



RECESSION PROOFING YOUR CAREER

As many of you know, I live part of the year in Arizona, which has been hit with a serious drop in real estate values. On a run earlier this week, to fill the time while having my car serviced, I saw dozens of empty store fronts and counted over 75 Leasing or For Sale signs in an area that is normally a vibrant retail area in North Scottsdale. Last evening my husband and I were out for dinner and the local mall and the casino parking lots were packed with cars. We had a discussion over dinner about the cognitive dissonance (call it denial, perhaps?) between what seems to be happening in the economy and people's behaviors and I realized that it dovetails with what we're seeing in the recruiting market.

Like you, we have been reading about the strong fundraising market that prevails currently and how many firms have stockpiles of dry powder in their larders to be able to do deals. And, we're also reading of the significant challenges those same firms are facing in obtaining the leverage that they need to get deals done. Dan Primack made a clear analogy to the 2001-2002 cycle that we saw with venture firms raising ever larger sums of capital and ramping up before the crash. Will there be a crash in the buyout market? None of us knows the answer to that but, as I noted in my August 2007 column, the subprime debt challenge (then a crunch, now a crisis) will definitely ripple throughout the alternative asset market on a recruiting front. At the time, I heard from many people that it wouldn't hurt them, just the real estate bankers. I responded that the real estate bankers were just the tip of the iceberg and that (like in 2001-2002, when it was supposed to "just" be the tech bankers) most everyone would feel some pain from this new credit challenge.

This past Fall during my business school sessions, I heard repeatedly that there were fewer summer internships that had converted to full time offers this year. That was an early sign that firms were becoming uncertain about their hiring needs for 2008, extending fewer offers. Last week, the Wall Street Journal confirmed the trend we had been seeing when it wrote that '08 grads are having a tough time finding their next jobs and the MBA internship rodeo that PE Week Wire sponsors had a dismal number of firms asking for interns. The New York Times reported last week that over 30,000 banking jobs had been lost since October and Private Equity Week Wire reported last week that a number of firms had begun rescinding their job offers for summer 2008. This is eerily reminiscent of the beginning of the recruiting bubble that started in the last cycle '01-'02 and adds up to a surplus of candidates for a tightening job market driving competition up and compensation down and it took a good 2 years for the job market to recover. There are some stronger sectors, and some firms who will ramp up staffing to take advantage of the explosion in available talent, but the expectation is that when firms can't do as many deals or raise significantly larger funds, there will be less of a need for professionals and that will make the competition for those roles tougher. Remember,

there are only two times in the life of a firm when they need to add new investment professionals – when someone leaves and when they raise more money.

The government has encouraged consumers to spend their way out of the recession, suggesting spending the tax credit checks and tax refunds that are coming in the next several months. Likewise, candidates are calling talking about wanting to leave their firms because the firm isn't doing many deals and they want to be with a firm who has stronger deal flow and where they can be doing more deals. Those same candidates seem to not be aware that the number of deals that are being done are down across the board as reported by Merger Mogul and Private Equity Week Wire. Can consumers “spend” or can candidates “move” their way out of this recession and avoid its pain? I'm not sure of that, but here are some tips on things you can do to minimize the pain.

1. **Prepare Your Resume Now.** On our website (www.pinnaclegroup.com) we have an article on the best way to position yourself through your resume to get the best traction in tough market. Having your resume ready to go when you need it may mean the difference between grabbing an opportunity and missing it. It also allows you to think strategically about what your skills are and how you want to position yourself for a new opportunity instead of just dealing with the grief of being RIF'd unexpectedly by your employer. Personalize your resume to every opportunity. There are lots of active candidates and you need yours to really sing to get you the interview in a competitive market.
2. **Get Some Strategic Advice.** Before you give your notice to your firm because you're frustrated with low deal flow or deal experience (or if you're worried about layoffs at your firm), get with a recruiter to talk about what your prospects are, how the market looks for your skill set and how you can position yourself best. Click on the **Recruiter Interview** button on our website for a personal consultation on your strategy.
3. **The Grass Isn't Always Greener.** While sometimes it is greener, now is the time to be sure you are doing all your due diligence on an opportunity because a move in this ever tightening recruiting climate could make it harder to jump if you make a wrong move. Making the right move is often more important than making the “right now” move just because you're impatient or scared. Sometimes you need to play it safe and stay put where you are. Sometimes you need a safe harbor out of the storm. Know the difference.
4. **Market Comp is Set By the Market.** I've said it before and now, more than ever, don't move simply because of compensation. We're hearing complaints from candidates that they're underpaid or not getting “market comp” as compared to their friends – the supply of candidates is up and the demand is flat or falling, so comp is adjusting throughout the market for positions; don't use compensation as the primary driver for a move.

5. **Learn How to Make Lemonade from Lemons.** Perhaps you'll decide it isn't yet time for you to move or perhaps you're caught in a downsizing at your firm. Now is the time for you to look realistically at your skills, what you need to strengthen in your experience to be valuable and what are your real life goals. If you're in a position and it isn't a safe time to move, hunker down, learn as much as you can and be a rock-solid team player so that you develop other skills and become an indispensable player riding out the storm with your co-workers in your current firm. That can pay off in the long run. Be sure you're networking with peers, attending conferences if you can and being proactive in your search. If you've been let go already (or it happens soon) or you're a 2008 grad who can't get any traction, network and get with a recruiter to help you evaluate your options and think about whether this is the time for you to develop other skills through an operations type of role or something else that will build your skills while the market recovers.

The main way to weather a recession is to be realistic and opportunistic and prepared, but to understand the risks that surround you. No need to be Chicken Little, the sky isn't yet falling, but it pays to look up now and then to see what's happening around you and be ready.

Let me know how we can be helpful to you as we ride out the coming months together.

Denise