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Contact:
John Grubb
Bay Area Council
415-981-6600
jgrubb@bayareacouncil.org



Bay Area CEOs To Continue Strong Hiring Trend in Next Six Months

38% Plan to Increase Workers, 51% Keep Workforce Stable, and 8% to Layoff

May Neutralize High-Profile Workforce Reductions

SAN FRANCISCO, August 10, 2005 — Despite high-profile layoffs announced at leading local employers, 38 percent of Bay Area CEOs and top business executives surveyed by the Bay Area Council maintain that they will continue increasing their Bay Area workforce in the next six months. Another 51 percent will keep their current regional workforce stable and only eight percent plan layoffs. The hiring picture – revealed in the most recent *Bay Area Business Confidence Survey*, conducted July 11-25, 2005 with 515 Bay Area CEOs and top business executives – has held steady for two straight quarters.

The trends discovered by the *Survey* may show that the layoffs at companies like Hewlett Packard and the former PeopleSoft are aberrations, not a general marketplace phenomenon.

Unlike the past, plans to increase local hiring are generally stable throughout the spectrum of company sizes, from those with more than 10,000 Bay Area workers to those with less than 50 employees. In previous surveys, the job growth was concentrated in smaller Bay Area employers.

“What is important to note in this survey is that for the second quarter in a row very large, medium, and small companies are all planning significant hiring” said Jim Wunderman, President and CEO of the Bay Area Council. “That bodes well for a region still struggling from an economic earthquake that happened four years ago.”

Bay Area CEOs and top executives are also more confident about the Bay Area economy as demonstrated by the *Bay Area Business Confidence Index*, which ticked up three points to 62. In particular, Bay Area conditions have notably improved for companies in the travel and leisure sector, where 71 percent rate current conditions better than six months ago, as well as the construction and financial activities sectors.

The industries that plan the most hiring are travel and leisure, with 52 percent planning increases, professional business services (43 percent hiring), financial activities (40 percent) and construction (39 percent).

“The Bay Area economy is more diversified by industry than its ‘high-tech’ label leads one to believe, and this *Survey* demonstrates the power of that diversity,” said Lenny Mendonca, a director at McKinsey & Company, the international management-consulting firm that helped develop the *Survey*. “While high-tech employment has been stuck in neutral, other industries have pulled the region out of the employment doldrums.”

True to predictions by *Survey* participants, the Bay Area has added 15,800 jobs in the past 12 months, according to the state Employment Development Division. As also was predicted by the *Business Confidence Survey*, the bulk of the growth was centered in the East Bay counties of Contra Costa and Alameda, which generated nearly 50 percent of the new jobs in the region.

Bay Area Business Confidence Survey

The Bay Area Council developed the *Bay Area Business Confidence Survey* to measure employer expectations of the Bay Area economy. The summer survey is the fifteenth in a series of quarterly measures of business confidence. *Survey* findings can be accessed from the “Vault” at www.bayareacouncil.org.

The confidential survey of Bay Area business executives is conducted quarterly by Evans/McDonough Company Incorporated for the Bay Area Council with the assistance of McKinsey & Company. All members in the database were invited to participate through e-mail and the Internet. The *Survey* results are weighted to reflect the approximate percentage of employees in each Bay Area county.

Bay Area Council

Founded in 1945, the Bay Area Council (www.bayareacouncil.org) develops and drives regional public policy initiatives and researches critical infrastructure issues. Led by CEOs, the Bay Area Council presents a strong, united voice for more than 275 major employers throughout the Bay Area region in promoting economic prosperity and quality of life.

McKinsey & Company

McKinsey & Company (www.mckinsey.com) is an international management consulting firm that helps leading corporations and organizations make substantial and lasting improvements in their performance. With approximately 6,000 consultants deployed from eighty-two offices in forty-three countries, McKinsey has expertise on strategic, operational and technological issues.

Evans/McDonough

Evans/McDonough Company Incorporated (www.evansmcdonough.com) is a full-service opinion research and strategic consulting firm serving a broad range of corporate, political and institutional clients. Founded in 1989, EMC principals have been involved in thousands of public opinion studies, ranging from political and public policy strategy polls to extensive market share and customer satisfaction surveys.

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