look when an opportunity arises," says Romaine. "In recessions and boom times, these passive candidates end up being the most consistently successful and effective hires a company can make."

For companies that have already made all the easy fixes to productivity, growth in a sluggish 2012 economy may only be found through investing in growing workforces and recruiting top passive candidates.

Quarterly Change in Productivity
(Per hour worked)



Recent **MRI**Network® *Analysis*

The dip in unemployment did not come as a surprise to Jonathan Bender, who runs a job recruiting firm office, PrincetonOne, on the North Side. He said his office, which recruits people who have more than five years of work experience, has seen a demand for engineers and sales representatives, particularly those who can work a territory. The manufacturing sector has generated the most activity for his company, along with purchasing, especially for good negotiators who can save a company money.

Jonathan Bender, PrincetonOne
As quoted in the *Pittsburgh Post-Gazette*
November 1, 2011

Notable International Events

- European unemployment rose rapidly in October, reaching 9.8 percent in the EU27 and 10.3 percent in the EA17, surpassing its previous highs early in 2010.
- The Japanese Statistics Bureau has begun again reporting employment figures for the entire country, no longer excluding those regions worst hit by the March 11 earthquake and tsunami. Total unemployment has actually fallen from 4.7 percent at the time of the disasters to 4.1 percent in September.

LATIN AMERICA

Region Proves Ready for More Stable Growth

As the world has undergone the worst global recession since at least the Great Depression, Latin America's economy has moved almost in the opposite direction. This has really just been the extension of nearly two decades of improvement in the quality of life in the region.

Over the last few years, extraction of natural resources, including coal and precious metals, from throughout Central and South America has helped to fuel those economies while their North American and European trading partners entered recession.

Brazil alone has become a leading provider of iron ore, gold, and natural gas, selling much of its products to Asia. But the influx of cash into the Brazilian economy while the world was still in recession put Brazil on a dangerous path toward inflation. The Brazilian Central Bank tried to tighten available credit by raising its benchmark SELIC interest rate as high as 12.5 percent. While the bank states it would like to see a 4.5 percent rate of inflation, it is expected to end 2011 with a rate of nearly 6.5 percent.

Now, the economy has started to slow, and it is estimated to grow just 3.1 percent in 2012 while meeting its 4.5 percent inflation target. The slowing economy has caused the bank to reverse course in recent months, cutting the SELIC 100 basis points since August in the hope of giving the economy a "soft landing." Other Latin American countries that had also been raising interest rates have stopped in recent months, and are now considering cuts as well.

"Latin America has seen its fair share of hyperinflation over the last few decades," notes Carlos Rivera, Managing Director of **MRI**Network Global Search, an **MRI**Network affiliate in Mexico City. "Should monetary policy continue to succeed as it appears to be, this could help to relieve many of the negative stereotypes about Latin American economies, allowing for more confident foreign investment."

Argentina, Chile, Brazil, Bolivia and Peru all saw hyperinflation in the 1970s, 80s, and 90s. In 1990, Brazil's annual rate of inflation rose more than 30,000 percent and didn't reach a comparably tame 16 percent growth rate until 1996.

Latin America is well-positioned to become the economic powerhouse of the 21st century with a combined GDP of more than 6 trillion US dollars. If Latin America were a unified economy, it would be the fourth largest behind the U.S., the EU and China. But unlike China, Latin America remains mineral-rich, and unlike the EU, it has only two predominant languages.

"Multiple Latin American countries have seen their currency risk hyperinflation, but a successful recovery will change the way companies look at doing business in Latin America," notes Rivera. "A more stable path going into the next decade will mean substantial rewards for companies who enter the marketplace and gain market share today."

WASHINGTON

Diverse Industries Show Strength, Set Stage for Growth

Foundational technology, military, biotech, alcohol; there are not many industries as fundamentally in demand as these—and all four have a growing presence in Washington State.

Seattle is the birthplace of modern computing as much as Silicon Valley ever was. But while Silicon Valley is most well-known for cranking out high-flying, consumer-facing technology, Seattle has a more subdued record of producing technology products that have deeply engrained customers.

Microsoft may not be around forever, but with 94 percent of new computers each year being shipped with the Windows operating system, the Redmond-based software behemoth isn't going anywhere soon. Seattle's own Amazon.com, which started as a simple online bookstore, has exploded as an online retailer of just about anything imaginable, and now provides the backbone for an immeasurable number of both retail and technology companies.

But as Len Holmes, managing partner of The Lakewood Group, an **MRI**Network affiliate outside Tacoma, notes, technology is just one slice of Washington State's growing pie.

As part of the 2005 Base Realignment and Closure Commission's plan, Washington became home to one of the first U.S. military bases under the joint jurisdiction of both the Army and the Air Force. Joint Base Lewis-McChord combines two once-neighboring bases and shares their resources. The joint base is able to find efficiencies, theoretically reducing its economic impact. Units, equipment, and personnel from nearby closed military bases have been relocating to Lewis-McChord, providing a strong economic boon to the region.

While the state's biotechnology firms may be outshone to a degree by its consumer technology companies, that industry added more than $10 billion to the economy in 2010 and managed to grow its workforce nearly 9 percent from the beginning of the recession in 2007 to the first quarter of 2011.

"Lingering questions over the state of healthcare legislation have recently put a damper on Washington's enthusiastic biotechnology growth—specifically in the medical devices sector," says Holmes, "Companies are being cautious about adding headcount as long as uncertainty remains."

Yet, such companies aren't seeing their businesses shrink. In fact, they are holding onto cash that could fuel rapid growth once the industry's future becomes clearer.

Rounding out the state's economic diversity is a rapidly growing wine business. Over the last two decades, the total acreage devoted to wine making has grown from 11,100 acres to more than 40,000, while the number of wineries grew from less than 80 to more than 700. In fact, nearly 200 new wineries have opened in Washington State since the beginning of the recession.

"There are some very bright spots in Washington's economy right now, but overall I don't think we are feeling that buzz yet," notes Holmes. "What we are seeing is a strong foundation of diverse sectors which are continuing to survive. Once the national economy picks up speed, they will be able to feed off of each other to start building again."