



## THE SLOW SLOG...AND KEEP AN EYE ON THE HORIZON

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 a eleven year streak of spot-on winning calls.”*

*—Gerald W. Laurain, CFA,  
SVP, Chief Investment Officer, Wealth Management, First Tennessee Bank*

### OVERVIEW

The U.S. in 2013 is in what I dub “THE ECONOMIC PAIN ZONE,” where a country’s GDP is stuck in slow growth. For the U.S., that **Economic Pain Zone, which is marked on the timelines throughout these pages in a brown color**, seems to occur when the GDP growth is between zero and two<sup>1</sup>.

It’s that murky period when an economy is out of a recession but just trudging painfully through the clayish mud (which are all the factors pulling you towards recession) that sticks to your work boots, making every step of the way sheer drudgery. In this zone, you think that you’re reaching solid ground—economic growth—only to plunge into another muddy patch that you have to exert all your efforts to break away from the grip that’s pulling you down. In other words, it looks like 2013 will be a slow slog year, unfortunately.

“Unfortunately,” because the U.S., as the economic engine driving the world out of this global Great Recession of 2008-09, had, maybe still has, an opportunity to avoid The Economic Pain Zone. However, it looks like the U.S. is not going to make the necessary choices to move into solid growth, which for the U.S. seems to be a GDP around 3.0 or higher. **Note all U.S. GDPs on the timelines throughout these pages that are 3.0 or higher are bolded in black.**

OPEC, IMF, The World Bank, and many other expert sources were in total agreement that for the U.S. to reach the original 2013 forecasts of around 2.6 GDP that the U.S. would need to remove the uncertainty paralyzing its businesses and consumers from taking action by resolving the fiscal cliff, the debt ceiling, and government debt levels through back-loaded measures that wouldn’t upset the delicate emerging job growth and consumer purchasing power.

Rather than taking those growth stimulating steps, U.S. politicians continue to play the time-honored game of “Kick the Can Down the Road” with disastrous

consequences. The forecast by all these imminent experts for 2013 U.S. GDP has been lowered to a best case scenario of around 2.0 GDP with a second scenario of around 1.8 GDP if the Euro area degrades into an economic shock AND a worst case scenario of a slight dip into recession if the Euro area shock goes global.

A slow slog through The Economic Pain Zone is not a pretty period, but it’s better than **a recession, which you can see marked in red for every year that the U.S. was in a recessionary state, which is when the GDP is zero or below.**

Unfortunately, the Euro area will be in recession this year. Even though Euro governments have stabilized and significant progress has been made in reducing the factors that led to the Euro area experiencing the Great Recession, much still needs to be done according to the economic experts before growth can emerge.

Given that the U.S. and the Euro area are some of the most significant purchasers of other countries’ products, the outlook for the rest of the world hinges on the choices these two economies undertake.

My prognosis is that the Euro area will be like the U.S. and just continue to slowly make the necessary changes, muddling along. Therefore, I forecast that the scenario most likely for 2013 is a slow slog for the U.S., a recession for the Euro area, and impacted growth for the rest of the world, dependent upon how much their economy is intertwined with the U.S. and the Euro area. However, do keep an eye on the horizon for signs that Euro area economic conditions are degrading into economic shock, then look out for contagion spreading.

**Individuals can’t change the economy, but they can position themselves for the most career growth—and there actually are “hot” jobs” this year—so read on to discover what you can do to position yourself optimally in an economic environment that has three real possible scenario outcomes.**

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-8.62	-6.48	-13.07	-1.30	10.88	8.88	13.05	5.13	-3.44	8.08	8.77	17.08	18.45
1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942

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16.37	8.08	-1.12	-10.94	-0.90	4.40	-0.52	8.74	7.74	3.83	4.60	-0.63	7.20
1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955

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**HOT JOBS**

The good news is that the era of massive layoffs in the U.S. has ended, unless the Euro area recession grows into a global shock. Because the U.S. economy is much less dependent upon exports than other countries<sup>ii</sup>, my forecast is that this third scenario is unlikely unless some major event occurs—which is why it’s wise to keep an eye on horizon this year while keeping your growth plans moving forward.

On top of this good U.S. news, hot jobs are likely to occur because the world is currently experiencing shifts in industry and societal trends. **One of the major trends is that the world is going digital.** It will—and is—impacting every sector, including:

- **MARKETING:** If you are a marketing professional in any field, learn how to Skype and how to communicate to your customers via social media. If you haven’t already, switch your website to HTML 5 as your clients will be viewing your marketing materials on cell phones, phablets, tablets, laptops, and computers, so your materials need to adjust their size accordingly.

Hospitals are acquiring medical groups and other one-offs to transform themselves into a profit group that encompasses all stages of patient care, instead of being just one stop on the healthcare chain. The need to increase profits and cut costs in this new regulatory environment are driving these changes, plus the technology is there. What’s also in short supply are medical professionals who understand the existing medical system with the IT skills to translate that knowledge into the emerging structures.

- **MANAGEMENT:** Russell Reynolds has just launched a fully integrated Digital Transformation Practice to help organizations recruit Chief Digital Officers, Chief Data Officers, SVPs and other senior management that are online digital leaders who can help firms’ senior executives and their Boards position themselves correctly. If you are a manager or senior executive in a global organization with communications that are not of a highly sensitive nature and you are NOT using Skype, you are costing your firm big time, both in money and your ability to see day-to-day operations in process.

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3.11	0.19	3.36	5.31	5.79	-0.55	-0.21	5.36	4.60	5.58	3.13	-0.28	2.54
1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981

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Learning to market via social media is quite different than traditional marketing—it’s a pull, not a push. If this phrase doesn’t mean something to you, you need to increase your skills and knowledge base ASAP or risk becoming a dinosaur, chasing customers in a shrinking traditional world.

- **HEALTHCARE:** If you are a medical professional and also have significant IT knowledge—wow, are you in demand. All those healthcare records need to be translated into new computer-based mediums that can be shared and yet the information contained within kept secure.

Hospitals and healthcare facilities of all types are in a major transformation state as they switch to viewing themselves as “factories” that take ill people in and produce well people coming out. Lean Six Sigma concepts are being applied to design and process in order to cut costs, reduce errors, and increase efficiencies.

The CEO of Burberry runs her daily operations via continual Skype and online communication with her global teams. Scientists and researchers globally are now viewing their work in jungles and out of the way locations in real time using these same tools. As management, you need to learn/use these same tools.

**In a recent IBM survey, 81% of employees believe that CEOs and other C-suite management who engage in social media are better equipped to lead their firms; 82% of consumers are more likely to trust a company whose CEO and leadership engage in social media; 77% of consumers are more likely to buy from a company whose CEO and leadership team engage in social media; and 78% of professionals prefer to work for a company whose leadership is active on social media. If you’re management or C-suite bound and digitally savvy, you’re in a hot jobs spot.**

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1.98	2.01	-0.90	7.17	2.48	2.33	6.06	4.37	5.79	6.42	6.52	2.53	4.84
1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968

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**HOT JOBS continued**

Another trend is that **companies are centralizing their operations even more** to gain cost savings, so a hot job area is:

- **OPERATIONS:** If you have the ability to spot significant information/trends across different departments' data and have the ability to manage, communicate, and capture effectively this information, there is a major need for **shared services executives** with your profile in the top global firms.

**The aging of the population** has caught up with the C-suite, with the average age of CEOs being around 55 years old, so **succession planning** is all the rage, for obvious reasons. If you're at that level right below, start grooming yourself for those C-suite openings now.

Another interesting aspect of this emergence out of the Great Recession in the U.S. is that **middle market companies are now expanding**, much more so than large corporations or small businesses. These firms were able to attract private capital during the Great Recession to keep them going and are now positioned for growth...so do consider the firms with annual sales between \$10 million and \$1 billion in your industries as potential career-enhancing employers.

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-1.94	4.52	7.19	4.14	3.46	3.20	4.11	3.57	1.88	-0.23	3.39	2.85	4.07
1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994

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As for the U.S. hiring trend at large firms (greater than \$1 billion annual sales) and small firms (less than \$10 million), it's positive for 2013 hiring, even though the net gain is zero.

The net gain is zero because one third of these firms are staying with the same size labor force, another third of these firms will be hiring, and the other third laying off... so it's musical chairs at large and small firms.

Another shared characteristics of **large and small firms** currently is that they are searching for more customers, so **sales, new business development/strategy, and marketing professionals** are of likely interest to those hiring in these size firms.

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2.51	3.74	4.46	4.36	4.83	4.14	1.08	1.81	2.54	3.47	3.07	2.66	1.91
1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007

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**BEST JOBS IN EURO AREAS**

When an economic area is in recession, the best jobs are in fields offering products or services that save consumers and/or companies money on essential products or services. Another area is workout or turnaround IF there's enough salvageable value in the distressed companies.

As an individual talented professional, you are valuable to firms as either an employee or an independent contractor. In recessions, firms tend to favor hiring independent service providers if their country's law permits them to do so. Many U.S. professionals set up their own companies in the Great Recession, made enough money to survive, and were then acquired or hired by their clients or other companies in need of their skill set, which—unlike other unemployed who did not do contract work—was current because of the work engagements they had completed during the Great Recession.

Word of caution: if you can't sell, if you do not have the funds to ride through dry periods, and/or you cannot request a retainer in advance of starting an engagement, do NOT embark upon this approach.

**WHAT ABOUT FINANCE?**

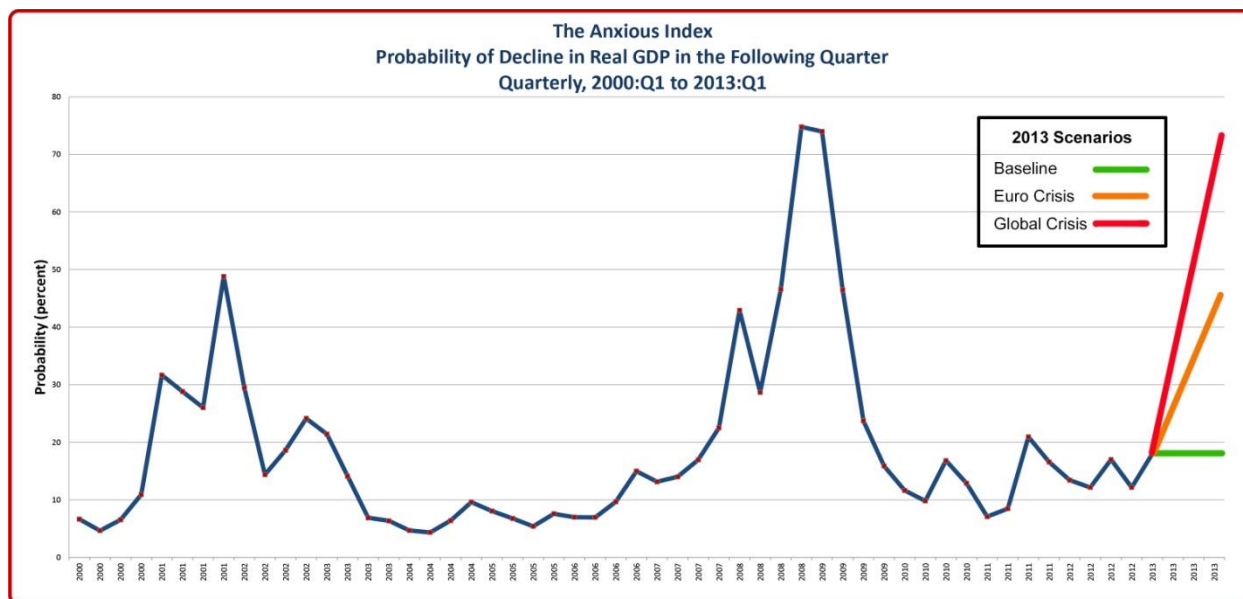
Finance is continuing to shrink in size overall as part of the restructuring necessary to recover from the Great Recession. U.S. banks seem to be better capitalized than their Euro area counterparts, who still face significant structural and regulatory changes. That being said, the growth areas in finance are:

- The growing fields and industries just given need external lenders and investors and in-house business development and/or strategy professionals.
- Money managers with top tier track records for both institutional and high net worth clientele.
- Product development, especially in areas where innovation—such as digitalization and/or IT advances—have created money makers or savers.

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-0.34	-3.07	2.39	1.81	2.20	?
2008	2009	2010	2011	2012	2013

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**HISTORY AND PROCESS**

Since 2002, I’ve been presenting an annual overall economic employment trends forecast, which to date has been completely accurate each year. I’ve used the same process once again to create my 2013 predictions.

Both my overall economic employment trends and 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 last two years, I’ve been able to begin accurately broadening my job forecast from just financial fields to the non-financial fields, as a result of my work with numerous professionals in a wide range of fields and job categories through my very successful *Your Career Campaign*<sup>™</sup> product line.

The leading economic indicators used are: fiscal and industry statistics; senior 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 job creation versus ones that are likely to have a positive effect on job creation.

Analyzing the current year’s economic indicators to forecast job demand works because both a person’s career and job are second derivatives. You see, what

determines initially 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 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 what sectors money is flowing into or out of, overall trends become quite obvious. In previous years, this detailed information was provided as part of this forecast article. For brevity, this information is now available by request only.

<sup>i</sup> Note: all references in this article to GDP refer to GDP annual growth percentages.

<sup>ii</sup> According to my 2012 Overall Economic Employment Forecast, exports make up only about 12% of the U.S.’s GDP, compared with about 57% of the average European Union (EU) country’s GDP and with China, which is the largest Asian economy by far and the world’s largest exporter, whose exports account for about 32.5% of its GDP.