Economic Update

Houston weathered the recession better than most metro areas. The downturn here was short and shallow and the region began recouping its job losses sooner than most. Houston has now recovered more than two-thirds of the jobs it lost in the recession. Of the nation's 20 most populous metros, only Washington, D.C. is further along in the recovery. Houston fared better for a variety of reasons:

- Real estate developers did not repeat their mistakes of the '80s,
- The oil and gas industry recognized the need to hold on to its talent and avoided layoffs as much as possible,
- Houston did not experience a housing bubble like other metro areas so home values did not collapse, and
- Houston's global focus helped offset weak U.S. demand for goods and services produced in Houston.

Houston saw year-over-year growth of 51,000 jobs from April 2010 to April 2011, placing it at No. 2 in the nation behind Dallas. Rounding out the top five are Chicago, Los Angeles, and Washington D.C. Seventy-two areas nationwide added jobs between April 2010 and April 2010. Local employers added 13,600 jobs in April. The data suggests a slight slowdown. Chief Economist Ted C. Jones, Stewart Title Guaranty Co, projects Houston-area employers will add a minimum of 52,000 jobs this year. The Houston economy is down less than 40,000 jobs from its peak, which at the current growth rate could be achieved in the next two to three months. The energy sector will lead the way in job creation but even construction jobs are on the rise.

Nationwide, employers ramped up their hiring in April giving hope that recent signs of weakening growth have not undermined job creation. But the unemployment rate also rose, showing that American workers are still having a rough time finding jobs. Employers added 244,000 jobs in April, per Labor Department, with the gain in private-sector jobs – 268,000 – the strongest in five years. The unemployment rate, meanwhile, moved up to 9 percent from 8.8 percent. The job growth data surprised economists, who had predicted a gain of 185,000 jobs. Employers appear to be shrugging off lagging first quarter growth, higher fuel prices and a daunting global environment to add to their payrolls more aggressively than they have in years. This is the third consecutive month of job creation over 200,000. Jobs are coming back.

After halting hiring through the recession, Houston legal industry insiders say they are back in the market for partners, associates, and support staff. Across the state, 800 legal services jobs were added in the first quarter of this year, according to U.S. Bureau of Labor Statistics. Nationwide, the U.S. legal industry added 1,500 jobs in April. Expertise in litigation, mergers & acquisitions, corporate securities, and intellectual property are in high demand with one theme linking them all – energy industry experience.

Despite stubbornly high unemployment in the U.S., the oil & gas sector is suddenly adding jobs in droves, as high oil prices and the economic recovery provide fresh incentive to pursue new projects from Texas to Iraq. On the hunt for talent are major oil companies as well as lesser-known engineering firms, in a sweeping effort that recalls previous boom cycles and is likely to bring more jobs to Houston. The renewed interest in hiring comes after some lean years for the industry, marked by recession, downsizing and cautious predictions of the future. When oil prices plummeted from the record highs of 2008 and energy demand stalled with the recession, Shell, BP and other oil majors cut thousands of jobs. But in recent months, optimism began returning to the industry, as oil prices gave companies confidence to green-light new projects, such as massive offshore installations in the Gulf that can put thousands to work. In the oil & gas industry there's an element of caution still compared to the last hiring boom from 2005 to 2007, companies are more cost-aware and are scrutinizing salaries more. But with the job market growing more competitive, they are already seeing things tighten.

Unemployment claims in Houston in April at 69,370, was down 28.5 percent from a year earlier, shows the economy is improving. The number of claims peaked in August 2009 and gradually started trending down. They are less than half of what they were during the worst of the recession. With more Houstonians working, the local unemployment rate dipped to 8 percent in April. The March rate was 8.3 percent. Texas' unemployment rate was also below the national jobless rate of 9 percent. Texas has demonstrated its ability to bounce back from the effects of the national recession through strong and consistent job growth over the past year.

From the employment peak in Oct '08 to the trough in Jan '10, the energy industry cut just 15,100 jobs, a loss of 16.3 percent. Fewer losses in the economic base translated into fewer losses in the secondary sector. The
region lost one in 22 jobs this recession versus one in seven jobs during the recession of the '80s. Why the restraint? The industry has an aging workforce, a byproduct of the '80s layoffs and the '90s weak hiring. According to the U.S. Department of Labor, the average age of workers in the energy industry is now over 50, and the industry estimates that up to half of its current workforce will retire within five to 10 years—more than 500,000 workers. Only in the last
decade did hiring pick up. An age profile of the industry's workforce looks like an inverted bell curve, with younger workers on one end, older workers on the other, but not many middle-aged workers in the middle. This put the energy companies in a dilemma. During the recession, if the older workers took early retirement, who would remain behind to train the younger workers? If the younger workers left, who would run the company when the older workers retire? The dilemma helped to moderate energy industry job losses and thus losses in the secondary sector which translated into fewer job losses overall.

HR Houston Survey Results

Per HR Houston survey, Houston employers are more generous with flexible scheduling, disability coverage and paid time off for volunteering than in other parts of the country. The trend of alternative work scheduling is especially pronounced in the energy industry. Sixty-four percent of Houston energy companies offer employees the opportunity to work non-standard schedules, 49 percent provide compressed work weeks and 30 percent offer telecommuting. Overall, 59 percent of Houston employers offer their employees such flexibility, compared with 49 percent of companies nationwide. They're important tools to attract and retain talent. More employers are offering what are known as "consumer driven health plans" which typically combine a high deductible health insurance policy with either a health savings account or health reimbursement account. The proportion of are employers offering such plans grew from 19 percent in last year's survey to 25 percent now. Preferred provider plans, similar to traditional insurance with low co-pays and deductibles - still dominate the insurance market. In terms of wages, companies that plan to give raises will increase pay by an average of 3 percent, which squares with national trends reported in a compensation survey. Many companies offer programs called "variable pay". For management employees the most common of these are individually designed incentive plans, reported by 67 percent of companies surveyed. Health benefits topped the list of what applicants and employees want to see, cited as No. 1 by 82 percent of applicants. 62 percent listed a 401K retirement savings plan as top priority. Many survey respondents also cited the importance of periodic performance reviews, professional development opportunities, successful new-employee orientation, and employee recognition as ways to keep workers. Creating a positive culture is also important. Bonuses to employees who refer prospective hires also have become popular.

The Case for Executive Assistants

Why would you pay managers big salaries and then ask them to make their own hotel reservations? The secretary of the 1960s has gone the way of the carbon copy and has been replaced by the executive assistant, now typically reserved for senior management. Technologies like e-mail, voicemail, mobile devices, and online calendars have allowed managers at all levels to operate with a greater degree of self-sufficiency. At the same time, companies have faced enormous pressure to cut costs, reduce head count & flatten organizational structures. As a result, the numbers of assistants at lower corporate levels have dwindled in most corporations. That's unfortunate, because effective assistants can make enormous contributions to productivity at all levels of the organization.

Consider a senior executive whose total compensation package is $1 million annually, who works with an assistant who earns $80,000. For the organization to break even, the assistant must make the executive 8% more productive than he or she would be working solo – for instance, the assistant needs to save the executive roughly five hours in a 60-hour workweek. In reality, good assistants save their bosses much more than that. They ensure that meetings begin on time with prep material delivered in advance, optimize travel schedules, process expense reports, enable remote decision making, and filter distractions. A top-notch assistant is crucial to being productive.

Generally speaking, work should be delegated to the lowest-cost employee who can do it well. Two critical factors determine how well a manager utilizes an assistant. The first is the executive’s willingness to delegate pieces of his or her workload to the assistant. The second is the assistant’s willingness to stretch beyond his or her comfort zone to assume new responsibilities. Drafting replies to e-mails is a central task for virtually all assistants. Some executives have assistants listen in on phone calls in order to organize and follow up on action items. Executives can help empower their assistants by making it clear to the organization that the assistant has real authority. The message the executive should convey is, “I trust this person to represent me and make decisions.”

Hiring the right assistant can be a challenge. In some ways, it’s trickier than filling traditional management positions, because personal chemistry and the one-on-one dynamic are so important – sometimes more so than skills or experience. Expert assistants understand the unspoken needs and characteristics of the people with whom they work. They have high levels of emotional intelligence: they respond to subtle cues and react with situational appropriateness. They pay close attention to shifts in an executive’s behavior and temperament and understand that timing and judgment are the foundation of a smooth working relationship. A good assistant quickly learns what an executive needs, what his or her strengths and weaknesses are, what might trigger anger or stress, and how to best accommodate his or her personal style. Good matches are hard to come by: that’s the reason so many good assistants follow an executive from job to job.

Simply put, the best executive assistants are indispensable. Microsoft will never develop software that can calm a hysterical sales manager, avert a crisis by redrafting a poorly worded e-mail, smooth a customer’s ruffled feathers, and solve a looming HR issue – all within an hour and all without interrupting the manager. Executive Assistants give companies and managers a human face. They’re troubleshooters, translators, help desk attendants, diplomats, human databases, travel consultants, amateur psychologists, and ambassadors to the inside and outside world. After years of cutting back, companies can boost productivity by arming more managers with this kind of help – and executives who are fortunate enough to have a skilled assistant can benefit by finding ways to delegate higher-level work to him or her. Executive Assistant relationships are business partnerships: strong ones are win-wins between smart people. In fact, they’re win-win-wins because ultimately companies reap the benefits.

Sources: Greater Houston Partnership; Houston Chronicle; Houston Business Journal; Wall Street Journal; Harvard Business Review; HR Houston