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## **Bay Area CEOs' Report Biggest Hiring Plans Since Dot-Com Bust, According To New Bay Area Council Survey**

*Confidence in Local Economy Remains High, Challenge Is Finding Qualified Workers*

**SAN FRANCISCO, May 18, 2006** — More CEOs are planning to hire Bay Area workers than anytime since the Dot-Com Bust in 2001, according to the quarterly *Bay Area Business Confidence Survey* conducted by the Bay Area Council. Of the 512 CEO's and top executives surveyed between April 13-26, 2006, 43 percent plan to increase their Bay Area workforce in the next six months, only eight percent plan reductions, and 48 percent will maintain current levels.

Unfortunately, CEOs and top executives surveyed by the Bay Area Council say they are having trouble finding new employees in the nine-counties, and an even harder time attracting them for outside the region due to the cost of housing. Only 18 percent of respondents say it is easy to find qualified candidates for jobs at their company in the Bay Area, versus 53 percent who say it is difficult. In a sign that competition for employees is increasing, 42 percent of CEOs and top executives report it is more challenging now to find qualified candidates than 12 months ago. Just five percent say it is easier. In terms of attracting workers from outside the region, the cost of housing in the Bay Area has made it "very difficult" according to 62 percent of respondents.

Despite the trouble finding workers, the balance of respondents to the survey are confident that the region's economy will continue to improve. Forty-eight percent think Bay Area economic conditions will be better in the next six months, 14 percent predict a decline, and 38 percent think they will be the same. The Confidence Index – the number that distills the survey findings – fell 1 point since last quarter, to 60 out of 100, on slightly reduced future expectations.

"It's clearly a bull market for job seekers in the Bay Area," said Jim Wunderman, President and CEO of the Bay Area Council. "It's about time. Four-and-a-half years since the national recession officially ended, the Bay Area is still about 335,000 jobs short of where it was when the recession began."

One good place to seek a job appeared to be San Mateo County, where 57 percent of respondents will enlarge their work force and only four percent will cut back, the best ratio in the nine counties. The two industry sectors that report the most hiring plans were the financial activities sector, where 47 percent plan new hires, and manufacturing, where 46 percent expect local employee growth.

"Over the past few decades, the Bay Area has been a beacon for the best and the brightest workers around the world," said Lenny Mendonca, a director at McKinsey & Company, the international management-consulting firm that helped develop the *Survey*. "The ambition, innovation and intelligence of these 'newcomers' to our region, whether they came from Reno or Bangalore, have helped drive the Bay Area's economy. The fact that sixty-two percent of the region's businesses

say it is now very difficult to attract new workers because of the housing costs is alarming. Policy makers must find ways to moderate housing costs.”

### **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 fall survey is the sixteenth in a series of quarterly measures of business confidence. *Survey* findings can be accessed from the “Vault” at [www.bayareacouncil.org](http://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](http://www.bayareacouncil.org)) is an advocate for strong economy, a vital business environment and a better quality of life for the nine-county Bay Area. Led by CEOs, the Bay Area Council presents a strong, united voice for more than 275 of the largest employers throughout the Bay Area region who employ more than 495,000 workers, or 1 of every six private sector employees in the Bay Area.

### **McKinsey & Company**

McKinsey & Company ([www.mckinsey.com](http://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](http://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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