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EMPLOYMENT TRENDS

## Hiring Outlook 2004, Part 2

**Most B-school officials say offshoring hasn't hit new MBAs. "The bulk of the jobs currently outsourced require technical skills," says one**

Here's the second part of BusinessWeek Online's fourth annual utterly unscientific hiring-outlook survey, covering the opinions of a panel of employment experts. Following are edited comments from several of them. See [Part 1](#) for the series introduction and comments from eight other employment pros.



**Ken Keeley, executive director of the career-opportunities center at Carnegie Mellon University's Graduate School of Industrial Administration in Pittsburgh:**

We're encouraged by what we have seen.... This year, more than 40% of our full-time MBA students already have offers, vs. about 27% at the same time a year ago. And the number of companies making offers has increased 70%, to 80 companies so far, compared with 47 a year ago.

Consulting firms such as McKinsey, Bain, Booz Allen & Hamilton, and Deloitte continued to recruit even during the past two years, but there are clear indications they're feeling a keener need to recruit. We're hearing the same message from some other firms, such as A.T. Kearney, DiamondCluster International, and

BearingPoint that are back on campus after a couple of years of nonrecruiting.

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**"Supply and demand factors have enabled employers to be very selective"**

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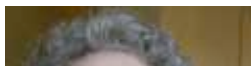
The message in high tech is also positive. Recruiters from KLA-Tencor say there's an upswing in their business. Financial services were reasonably good to us even during the last two years, and it continues to be good now that the overall job market is beginning to improve.

We weren't hurt as much as some other schools because many financial-services firms -- given our students' quantitative and analytical skills -- had looked to Carnegie Mellon for talent for their fixed-income and risk-management areas. In addition, we're starting to catch their attention for M&A [mergers and acquisitions] and private wealth-management opportunities.

In the current market, supply and demand factors have enabled employers to be very selective. Thus, the job search has been easier for students when they're seeking employment within an industry in which they already have experience. This, of course, is frustrating to the students here or elsewhere who went back to school desiring to change industries.

Beyond that, the students who have developed strong job-search skills have the advantage. First, they develop clear career direction. They're able to explain why they're interested in a particular job function and industry. Second, they know the importance of networking and accomplish it effectively. Third, they communicate well, and know how to "sell" their competitive advantage to potential employers.

MBA programs aren't seeing a major impact from "offshoring" as of yet. As I understand it, many of those positions have been programming or manufacturing-related. But we have students from many of the countries that are benefiting from offshoring, and many of them are willing to return for good MBA-level opportunities.



**Harry Gruber, chief executive of Kintera, a San Diego company that sells software used by nonprofit groups to do online fund-raising:**



In 2003, Kintera grew 49%, to 159 employees as of the end of December of last year, due to company growth. We expect that growth will continue through this year. We're looking for MBAs to fill a few positions, but we'll have a much bigger emphasis on candidates with technology expertise, sales experience, and domain knowledge, regardless of degree. Because of the growth of our industry, our biggest hiring area will be in sales. We plan to hire on a continuous basis throughout the year.

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**"We plan to hire on a continuous basis throughout the year"**

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Kintera is really built upon a team structure, so a demonstrated willingness to work in a team environment and ability to make a commitment to work that will sometimes involve long hours and tight deadlines is a must. Because Kintera's work is almost entirely online, we're looking for techies with a deep understanding of the needs of the nonprofit sector.

The trend of outsourcing jobs overseas hasn't had any effect on the level of hiring at Kintera. We're located in San Diego, where there's still a fairly large pool of qualified unemployed and underemployed technology workers. With a lot more people available here locally, we feel we're very well positioned to hire excellent talent without "offshoring."



**Everette Fortner, director of career-development services at the University of Virginia's Darden Graduate School of Business in Charlottesville, Va.:**

The job market for MBAs in 2004 will be similar, though slightly better, than last year. Hiring timing seems to be in step with last year, with approximately 50% of students with one or more job offers as of the new year. Many companies have moved to more of a "just-in-time" philosophy, putting hiring off until the spring. In the past few weeks, several companies have added to their interview schedules at Darden.

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**"Students who desire a career change are having more difficulty"**

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The industries hiring in 2004 seem to be the same ones that have continued investing in talent all along -- investment banking, consulting, pharmaceutical, and consumer products. The companies have added more interview schedules and are inviting a few more students to return for a second-round interview.

Finance, consulting, and general management functions are still the most in demand. We've begun to see a modest increase in the demand for marketing executives as well. As in any job market, students must be able to articulate their unique value when interviewing with an organization. Students must be more prepared for the interview and know the company better than in previous years.

And students who desire a career change are having more difficulty. Companies aren't willing to take as big a risk in this economy, and therefore, are looking for students with similar industry experience and also more years of experience prior to B-school.

Companies will continue to need fresh talent in their organizations, even in the face of outsourcing jobs overseas. Today's MBAs must have a global mindset when they're approaching issues, and many companies are looking for students who can demonstrate this global mindset through past experience or through their MBA programs. This year, Darden will send more than 200 students on overseas student business projects.



**Carrie Mandel, managing director of legal-search firm Major, Hagen & Africa in New York:**

The litigation field continues to be strong, in particular securities, white-collar, and products-liability litigation. Numerous mutual-fund investigations and claims resulting from the many corporate scandals are generating some of the increased demand in these first two areas. Class actions and other lawsuits pending against pharmaceutical companies are in part responsible for demand in the latter category.

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**"Firms are increasingly seeking partners who bring in a minimum of \$2 million to \$3 million in revenue"**

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Other strong areas include investment-management and financial-institutions practices, [as well as] tax and real estate. Bankruptcy seems to be cooling off. But transactional bankruptcy lawyers skilled in the distressed debt area are very much in demand among our hedge-fund clients. This is because hedge funds are increasingly seeing the need for bringing on lawyers, or at least a single lawyer, in-house.

As a general rule, partners with significant client followings are in greater demand than associates among law firms. A number of the largest 250 law firms have laid off associates due to a downturn in their volume of work and have not sought to replace them.

At the same time, firms are increasingly seeking partners who bring in a minimum of \$2 million to \$3 million in revenue. Senior associates will find it harder to make partner now, with partnership tracks averaging eight or nine years instead of the traditional seven years. Also, partners who are no longer generating business or billing lots of hours face the very real threat of de-equitization, or even of being terminated.

The legal field places a very high premium on pedigree -- where a lawyer went to school, what her grades were, and the name recognition of the firm where she is currently working. This is true even for applicants who have several years of relevant experience in the area for which they are applying. If the applicant has made multiple job moves prior to seeking a new position, this will disadvantage him vis-a-vis an applicant who has been at one stellar firm her entire career.

Once the applicant has an interview, preparation is critical. It's not enough to have great pedigree and simply show up on time. Potential employers want to see that the applicant knows something about their practice and can convey a real enthusiasm about the opportunity.

I would say offshore outsourcing is more of an issue for back-office operations than for lawyers.



**Karin Ash, director of the career-management center at the Johnson School of Management at Cornell University in Ithaca, N.Y.:**

We're experiencing a slight increase in recruiting activity across varied industries. Most of the employers we meet are positive on the economy and forecast a need for a modest increase in MBA talent in 2004. Consulting, investment banking, and technology are three fields that did little hiring over the past two years and are starting to increase their interviewing and hiring of MBAs.

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**"Companies are seeking candidates with related experience prior to business school"**

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As a sign of where the greatest demand is, investment banking, sales and trading, and financial services and marketing are areas where students are receiving multiple offers. This year, twice as many students returned with offers

from their summer internship compared with last year, although well below the pace in the boom years (see BW Online, 2/3/04, ["Internships: Never More Important"](#)).

But the job market remains competitive for students. Companies are seeking candidates with related experience prior to business school. They're interested in hiring students with the technical skills that allow them to immediately contribute. The most sought-after students are those who have leadership experience that will allow them to rapidly advance within the organization.

For now, the outsourcing of jobs overseas isn't a major factor affecting MBA recruiting. The bulk of the jobs currently outsourced require technical skills.



**Eric Mokover, associate dean of career initiatives at UCLA Anderson School of Management in Los Angeles:**

The investment banks are back in force and will be hiring quite a few more MBAs than last year. Brand marketing also looks strong, and there are several offers at biotechnology and medical device companies. Real estate and real estate development has also emerged of late.

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**"This year is clearly stronger than last at this stage of the process"**

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The hot areas are finance and marketing, in that order. Consulting is coming back, as well, but more slowly than the other two functions. We're still hearing from students, but many do have offers at this stage. This year is clearly stronger than last at this stage of the process.

Strong preparation for interviews is always important, as is prior networking activity and the ability to leverage transitional skills. As always, it's critical to have a strong story as to why one wants a particular job at a particular company. For consulting, what's key is the ability to analyze a case quickly while using traditional frameworks along with creativity and common sense. The ability to perform basic valuations can be important in finance functions.

We've seen more hiring this year, and we also see more realistic expectations among students. People are willing to put in the effort to find a career path that fits them well and understand that it takes hard work to land your job of choice, even in what appears to be an improving economy.

The outsourcing of jobs overseas doesn't appear to affect the job prospects of our MBA students. The jobs currently being outsourced are at a different level than those jobs sought by UCLA Anderson MBAs.



**Joe Goldsmith, partner in New York at PrinceGoldsmith, an executive search firm specializing in the asset-management and hedge-fund industries:**

Hiring in the asset-management and hedge-fund industries has absolutely picked up this year so far. It's still early, but it appears as though firms have the mandate to hire more aggressively. People remain cautiously optimistic and seem to be continuing the trend of hiring opportunistically. Firms are not expanding dramatically. Rather, they're looking to upgrade and fill senior-level positions with impact hires.

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**"There's no magic formula in getting hired"**

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Many firms in the asset-management industry are looking to strengthen portfolio teams that have underperformed over the past several years and to grow in areas where they see real opportunity, such as international equity, small- to midcap growth equity, and hedge funds/alternative assets. Demand remains strong for all of these products as they outperformed last year and are higher-margin products.

Additionally, firms continue to build their sales teams to capture the growing demand in the marketplace. They're also adding client-service professionals and product specialists who bridge the gap between portfolio managers and their clients.

There's no magic formula in getting hired. Companies are searching for professionals who have demonstrated track records of success in their core competencies. Additionally, firms base much of the hiring decision on cultural compatibility, as many organizations have worked hard to build unique investment cultures that focus on providing a balance of performance and a commitment to proactive client service.

Clients have become more and more savvy and well educated and are looking to challenge traditional views on portfolio theory, relative returns, and risk control. In sum, we would expect hiring to continue yet I don't think we have seen a true expansion.



**Paul Bernard, president of Paul Bernard & Associates, a New York-based executive coaching firm:**

There will be pockets of hiring in 2004, but it will probably be even with last year's overall gains, which were puny. The areas that may see some hiring include health care and biotech, particularly jobs connected to regulatory and lobbying issues.

There's still going to be an increase in hiring connected with homeland security. Terrorism isn't going away. And parts of the law will be very hot, especially bankruptcy and employment. There will also be hiring in sales, but it will probably be a combination of sales and relationship management, or consultative selling. It will be sales with a strong emphasis on customer service.

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**"It's important for people to realize that the MBA degree is becoming something of a commodity"**

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In terms of what it takes to get a job, it's important for people to realize that the MBA degree is becoming something of a commodity. In many ways, businesses are going to look for basic skills that you may not necessarily acquire when getting your MBA.

Companies I work with want people who can manage, give good feedback, work in teams and be collaborative. In the last few years, so many businesses had strategies that didn't make sense. Someone who can create and market new products in a challenging economy is going to be in demand.

We're going to have something of a jobless recovery. A lot of people who lost their jobs are not going to be hired again, at least not for the same job. And offshoring will continue to take jobs. But doing work in different cultures and time zones adds to mistakes.

There is going to be a backlash. And there's going to be a tremendous amount of social disruption. I don't buy the argument that offshoring is necessarily going to produce more high-level white-collar jobs in the U.S.

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[Wahlgren](#) writes for BusinessWeek Online in New York

*Edited by Beth Belton*

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