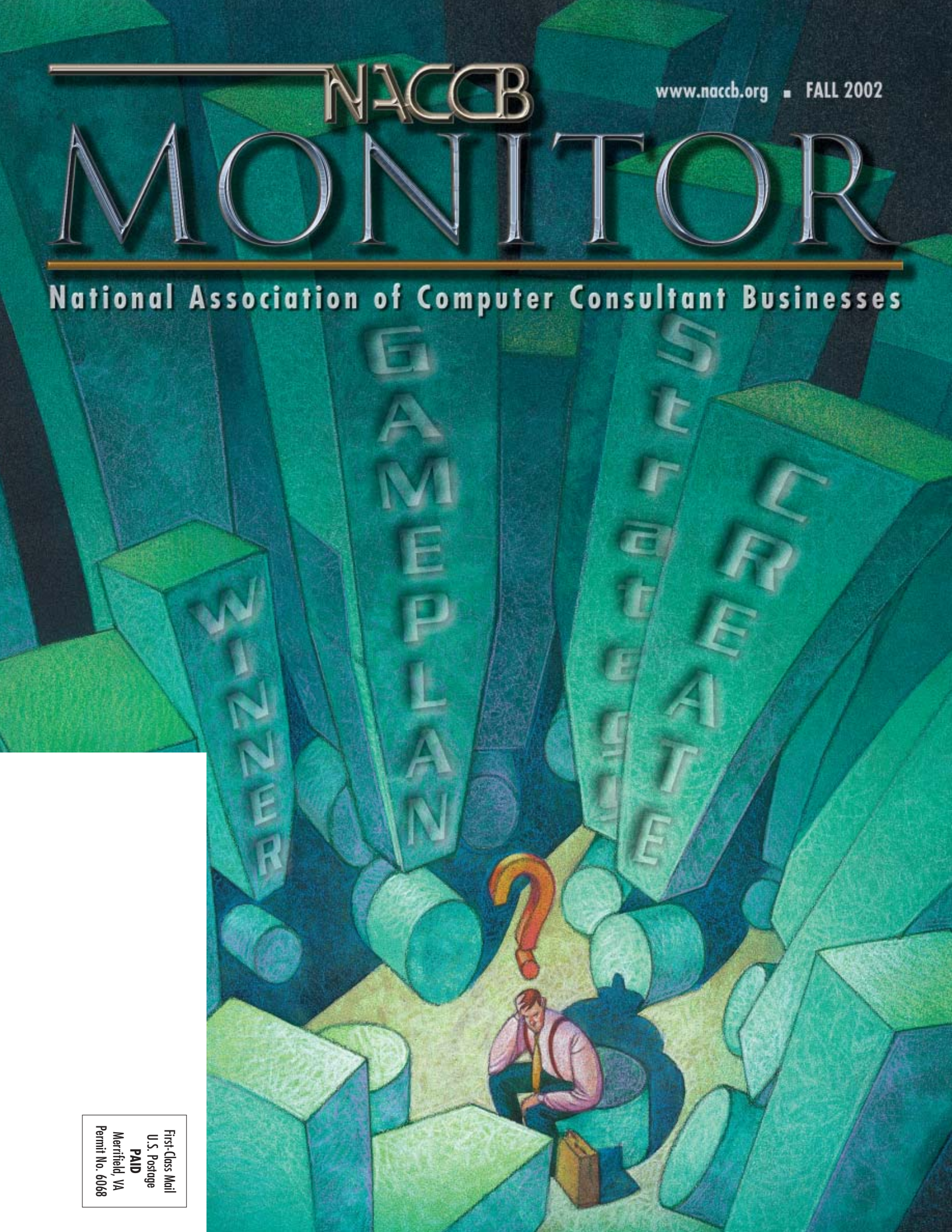


NACCB MONITOR

www.naccb.org ■ FALL 2002

National Association of Computer Consultant Businesses



First-Class Mail
U.S. Postage
PAID
Merrifield, VA
Permit No. 6068



[Why risk it when you can CCBsure?]

The difference between surviving and thriving in today's economy begins with the preparations you make before times get tough. The CCBsure insurance program for NACCB members has helped thousands of your colleagues prepare for the unexpected with the best tech-centric insurance products and services available.

Rated the #1 NACCB member benefit* in both satisfaction and participation, CCBsure can provide your firm with much more than insurance coverage. With access to information found nowhere else, CCBsure helps you prevent claims from happening in the first place.

For Liability, Errors & Omissions, Workers' Compensation, Internet-Driven Employee Benefits and the peace of mind you've been looking for, there's really only one safe alternative to risking it. CCBsure.

For a free NACCB member quote, call 1.800.336.5659 today or visit us at www.ccbensure.com.



Monitor is published quarterly by the National Association of Computer Consultant Businesses, 1800 Diagonal Road, Suite 520, Alexandria, Va 22314, 703-838-2050, Fax: 703-838-3610, www.naccb.org, Email: naccb@naccb.org

President

DIANNE FERGUSON

CEO

DON MCLAURIN

COO & General Counsel

MARK ROBERTS

Managing Editor

JULIE BUMSTEAD

Assistant Editor

SUSAN DONOHOE

Graphic Design

SANDRA WINKLER

Copyright 2002, National Association of Computer Consultant Businesses. All rights reserved.

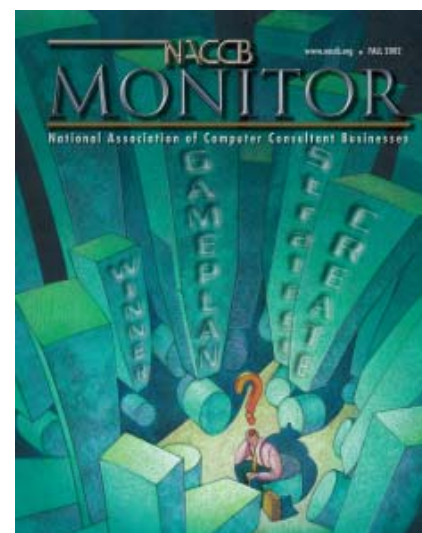
ADVERTISING INDEX

CCBSure..... Inside Front
 Talent Economy2
 e-consultants.....4
 AGR Financial12
 Specifics28
 Open Door Education Foundation38
 TFI Resources39
 E-EmpactInside Back
 DiceBack Cover

NACCB
MONITOR www.naccb.org ■ FALL 2002

TABLE OF CONTENTS

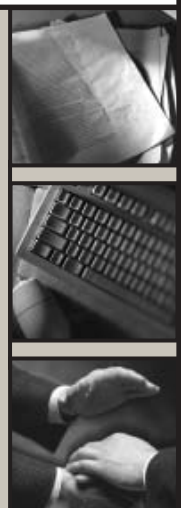
3	PRESIDENT'S MESSAGE When Supply Far Outstrips Demand, What's Your Competitive Advantage?	22	VMS – What is Your Strategy?
4	CEO'S MESSAGE NACCB—The Tools to Grow Your Business	23	Grow Your Business by Increasing Your Client's Profits
5	HIPAA: a Business Plan for 21st Century Health Care	24	NACCB Webcast— <i>Per Diems: Understanding the Rules</i>
6	Tapping into the Collective Wisdom	25	"IT Professionals - Will Work for Food"
7	NACCB Releasing New Model Solutions Contract	27	Lead To Grow In The Uncertain Economy
8	2002 Convention Sponsors and Exhibitors	29	Preparing For Post-Recession Growth
9	Anti-Staffing Legislation in the New England Chapter's Own Backyard	30	Topgrading
10	Elevate Your Market, Select Appropriate Model(s), Create Revenue Diversity/Replacement <i>Future Trends in Nearshore/Offshore Outsourcing</i>	31	A Preferred Vendor, Is It Worth It?
13	INSURANCE UPDATE 10 Ways NACCB Members Can Reduce Insurance Costs In The Face of Rising Premiums	32	Stability or Opportunity?
14	Some Perspective on Investing	33	Become a Market Leader
16	Employee Background Checks — Think you're saving money by not doing them? <i>Think again.</i>	35	Managing An Upside Down Recruiting Need
18	The 2002 NACCB Operating Practices and Trends Study (OPTS) Shows Small IT Services Firms are Showing Consistent Growth Despite Economic Downturn	36	Like It or Not, You Will Become a Programmer! <i>The Changing Face of IT</i>
20	POWER PROFILE Gary Zander—Project One, Inc.		



Subscribe to

THE • talent • ECONOMY

The Talent Economy is the only publication that connects **strategy, technology and talent.** Whether you're an IT professional, a staffing and services **provider**, or a corporate **decision maker**, *The Talent Economy* will keep you informed and **ahead of the curve.**



There are three easy ways to subscribe:

1 Fill out our website order form at www.TalentEconomyMag.com

2 Fill out the order form below and fax it to: 1-508-879-6099

3 Fill out the order form below and mail it to:
Subscriptions, *The Talent Economy*
24 Union Ave., Ste 29,
Framingham, MA 01702

We'll start your new subscription immediately. And, remember, *The Talent Economy* is **FREE** for qualified subscribers. **Subscribe Today!**

Signature (required) _____
Name _____ Date _____
Company _____
Address _____
City _____ State _____ ZIP _____
E-mail _____
Telephone _____ Fax _____

please check here if you do not wish to receive information or product offers from selected companies with connections to the IT Staffing/Service industry.

Please answer all questions to ensure you receive your free subscription.

1. Title(check ONLY one):

- 1. CEO, Owner, Mng. Ptr., President
- 2. CTO, CIO, VP Technology, VP IS/IT
- 3. CFO, VP Finance, Controller, Finance Manager
- 4. Human Resources VP/Director/Manager, IT/Technical Recruiter
- 5. Purchasing VP/Director/Manager
- 6. Development/Engineering VP, R&D/Software/Hardware/Applications Director/Manager
- 99. Other (specify): _____

2. Are you involved in the hiring, integrating or sourcing of IT talent for your company/organization?

- 1. Yes
- 2. No

3. If yes, how much money are you likely to budget for IT talent this year?

- A. Less than \$1 million
- B. \$1 million - \$1.9 million
- C. \$2 million - \$4.9 million
- D. \$5 million - \$9.9 million
- E. \$10 million - \$19.9 million
- F. \$20 million - \$29.9 million
- G. \$30 million - \$39.9 million
- H. \$40 million - \$49.9 million
- I. \$50 million +

THE • talent • ECONOMY

A complimentary subscription to The Talent Economy will be sent to qualifying applicants. The publisher reserves the right to limit the number of complimentary subscriptions. Free subscriptions are available in the U.S. and Canada.

All other applicants will receive 2 FREE Trial Issues, followed by an invoice for \$19.95 (In Canada, \$34.95 U.S., all other countries, U.S. \$55.00 pre-paid). If you choose to pay the invoice, you will receive 10 more issues. Otherwise, write "cancel" on the invoice, return it to us and owe nothing. The FREE trial issues are yours to keep.

When Supply Far Outstrips Demand, What's Your Competitive Advantage?

By Dianne Ferguson

As we enter into this final quarter of 2002, many of us are asking (or at least pondering) *is it over yet?* For many reasons (partly the economy as well as other influencers), the supply of IT talent still exceeds the present demand. We are in an increasingly competitive business environment requiring more and more of a focus on our competitive advantages. I absolutely believe a key reason many clients use our services is because they perceive NACCB members arguably provide higher quality talent and better value-added services for consultants and clients, very cost-effectively.

For us, this is one of our differentiators in this marketplace. If you were challenged, can your business substantiate that perspective in your marketplace? If not, what competitive advantages do you and your teams portray as you make an effort to generate more revenue when marketing your services in the reality of today's economy? Perhaps you've revamped your services and jumped on board with Vendor Managed Services (VMS) or Offshore Solutions to set your offerings apart from your competitors.

While the need for highly-skilled information technology talent is starting to rise again, there are still far fewer opportunities available now than there were 18-24 months ago. As the only national association exclusively representing IT services companies that specialize in providing highly-skilled computer professionals, NACCB can be a solid differentiator in your arsenal of tools.

Countless NACCB members continuously demonstrate that clients can count on them to provide the best talent available, just-in-time for their project needs. *Can you honestly say you deliver at that level?* More importantly, would your customer say you deliver at that level? In what feels like an extremely overcrowded market, we are all looking for an edge, an opportunity to gain advantage over our competition and to create "brand loyalty" with our clients. Although the force of business competition has increased and more of us are going after a smaller number of requirements, it's important to ask yourself *"Have we provided what our customer perceives as value over our competitors? Have we created a reason for our customers to be loyal to us?"* While everyone is beating down your clients' doors, have you established a relationship and made enough of a difference that your clients are inspired to stick with you?

If a competitor offers your customer a lower rate, are you out of the running? Or have you proven your value and differentiated yourselves? Last quarter I recommended spending some quality time with your clients and helping them plan their short and long-term strategies, sticking with them through the non-spend period and working toward future goals. Have you worked on developing those relationships? If not, now is the time or when their budgets are released, they'll choose either the competitor who did prove their value or whoever provides the lowest rate.



Dianne Ferguson

So, in such a tight market, how do you differentiate yourselves? Well, one advantage that we have is the NACCB. Make sure your customers are aware of the organization and what your membership represents to them. You should be able to legitimately claim that you provide higher quality services and back that up through your NACCB affiliation. How about some others?

Tom Sant, of the Sant Corporation, recently sent out a message focused on "Differentiation that Matters." His recommendation is to "develop your competitive position by basing it on systems or work processes that are more difficult to match." He recommends focusing on four types of differentiators:

1. Cost or total value (positive impact of an actual metric)
2. Quality (greatest reliability, best practices)

continued on page 5



Don McLaurin

NACCB—The Tools to Grow Your Business

By Don McLaurin, CEO NACCB

I trust you had a good summer. Well, as good as possible given the state of the IT services business climate. Our annual industry survey (NACCB Operating Practices and Trends Study) confirmed what we already knew – last year was brutal. Unfortunately, the turn-around, that we had hoped for in the first half of this year did not materialize. In response, we as a trade organization have tried to focus lately on creating some products and services to assist you in finding new revenue sources, as well as operating more efficiently. This issue provides you more information about some of those opportunities.

The *Monitor*, of course, has run many articles designed to provide useful tips to business owners on managing more effectively. We will continue to search out the best content we can find along these lines. I have received

many comments from members that the *Monitor* is the most useful industry publication they get. I hope that you are taking the time to read it carefully and distribute it to your key staff.

This spring we twice held seminars on “Doing Business With the Government” (New York and Washington D.C.) that got rave reviews from the attendees. Also, the web-cast on dealing with the Microsoft decision helped many members develop new client relationships and cement existing ones. Upcoming, we have web-casts and seminars dealing with the phenomena of VMS and offshore development. Our goal is to assist members in staying abreast of developments in our industry that can affect their businesses. Where there seems to be a demand, we hope to provide additional information to assist members in determining if some of these developments could create new business opportunities for their companies.

Much of the focus of this year's annual conference will be on topics aimed to stimulate revenue-generating ideas. If you have not done so - I urge you to register now. This will be an opportunity to hear some of the most successful folks in our business discuss the future and how to best prepare for it.

Lastly, I want to take a minute to mention a group that does not get enough recognition - your Board of Directors. They take valuable time away from their businesses to work hard on your behalf. I was struck during our August board meeting at the commitment of these men and women to the membership. They are dedicated to assuring that NACCB continues to give the members the Tools to Grow Your Business. They deserve a pat on the back, literally, the next time you see one of them.

I hope to see you in Florida. ❖

Funding

A highly specialized funding source
serving IT Staffing Firms exclusively
for more than 25 years

*e*consultantsSM
FUNDING SOLUTIONS

Funding up to 100% of
your sales
at rates less than 2%

Contact: EVELYN BROWN
Phone 800.811.2729
money@estaffunding.com

HIPAA: a Business Plan for 21st Century Health Care

Paul Zimnik, D.O.
President, The HIPAA Institute

The health care industry is on the verge of unprecedented change born from decades of business inefficiency, the demands of a growing body of empowered health care consumers, and new opportunities available in *Information Age Medicine*. As the world's largest industry, health care is struggling to maintain its standards of care while managing cost constraints, changing responsibilities, and its move away from its Industrial Age roots.

Title II (also known as Administrative Simplification) of the Health Insurance Portability and Accountability Act of 1996 (often referred to simply as *HIPAA*) will likely become one of the most significant influences in the evolution of 21st Century medicine. It represents the most far-reaching piece of health care legislation since Medicare & Medicaid in 1965 and impacts most aspects of health care delivery, including business transactions and communications among payers, providers, and consumers. It establishes minimum standards for electronic data interchange, privacy, and security policies and has the potential of pervasively impacting an industry with expenditures exceeding \$1.5 trillion annually.

HIPAA is more than a body of federal regulations. It represents a foundation for cost effective and efficient health care delivery - a topical and relevant blueprint for health care integrity, availability, and confidentiality that impacts health care consumers and providers alike. For example:

- HIPAA describes the required infrastructure for critical functions of Homeland Security in the health care arena: detection, preparedness, prevention, protection, response & recovery, incident management, continuity of government, public affairs, and cooperation with state and local governments and private entities.
- HIPAA affords levels of information assurance necessary for reducing medical errors.
- HIPAA will improve accounts receivable in hospitals and doctors' offices.
- HIPAA standardization of communications will enable a more distributed health care delivery system

For the information technology industry, HIPAA represents a potential for significant market growth in these times of shrinking opportunities. By studying our changing health care industry and learning of the tremendous potential inherent in HIPAA to answer today's and tomorrow's health business challenges, the aggressive computer consultant business can position itself for new revenue opportunities that could sustain it for years to come.

For more information on HIPAA opportunities that exist – don't miss Dr. Zimnik's presentation at the NACCB Annual Conference, November 6th-9th!

President's Message

continued from page 3

3. Technology (improvement in their platform that benefits them)
4. Industry trends (helping them keep up with the competition)

If you can talk to each of these points with your customers, you should be able to out sell your competition. Stay focused on what is important to your customers, each one of them. The more you can tailor each point to a customer's individual needs and overall industry the higher your success rate should be. Yes, it takes additional time, but the future benefits of establishing a value-based relationship should make that prep time worth your while.

Currently, economic indicators suggest we are steadily moving into a recovery phase, and as business begins to sustain itself, the pace of re-igniting deferred projects is beginning to increase. Capitalize now on the chance to differentiate yourself, to show your clients why you are the business they want to work with, why you can provide more of what they need to be successful in their current and future market. Make the most of your competitive advantages.

As the year and my office tenure as NACCB President comes to a close, things are slowly starting to turn around. Last quarter I focused on staying in the game, which is important and necessary for survival. I hope that you continue to do so, well into 2003 and beyond. But as things start to slowly creep forward, remember, **don't just stay in the game, create a game plan** to win.

May God continue to bless you. I hope to see you at the annual NACCB conference, a valuable tool for facilitating that winning game plan. ❖

Tapping into the Collective Wisdom

By Mark B. Roberts
NACCB COO & General Counsel

Why do companies get together and form trade associations? At first blush, it would appear an unlikely occurrence; a group of like companies engaged in the same business who are often direct competitors getting together on business issues. While potentially competitors in the pursuit of clients, the commonality of interests and the value of collective action overcome these countervailing forces. In the legislative arena, the power of collective action is well understood. Influencing legislative outcomes is not a solitary pursuit; there is strength in numbers. NACCB like many other trade associations, often owe their very creation to legislative threats and the associated need to mount a collective response.

However, the power of collective action extends beyond legislative activities. In the products and services realm, NACCB, negotiating on behalf of all members, can often get a better deal than a company buying a product or service individually. The association can save members considerable money on legal fees by effectively spreading the cost of model contracts and other products and services across the membership.

In this challenging business environment, perhaps the most valuable form of collective activity is the aggregation and dissemination of the “collective wisdom.” Even if you extraordinarily knowledgeable and effective in running your business, you can’t “know it all” (believing we know it all is a faulty assumption many of us no doubt traveled under in our youth; lest we regress, our spouses are conveniently available to set us straight). We all need regular reality checks and sounding boards. We need to be

exposed to new ideas and have our own firmly held notions challenged. How do you tap into the collective wisdom? Here is a roadmap to some of the available resources:

– Attend the Annual Conference:

Where else can you find over 35 sessions on every imaginable topic related to running an IT services business in the current economic environment?

Topics include how to tap into the market for offshore services, how to deal with the trend toward vendor management systems, how to do business with the government, what business opportunities are available as a result of HIPAA, and what are clients looking for in an IT services company (from the view of actual buyers of IT services). In addition to the formal sessions, learn from your fellow members by participating in informal roundtable discussions and meeting others in the industry during social events.

– **Read the Monitor:** The *Monitor* is full of practical information from both members and non-member experts on topics related to managing a successful IT services company. Read it religiously and distribute relevant articles to your staff.

– **Attend NACCB Webcasts:** We have initiated webcasts on important topics to IT services companies. Earlier this year, we held a webcast on how to address client concerns related to the Microsoft case. This fall, we will be holding webcasts on tapping the offshore market and on understanding per diems.

– **Participate in the Operating Practices and Trends Survey and Use it as a Tool to Manage Your Business:** The annual survey report is full of information that provides



Mark B. Roberts

insight on how to run an IT Services business profitably. Participants receive an individual company performance report. Both reports provide invaluable metrics for evaluating and comparing your company’s performance and business practices.

– Participate in an Executive

Roundtable: Join with other executives managing similar companies and participate in a fully candid and open discussion led by an experienced facilitator.

– **Join An NACCB Listserv:** NACCB supports three Listservs that allow members to bounce issues off of fellow members in real-time. Sign-up and participate in these online discussions.

– **Participate at the Chapter Level:** In addition to national NACCB activities, chapters provide an opportunity to tap into a local network. Take advantage of the knowledge and experiences of your fellow chapter members.

Given the challenging nature of the current business environment, it is more important than ever to learn from the experiences of others. While trial and error in business undertakings can never be completely avoided, tapping into the “collective wisdom” through NACCB programs can minimize the “errors” and increase your likelihood of success. ❖

NACCB Releasing New Model Solutions Contract

By Mark B. Roberts, COO & General Counsel

Recognizing that many NACCB members are doing solutions or project work at some level, we are enhancing our offerings in this area by developing a model solutions contract. Henry Beck, with the New York office of the law firm of Heller Ehrman, a leading legal expert in information technology transactions and contracts, has prepared the agreement. Look out for its release by email in September. The agreement will also be posted in the members-only area of the NACCB website.

Don't miss this session at the NACCB Annual Conference November 6-9, 2002!

Top 10 Reasons NOT to Miss the NACCB Conference & Trade Show!

- #10** You have the services, we have the buyers - you do the math.
- #9** 75% of our attendees are CEO/owners and presidents. What other IT staffing industry event can make that claim?
- #8** Your sales staff is tired of playing solitaire.
- #7** Have you checked out the resort where this event is being held?
- #6** Show your support to the NACCB and the IT staffing and services community. It's good business.
- #5** EXPOSURE – EXPOSURE – EXPOSURE!
- #4** Your competition will be there! And if you don't show up, we're going to talk about you behind your back.
- #3** Hands-on demonstrations of your product or service. Or perhaps you'd rather keep all of your business cards for yourself?
- #2** Network with those in the industry – so much face time you'll know what kind of gum they chew.
- #1** IT spending has begun to increase. This means more business for you. More business is good.

Come to think of it, can you afford NOT to be there?



Space Is Limited! Visit our website www.naccb.org/conference or call 1.888.212.8829 to reserve your space today!

Don't miss the premiere event for one stop shopping for all your business needs —
The 2002 NACCB Annual Conference & Trade Show

2002 Exhibitors

AGR Financial, L.L.C.
Best Practices of the Staffing Industry, Inc.
Bookman Testing Company
CCBSure/ISG International
ComputerWork.com
CoreWare, Inc.
Damian Services Corp.
Dice.com
e-Consultants Funding Solutions
eEmpACT Software
Employer Consultancy, Inc.
Extended Stay America
Mantram, LLC

MindLeaders.com
Net-Temps, Inc.
New Work Media
Recruitmax
Resource Funding Group
SmartForce
Specifics, Inc.
Staffing Industry Analysts, Inc.
Sun Capital, Inc.
The McFaddin Metis Group, LLC
The Training Associates Corporation
VCG, Inc.

as of September 3rd

SAVE THE DATE!

NACCB ANNUAL LOBBY DAY

MAY 7 – 9, 2003

The Washington Court Hotel
Washington, DC

Be on the look out for more details soon!



**Thanks to the
2002 Annual
Conference Sponsors**

Mindleaders.com
Investec
Update Capital
Jordan Group, Inc.
The McFaddin Metis Group

***Sponsorship Opportunities Still Exist!
For more information call 888-212-8829**

Anti-Staffing Legislation in the New England Chapter's Own Backyard

In early 2001, a NACCB Legislative Update highlighted certain proposed anti-staffing legislation before the Massachusetts legislature. Although this was not the first time the NE Chapter faced adverse legislation, never before had such negative legislation been proposed in its own backyard. Many members of the NE Chapter were actively involved in the formation of the NACCB, occurring in the wake of the passing of Section 1706 of the 1986 Tax Reform Act of US Congress ("1706"). Additionally, those NE Chapter members with California offices and/or clients observed first hand the problems caused by the passage of overtime legislation in California that singled out this industry. Consequently, the NE Chapter understood it must act quickly and decisively to prevent these bills from becoming law.

At the February 2001 meeting, the NE Chapter voted to form a legislative committee to be the point team in combating this proposed legislation. This committee was tasked to perform research, discern the prospects of passage of the bills, and make recommendations to the NE Chapter. In that effort, the legislative committee discovered that four harmful bills were proposed by certain State Senators that were to be heard before the Commerce and Labor Committee of the Commonwealth of Massachusetts Senate. These Senate bills would, among other things, require staffing firms to: 1) disclose the rates they charge to clients to the temporary worker; 2) pay wages and benefits to the staffing firm employee that are equal to or better than the client's similar employees; 3) refrain from limiting the right of a temporary worker to accept a permanent position with a client or from limiting the rights of clients to offer such employment; and 4) register with the State as an Employment Agency by repealing the exemption of staffing firms from the employment

agency licensing law. It goes without saying that these legislative initiatives would have been devastating to the Massachusetts staffing industry.

As a result of the findings on the breadth and seriousness of the bills, and potentially dire consequences, the NE Chapter held an emergency meeting. At the meeting, the members engaged in a healthy dialogue concerning the prospects of passage and the best manner to oppose passage of these bills. Given the difficulty in efforts to modify existing law (i.e. 1706), members fully recognized that all of the proposed legislation must be defeated. Many members believed that the services of a professional lobbyist was imperative. However, before voting on whether to hire a lobbyist, the NE Chapter agreed to research costs and voted to empower the legislative committee to interview and recommend a lobbyist.

Members of the NE Chapter referred four potential lobbyists/firms to the legislative committee for detailed interviews. Based on the legislative committee's recommendation, the NE Chapter held a special e-mail discourse and conducted a vote whereby the members agreed to retain a lobbyist through the remainder of 2001 in the hopes of defeating and/or modifying the anti-staffing bills before the Massachusetts Legislature.

Once retained, the NE Chapter's lobbyist immediately met with the sponsors of the bills as well as several influential members of the Commerce and Labor committee. The lobbyist designed a plan of action for the NE Chapter, which included several members of the NE Chapter attending the public hearings and meeting with several legislators. Additionally, the committee met with local trade groups in certain other staffing/market disciplines who were united in defeating the proposed legislation. The NE Chapter lobbyist also met with the lobbyist for these trade groups. Through its lobbyist, research and attendance at public hearings, the NE Chapter

discovered that the root of the proposed legislation was a general misunderstanding of the staffing industry/ market. Moreover, many legislators were unaware of the NACCB and its membership of high-end computer consulting and staff augmentation businesses.

In essence, the legislation appeared to be sponsored and endorsed by certain legislators supported by a large constituency union. Furthermore, many legislators were concerned with a practice by certain agencies specifically in the maintenance business who were deducting monies from temporary employees' pay in order to compensate for transportation provided by the employer. The NE Chapter and its lobbyist explained in detail the information technology consulting and staff augmentation services provided by NACCB Members (explaining pay rates, employee and client flexibility, and employee choice, among other things). Upon discussion, it was evident that most sponsors did not foresee the unintended consequences of these bills on NACCB businesses. Once explained, the harm in passing such legislation in its current form was clearly understood. Fortunately, as a result of months of efforts by the NE Chapter's members and its lobbyist, the legislation was not forwarded to the floor for a vote, but rather placed in a study committee where it currently remains. This legislation has not yet reemerged and it is hoped that it will not in its current form or otherwise.

The NE Chapter remains cautious as to whether other legislation injurious to its business may reappear one day. Consequently, the NE Chapter continues to educate legislators in Massachusetts and has retained its lobbyist on a limited basis in 2002. In this manner, the NE Chapter has proactively presented and advocated its industry to the Legislature of the Commonwealth of Massachusetts throughout 2002.

continued on page 15

Elevate Your Market

Select Appropriate Model(s)

Create Revenue Diversity/Replacement

Future Trends in Nearshore/Offshore Outsourcing

Mart Pine, GO-Global Outsourcing

The IT Services market is defined wrong! The IT Services market is eroding. Project work is going offshore. While business may have stabilized it may never be as good as it was. Clients are looking to manage their budgets and need more from their service providers.

While there are many business drivers, THE major business driver today is cost (firms are trying to do the same amount of work with significantly reduced budgets). For example, if a fully burdened employee (salary plus benefits) costs \$105,000/year (New York City), a typical IT Services (staff supplementation) consultant costs between \$150,000-\$300,000/year, while an offshore resource costs \$50,000/year and provides additional perceived quality (SEI-CMM certification), then how does a traditional domestic IT Services firm participate and replace the revenue going offshore?

Most IT Service Firms offer targeted solutions, like staff supplementation. While some diversify by offering non-IT Services others diversify by offering project based services. The Staff Supplementation and Project Models are different and usually reside in different divisions. From the clients viewpoint these different divisions can then appear to compete with each other.

Customers want a simple solution. Customers and potential customers would like to buy from an established source, who knows their business and who simplifies their jobs by offering most all of the services they want. Additionally clients would like to reduce the amount of management overhead they have to supply to manage relationships, as each new relationship requires additional overhead, minimizing the number of relationships and reducing cost is a motivating factor.

A win-win-win scenario can be created, marrying offshore firms who have excess delivery capability and domestic firms who have established relationships and sales capabilities; simplifying the choices and solutions for client firms.

While the top tier offshore firms have done well, the 2nd tier of firms, those with substantial track records, noteworthy certifications (SEI,ISO, PMI, PCMM, 6-Sigma, etc), and significant delivery resources (>1,000 resources), have not done as well. Working with these firms is very feasible.

Additionally, by elevating the discussion from Staff Supplementation to Global Resource Management, there are

new diversification and staff supplementation revenue replacement options available for domestic IT Services firms.

Global Strategies are now enabled through redundant global/satellite communications networks and established Remote Work Management (shared service/nearshore/offshore/telecommuting) processes and procedures. By choosing to expand your relationships with new services offerings, you can fill in gaps in revenue creation and offer diversification of services to existing and new clients.

There are a number of Global Resource Management Initiatives that can be employed to fill client needs, these include:

- Staffing – hiring, transferring, retraining employees.
- Service Centers – Shared Service Centers, Centers of Excellence, Software Factories.
- Staff Supplementation – working with service providers to fill specific technology needs.
- Managed Supplier Programs – preferred vendor models where one or more service providers offer discounted services sometimes with a management fee involved.
- Onsite Project development.
- Offsite Project development.
- Remote Work Management through nearshore/offshore partners.

IT Services Firms can offer to help the client with:

A. Internal models including:

1. Internal Staffing – hiring, transferring, loaning, displacing, retraining, and promoting existing staff.
2. On-site project work.
3. Telecommuting – allowing the proper resource to provide the services provided without the expense of transferring, even on a temporary basis to the site where the work is to be performed.
4. Shared Service Centers/Centers of Excellence – a grouping of like skilled people to work on specific technologies or functions (e.g. SAP, Web, HR, Travel, F&A) in essence in-sourcing.

B. ESP (External Service

Provider) models including:

1. Staff Supplementation — the hiring of contractors for hire to perform specific functions typically on a time and material basis (there is no deliverable except the resource showing up daily for a designated period of time). Currently some Managed Service Providers are providing Vendor Management Systems in which for a fixed markup they will manage the other vendors (typical results are 8-12% reductions in contractor spend). Sometimes combined with a Preferred Vendor Program.
2. Project based consulting — a fixed deliverable is produced usually at a fixed price or time & material contract to a cap. This work can be done onsite, offsite or a combined onsite/offsite.
3. Shared Service Centers/Center of Excellence — created and run by a vendor/partner, but can be staffed by both internal and vendor resources. Typically a capacity/utilization model on a separate site.
4. Outsourcing -usually a vendor who provides efficiencies and productivity because they concentrate in a specific area like IT and Web Services. This is the old industrial engineer stopwatch on the manufacturing line updated to current times. Because the outsourcer concentrates in a given area, and because the client is not typically an IT firm, the outsourcer can be more efficient, offer expanded career paths, and reduce costs for (applications, data centers, infrastructure, etc). Within outsourcing the following models apply: (sometimes people confuse outsourcing issues with offshore/ nearshore issues which we are about to discuss, make sure that that problem resolution solves the right problem)
 - i. **Staff Supplementation** — the outsourcing supplier fills in gaps (similar to the ESP).
 - ii. **Project Work** — the outsourcer performs the agreed to scope of work as a project with a fixed deliverable. In this case a team may be assembled for the express purpose of this specific project, there is no commitment to retention of knowledge for the next project, and the team members will most likely not be the same for any additional project.
 - iii. **Outsourcing** – the use of outside resources to perform work traditionally performed by internal staff.

There are a number of ways that domestic IT Services Firms can look at participating in the outsourcing model:



A. Ignore/Fight the Trend — There are a number of executives and firms that deny that outsourcing is a solution, assume it is a fad that will pass or raise the American Flag (the issue of exporting American jobs overseas, and while there are a significant

number of Americans out of work, they typically don't have the available skill sets to fill the needs. In fact the ITAA has stated that while the number of unfilled jobs in the US is down from 2001's high of >1,000,000 open positions, there are still >400,000 open positions that will be unfilled today because of a lack of properly skilled people in the US — additionally the US will not graduate enough people to solve this gap in the foreseeable future).



B. Foreign Staffing — Go overseas, typically to a developing 3rd world nation and recruit a number of highly trained foreign nationals. In this case you would have to sponsor them into the US and utilization, language, visa reporting and skill mix may become problems.



C. N-Tier Outsourcing or

Intermediation

(see previous article

Summer 2002 Monitor). Basically the

American staff supplementation of project

based consulting firms who are seeing their

market erode and instead of ignoring or fighting the trend

are looking to partner with a nearshore/ offshore delivery

company with excess capacity. The assumption is that

because the US firms has a long-standing relationship with

the client, while understanding business and the vendor

partner has excess delivery capability (the top tier firms in

India are projecting 30% growth down 50% for 2002, firms

not in the top tier are having problems surviving and are

desirous of US based sales capabilities). This also happens

when a supplier provides services from multiple countries

(just as we had 2 tier client server that grew to in-tier, we

have 2 tier outsourcing (client-vendor) growing to n-tier

when for example an Indian firm buys services from China

or South America. The value in this model is similar to the

value of a Best Buys, products like GE, IBM, Sony can be

purchased direct, or the buyer can go to one source

(Intermediator-Best Buy) see most of the competing brands,

be offered interesting financial options (6 months same as

cash) and have an additional warranty added to the product.



D. Buying Co-op

— Multiple geographi-

cally diverse firms' partner together to buy

from a dedicated source. This is a co-op approach used in the

housing, energy and other businesses. In this way, for exam-

ple, 4 firms can assume 25% risk, while gaining 100% of the

cost and other advantages of the outsourcing model, while

the supplier gets guaranteed utilization.

E. Aggregator model

— This is a model

where a single firm offers multiple locations

(US, India, Canada) and provides consistent management.

The fallacy in having multiple vendors is that you typically

require multiple management schemes (additional manage-

continued on page 12

Nearshore/Offshore Outsourcing

continued from page 11

ment overhead is 10% to 20%), the suppliers are not interchangeable, and each works with a separate process. An aggregator provides added value service by providing a consistent deliverable and process, while offering multiple sites (US, Canada, India, etc) from which to get services. While not offering the savings of the direct model, there are substantial savings accompanied with risk mitigation and reduction in management costs.

F. Alternative Development Center — Most of the other options discussed rely on making use of a vendor, most times in a nearshore/offshore location to gain the benefits discussed above. However, we never met anyone who went to sleep one night and awoke the next day to proclaim “let’s move all of our IT to India.” There are compelling reasons to outsource, and different ones to outsource nearshore/offshore. The ADC is a “let’s beat them at their own game”

approach. Raise the American flag and say we can do it as well as they can. We can take the unemployed IT workers, work with state and local governments to create tax incentives like Canada (see below), take people off unemployment and locate in areas that are not high cost areas, to compete. The goal is to save money, not take a public relations bath, and deliver services. ADC accomplishes all of this and quiets most of the objections of the naysayers.

There are new and hybrid models developing everyday as more and more domestic firms look at ways to replace revenue and offer their clients more reason to continue to work with them. All of the above models are in effect in one form or another today. Those firms participating in these models are increasing their revenues, creating higher satisfaction among their customers and expanding their offerings.

IT Services Firms are re-inventing themselves and their value proposition on the fly. The upside is only positive for the firms who chose to participate. ❖

For additional information on Off-shore Outsourcing – don’t miss The NACCB pre-conference seminar REVENUE REPLACEMENT / DIVERSIFICATION OPPORTUNITIES For IT Services Firms in Offshore Outsourcing: A Primer

<http://www.nacccb.org/conference/preconfseminar.htm>



Unlimited Financing for Every Need

Working Capital

Payroll

Personal Needs

Acquisitions

Expansion

Franchise Buyouts

Creative Financial Solutions Exclusively for the Staffing Industry

Mergers, Acquisitions, Valuations, Restructurings

Contact G. Allen Geyer, Managing Director • Phone (732) 572-0568 Fax (732) 777-9596

AGR Financial L.L.C. • 100 Metroplex Drive, Edison, N.J. 08817

10 Ways NACCB Members Can Reduce Insurance Costs In The Face of Rising Premiums

By G. Philip Feldman

Why have insurance rates gone up for IT firms when most of these firms have experienced shrinkage in their revenues since 2001? After all, premiums for liability insurance are predominantly based on annual sales so shouldn't they decrease proportionately?

While this is a complex issue, the insurance industry is currently experiencing what is known as a "hard market." The bad news is that this translates into higher premiums and more underwriting questions. The good news is that like a bear market in stocks, a hard market in insurance is cyclical and we will come out of it, probably within the next 18 months. How did we get here?

Throughout the 1990's, like many public corporations, insurance companies made the majority of their income in the stock market. They competed with one another for market share by driving down premiums and loosening their normal underwriting questions. During this time, making an underwriting profit, taking in more than they paid out in claims, was not as important because their stock market investments were growing sufficiently to offset any underwriting losses. Companies were in the black and shareholders were happy. Then, as the stock market took its turn for the worse, companies were forced to return to underwriting for profit; asking more questions and raising rates. Selling more insurance became less important than selling business that was profitable, from a premium income versus a claims payout perspective.

Companies insured many businesses during the good, "soft market" years that they would never have insured during a hard market. They simply abandoned many underwriting rules in favor of collecting premium that, in turn, they could invest in the stock market. Thus, when the stock market

declined, cancellations and changes in underwriting requirements became the new norm and IT services firms were not insulated from this broad-brush approach.

Next we must factor in September 11th. The problems in the insurance industry were exacerbated beyond prediction for the many carriers that provided coverage on the lives, buildings and businesses affected by this tragic event. Most insurance publications are predicting that this one event will cost insurance carriers 60 billion dollars. Or, stated differently, reduce their net worth by more than 60 billion dollars. Unfortunately, when catastrophic events occur, they affect the whole industry because insurance carriers generally are insuring each other through various risk sharing mechanisms known as reinsurance.

There are specific measures that IT Services businesses can take to weather the hard insurance market while still maintaining adequate insurance protection. The following bullet points will touch on these briefly. Because a mere bullet point cannot adequately cover what will follow, I have posted a more detailed version of this article for NACCB members only at www.ccb-sure.com/secure/naccb/0902Monitor.html.

Insurance Related Approaches to Reducing Costs

- Use the NACCB model contracts whenever possible.
- Request higher deductibles on your Property and Liability policies.
- Review closely with your insurance agent the class codes they are assigning your employees for Workers' Compensation rates.
- In states where available, consider small deductible plans for your Workers' Compensation insurance.

- Again, where available, inquire about managed care Workers' Compensation programs.
- Set up separate entities for divergent business practices.
- Ask about adding exclusions to your Property policy for things from which you are less likely to suffer a major loss, such as wind and hail damage.
- Transfer risk of loss to data, software and payroll information by implementing an off-site back-up and data recovery plan.
- Re-check your contracts with your clients and your landlord.
- Contract with an EAP (Employee Assistance Program) and offer as a benefit to your employees.

There's no question about it, saving money on your insurance in the face of a hard market is no easy task. But we understand that the current economic environment – particularly for IT businesses, calls for this. If you are concerned about the spiraling costs of insurance and what your firm can do to help contain this, it is essential that you call your agent and discuss these issues before simply deciding to go without coverage. In some cases, you may find that by adding coverage, you are actually saving in the long run. The most important thing is to make sure you are covered properly and that this protection comes from a source that understands the risks involved with your industry.

For additional information, please feel free to call me directly at 410.901.0700 or email me at pfeldman@ccbsure.com. For the unabridged NACCB member-only version of this article, complete with explanations of the bullet points, log on to www.ccb-sure.com/secure/accb/0902Monitor.html. ❖

Some Perspective on Investing

Chris Hacker, President, Peak Financial Management, Inc.

It has definitely been a tough time to be an investor. As if the stock market hasn't already been tough enough, we have had some of the largest corporations in the world misstating their earnings reports, claiming bankruptcy and then leaving not only their shareholders but also their own employees high and dry. Some of their retired as well as their current employees lost all their retirement savings due to the executive's lies and deceit. We have seen scandal after scandal in the corporate world. There have been CEO's sent to jail for insider trading and fraud. We have seen a major accounting firm under serious scrutiny and restructuring for false accounting practices, analysts at major brokerage firms lying to clients and to top it off the possibility of Martha Stewart, a household name, possibly going to jail for insider trading. So whom do we trust and where do we turn to when it comes to our investments? We need to look at the past to see into our future.

In March of 1933 the outlook for our national economy was very bleak. The years prior to 1933 had the following figures for economic growth. 1930 had -9.4%, 1931 had -8.5%, and in 1932 the economic growth was -13.4%. In 1931 and 1932 roughly 4000 banks collapsed which caused president Roosevelt to announce a weeklong bank holiday to prevent people from withdrawing all their money. "Attitude," Roosevelt said was the one real problem. "The only thing we have to fear is fear itself - nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance." Today the economy is much better shape then back in the early 30's, yet the fear still exists regardless from what we have learned from the past.

The last time the stock market fell for 3 straight years, was 1939-1941. The decline for that period was around 13% annually. However, those declines were followed by double-digit gains for

4 straight years by the S&P 500 index. In only one other time in history, until now did the S&P 500 drop for back-to-back years, which was 1973-1974. These years were followed by back-to-back gains in 1975-1976 with gains of 31% and 19% respectively.

Although past performance is no guarantee of future results, historically, when we have a prolonged down period in the market, it has been followed by a sharp stock recovery.

The first 6 months of the stock market in 2002 have been the worst since 1907.

For the first 6 months of this year we have had good economic news, which has only been discounted, and now we have economic news, which is not so bright due to corporate earnings, which on a whole, were below expectations for the 2nd quarter. So, since the beginning of this year it has not been a very smooth ride as an investor. While the 2001 recession was on the mild side, we still had one of the most severe drops in corporate earnings the U.S. economy has ever seen. The Nasdaq is down almost 37% YTD while the Dow Jones Industrial average is lower today than it was in mid 98. The good news is that the downside market cycle is usually shorter and sharper than the upside cycle.

Have We Hit Rock Bottom Yet?

If there is one thing we do know for certain from history, it's that "this bear market will end." And, after every bear market in history it has been followed by an even longer bull market. Although, there's no assurance that this will happen in the future.

In July we saw a lot of panic selling, which is what economists call "capitulation" in the stock market. If there is one bright side to this capitulation it's that it may be a sign that bear markets are ready to end!

Often people confuse the economy and the stock market as being one and the same. People usually think that if the market is heading south, then the economy is too. This is not always

true! The economy is definitely not falling right now. The economy is what generates jobs and helps us to live day-to-day. Fortunately, the economy is doing much better than the stock market. Although it is common for the economy and the market move in the same direction, they do sometimes go their separate ways. Take for example the single worst day in October of 1987 when the Dow fell more in one day as a percentage than it has in the whole recent bear market. However, the economy kept growing strong regardless of the drop. This brought about the saying of economist Paul Samuelson who said, "the stock market has forecast nine of the last five recessions." A strong economy does generate high and rising profits for corporations, which in turn can create higher stock prices. The rise in the stock market then gives a boost to the economy, which leads to wealth being created for investors and consumers. These were major contributors to the 1990's booming economy. When these factors get reversed, they in turn usually lead to lower corporate profits and lower stock prices. The stock market is usually a leading indicator of the economy, however in the example above we can see that this is not always true.

How Is The U.S. Economy Reacting Compared To Our Previous Recessions?

I do not think the stock market is representative of our economy with regards to talk of double-dip recession. Currently the housing market remains strong, and corporations are spending their capital, although not as freely as they were a few years ago. So consumers are spending their hard earned dollars, but they are doing it more carefully. Economic forecasting is not an exact science, but is more accurate than trying to predict the stock market, which is virtually impossible.

I can say without a doubt that inflation is low! Currently productivity is growing and our unemployment rates are stabilizing. The U.S. dollar is begin-

ning to decline against other major currencies throughout the world, which helps our U.S. companies that have a large global presence. These global companies may begin to see their exports increasing which in turn could boost their foreign profits and thus increase earnings.

So, what is happening to the stock market? Our confidence in the corporate earnings reports for American companies has been turned into fear. With so many corporate scandals brought on by greedy executives and false accounting practices, we as the investing public now fear being in the stock market.

President Bush asked that every CEO of a major publicly traded company sign their name on the dotted line by August 14th, 2002, to swear their financial reports were valid and accurate. If they are found not to be accurate, they will be held accountable! Hopefully, this accountability will ease the mind of investors about the true

earnings of the companies we buy stock in everyday.

What We Should Do Next

It is extremely important that you update your asset allocation if you have not already done so. You should review your portfolio every 3 to 6 months for possible adjustments as well as changes in your goals especially with so much market volatility. Make sure your portfolio is properly diversified according to your goals.

In times such as now, it takes patience and courage to be in the equities market. One of the greatest investors of our time is Warren Buffet, and one saying of his that I always remember is "Be fearful when others are greedy, be greedy when others are fearful." Right now people are extremely reluctant to jump back into the market. I think that over the next 12 to 18 months we will start to see an upswing in business and investor confidence. Although we still have the affairs of the

Middle East to deal with, the economy appears to be getting better and better. With the recent legislation requiring the executives to be accountable for the earnings reports, and confidence slowly building in the stock market, I believe that there is no better time to be an investor for the long run. Stock prices have been beaten down, and that is not to say they will not still go lower, but a turn in the sentiment of the market may be closer than many expect. Good luck and good investing! ❖



*Chris Hacker, President
Peak Financial Management, Inc., Investment
Advisor Representative Of
and Securities Offered
Through InterSecurities,
Inc. Member NASD, SIPC & A Registered
Investment Advisor. 2355 Gold Meadow
Way, Suite 100, Gold River, CA 95670
(800) 627-6722. CA License #OB15522
LD4338-08/02*

Anti-Staffing

continued from page 9

Most recently in late June 2002, with the help of its lobbyist, the NE Chapter conducted a Commonwealth of Massachusetts Lobby Day.

At this Lobby Day, members met with certain State Senators and Representatives and explained the different businesses of NACCB member firms and the value the firms provide to employees, consultants, clients and the economy of Massachusetts. The groups met with Senator Joan Menard, Chairwoman of the Committee on Rules, Representative Brian Dempsey, Chairman of the Committee on Public Services, Senator Marc Pacheco, Chairman of the Commerce and Labor Committee, Representative James Fagan, Chairman of the Committee on Post Audit and Oversight, and Representative Kevin Fitzgerald. We discussed the harm certain legislation could have on this industry. Both the members and the

legislators believed the meetings were informative and worthwhile. Furthermore, most legislators agreed that the impact of these bills on NACCB member firms was inadvertent and not taken into consideration. In fact, one legislator mentioned that 50% of the current legislation at the State House is designed to remedy the unintended consequences of prior legislation.

The efforts of the NE Chapter and its lobbyists to educate State Senators and Representatives on the respective business and the impact of such legislation caused the bills to be reevaluated and effectively stopped in their tracks. Consequently, the NE Chapter plans to conduct an annual lobby day and urges other Chapters to make similar efforts in their States, as it is difficult to predict in which jurisdiction such adverse legislation might be proposed. ❖

Robert Indresano currently serves as Vice President of the New England Chapter of the NACCB.

Welcome New NACCB Members!

*Client Resources
Heartland*

*IkaBiz Corporation
New York*

*Infinity Consulting Group
Florida*

*Infosys Consulting
New York*

*Princeton Information
New York*

*S4 Partners
Northern California*

*The Experts
New England*

Employee Background Checks — Think you're saving money by not doing them? Think again.

By Sarah Scaringe, ChoicePoint Inc.

Consider these Facts:

- 34% of resumes and 73% of job applications contain falsified or embellished information.
- 38% of all employees have been involved in serious acts of dishonesty within the past two years.
- 35% of all business failures (or 36,000 companies per year) can be attributed to employee-related theft.
- Part-time employees are 33% more likely to steal than are full-time employees.
- 29% of employees think everybody steals.

—Security Technology & Design, c 2001 by the Institute of Management & Administration

- Employees who abuse drugs are about 30-35% less productive than non-users.

—National Institute on Drug Abuse as reported in the LA Times, Oct. 2, 2000

- Employed drug abusers cost their employers about twice as much in medical and worker compensation claims as their drug-free coworkers.

—National Institute on Drug Abuse in its Workplace Trends, November 5, 1999

Reasons to Screen

Workplace Violence - Employers who fail to screen potential employees are more likely to suffer from workplace violence. The National Crime Victimization Survey (NCVS), released by the U.S. Department of Justice in December of 2001, analyzed Workplace Violence from 1993 to 1999. On average, 1.7 million violent incidences per year were committed against employees at work. Overall, more workplace crimes occurred between noon and 6 p.m. than in any other 6-hour period of the day. Rape and sexual assault, robbery, and homicide accounted for a small percentage (6%) of all workplace violent crimes. The majority of workplace incidents, almost 19 of every 20, were aggravated assaults (attack with a weapon) or simple assaults (attack without a weapon). Twelve percent of all workplace victims sustained injuries from the incident, even though 75% of those victims did not physically resist.

Litigation - A screening program demonstrates that an employer has exercised due diligence, and can mitigate legal risks in the event that an employee maliciously causes harm to persons or property. If a current employee lacks certain qualifications, or engages in dishonest business practices or worse, a company is relatively more protected from an angry customer or co-worker taking the matter to court.

Consider the following story. Recently, two armed robbers ransacked an upscale California home and shot the owner. The robbers were from a cleaning service that had previously spent a few days working inside the home. When the robbers were caught, the homeowner sued the service. Both men had criminal records and felony convictions before they were hired, and the company was found guilty of “negligent hiring.” The owners had to pay \$11 million dollars in damages (“You can’t skimp on employee background checks”, Joanna L. Krotz).

Protecting your company from costly lawsuits and minimizing workplace violence are two important reasons to screen employees, but there are many other benefits. Screening will help you make better-informed hiring decisions. You will spend less time wondering if you picked the right individual out of a pool of candidates, because you will have verified the qualifications, experience and backgrounds of new hires. Finally, screening new hires will reduce employee turnover, because on average you will tend to hire more qualified individuals and “weed out” the bad apples from the pool.

Small Businesses are vulnerable too

One bad hiring decision can throw a company into bankruptcy, damage its corporate image and brand, or ruin employee morale. Occupational fraud has the largest impact with the small to mid-size business market. This group is the least likely to conduct pre-employment background screens or drug tests. Industry statistics suggest that the cost of even one bad hiring decision can exceed \$100,000 in damages (The Small Business Fraud Prevention Manual, 1996 Report). These costs take into account the time spent recruiting, hiring and training an individual. Small to mid-size businesses are the most susceptible to fraud because they normally have less security measures in place, and also have a smaller amount of individuals with a greater amount of responsibility. Most employees at small businesses have developed strong relationships with their co-workers, which create a greater degree of trust. In a situation where one person is in charge of all the accounting practices, this employee could easily misappropriate funds without it being noticed.

What about Drug Testing?

Where do drug users go? Small businesses employ over half of the nation’s workforce and are increasingly becoming a magnet for drug users. While pre-employment drug testing has increased by leaps and bounds in large companies (98%

of Fortune 200 companies have implemented some type of drug testing during their pre-employment process), it has remained a virtually unused tool for hiring within small businesses. Drug-abusers can increase workers' compensation claims, increase employee turnover, increase theft or shrinkage, and decrease employee loyalty. According to the American Management Association's annual Survey on Workplace Drug Testing and Drug Abuse Policies, 47% of workplace accidents are drug related, and for employees who use drugs health benefits cost 300% more, while absenteeism is 66% higher and disciplinary actions occur 90% more frequently than for non-drug users. Not only does drug testing find current users, it discourages drug users from applying for a job.

What types of Background Checks Exist?

The Basics:

- **Criminal Records** – Searches county and federal records for felony and misdemeanor charges.
- **Social Security Number Trace** - This search verifies the applicant's identity. It also reveals name variations as well as current and former address data. Such information is crucial, as it helps determine where a criminal record search should be conducted.
- **Employment/Education History** – Verifies dates of employment, title and salary history. Verifies degree earned at a college or university.
- **DMV Driving Record**- The DMV Driving Record is an inte-

gral part of any background. In addition to providing identifying information, such as physical description and date of birth, this report can provide insight into a person's character. This statewide search lists violations, accidents and dates of conviction of the incident.

- **Credit Checks** – Demonstrates an applicant's financial responsibility and identifies liens, judgments and bankruptcies. A credit report also aids in verifying previous employment and address information.

Although there are many more searches available on a menu of background screening services, this list provides a basic minimum-level screening of candidates.

Companies owe it to their employees, their shareholders, and their clients to take these basic measures to improve employee and executive fidelity, as well as to help ensure that the people who make up the company really are who they claim to be and have the experience and track records they represent themselves to have. ❖



Sarah Scaringe is an employee of ChoicePoint (NYSE: CPS), and works with its ScreenNow employment screening division (www.screennow.com). ChoicePoint has assisted employers with their hiring needs for more than 60 years. ScreenNow provides instant, online background screening reports and drug testing products.



Special Pre-Conference Seminar Tuesday, November 5th

REVENUE REPLACEMENT/DIVERSIFICATION OPPORTUNITIES For IT Services Firms in Offshore Outsourcing:

A Primer

Offshore IT outsourcing grew over 50% this past year, approaching \$7 billion. Over 300 of the Fortune 1000 have outsourced or out-tasked development, maintenance and production support offshore. With cost savings of 35%-50% and world-class quality being achieved, senior management at client companies are increasingly asking, "How are we going to participate in these savings?"

The question has changed from "why offshore?" to "how offshore?" Domestic IT Services Firms have established relationships with clients and potential clients. Offshore firms have excess delivery capability. By elevating the answers to questions, by diversifying your solutions and choosing the right model to pursue your can replace otherwise lost revenue.

Shared services/Nearshore/

Offshore outsourcing is a complex undertaking and presents formidable risks and opportunities for IT services firms. Join us for this pre-conference seminar and learn how you could possibly tap in to this profitable market.

For registration information please visit www.naccb.org/conference/preconfseminar.html ❖

The 2002 NACCB Operating Practices and Trends Study (OPTS) Shows Small IT Services Firms are Showing Consistent Growth Despite Economic Downturn

According to this highly anticipated industry measuring tool, smaller IT services firms are weathering the current economic environment much better than their larger counterparts.

The 2002 OPTS study, conducted by Deloitte & Touche LLP, reported that the greatest median revenue growth rate, 7.1%, occurred within the smallest companies, while larger companies' median revenue declined by 13.4%. The study suggests that while the business environment for IT services firms remains challenging, it is still possible to grow a small firm.

The wide variation of operating profit (EBITDA) between firms in the bottom quartile, at the median and in the top quartile may suggest that attention to business fundamentals is more important than ever.

"While there are a number a variables that could contribute to the disparity in profits between the highest and lowest quartiles, a fair assumption would be that those near the bottom should review their management strategies vis-à-vis those at the top to seek out areas of improvement," said Don McLaurin, CEO of NACCB.

The economic pressure within the industry has affected headcount as well. According to the NACCB study, of the participating companies, total headcount was reduced on average 4.93%, while technical staff was reduced at an average of 10.7%. By comparison, in the year 2000 headcount grew

an average of 17.7%, with technical headcount rising 28.6%. Despite the down turn in headcount, the use of H-1B visa holders remains important to IT services firms: 64% of survey respondents reported using H-1B's at some level.

Although the data reported clearly indicates 2001 was a difficult year for the industry, respondents remained optimistic and anticipated revenue growth over 10% for 2002.

NACCB designed the Operating Practices and

Trends Study to provide its members with comprehensive information on operating ratios, compensation rates and performance metrics in the IT services industry. For over 10 years, the OPTS has been an invaluable business tool presenting accurate and timely information with which companies can benchmark their practices against others in the industry. In 2002 over 100 companies reflecting over \$2 billion in total revenue participated in the

NACCB study.

If you would like to order a copy of the 2002 OPTS study, please fill out the included order form, or email OPTS@naccb.org and include "OPTS Report Purchase" in the subject line. The preferred price for NACCB members is \$650.00, and \$450.00 for New NACCB members (those that have joined after April 2002), the cost for non-NACCB members is \$1200. Members can receive copies of the 2003 OPTS Report and a personalized Company Performance Report free of charge by participating in the OPTS Survey. ❖





2002 OPTS PRICING AND ORDER FORM

NACCB OPERATING PRACTICES AND TRENDS STUDY FOR THE IT SERVICES INDUSTRY

This study is a premium business tool for performance measurement, goal setting, and projection as you move forward in 2002 and 2003.

- Please check one option:
- NACCB Member \$650
 - New NACCB Member \$450 (*joined after April 2002*)
 - Non-Member \$1200

[Credit card orders only. NACCB membership will be verified]

Contact: Danielle Ringwood, NACCB

Phone: 703-838-2050 x.118

ringwood@naccb.org

Please print or type and fax order form to NACCB

Fax: 703-838-3610

Company Name _____

Contact Name _____

Address _____

City/State/Zip _____

Phone _____ Fax _____ Email _____

Visa

MasterCard

American Express

Card # _____ Exp. Date _____

Name on Card _____

Signature _____

NACCB

1800 Diagonal Road, Suite 520, Alexandria, VA 22314

Phone: 703-838-2050

Fax: 703-838-3610

www.naccb.org

Gary Zander Project One, Inc.



Gary and family.

Name Gary Zander
Company Project One, Inc.
State New York
Years in business 15

ready to call it quits, make just one more call – because that can be the one!

What (if any) is the biggest change in the way that you are doing business in 2002 as compared to 2000?

Up until 2000, we like the rest of the industry operated in “order-taking” mode. Consulting needs and budgets were plentiful and resources were scarce. It was a seller’s market. During the past two years however, the market has completely turned – requiring us to transform ourselves into a “consultative sales” organization delivering more value to clients than simply placing bodies. This value starts with the fact-finding we do up front, the ideas & advice we offer, the process improvements we recommend, the client networking we facilitate – all before we even talk about staffing requirements! The professional & personal relationships that evolve from these “consultations” lead us to future business.

What is the skill you most value in an employee?

After honesty and integrity – it would be the determination to succeed. When someone is success-oriented they’re usually creative in finding ways to overcome obstacles, solve problems and move forward. They also tend to be focused and persistent in achieving their goals. This combined with strong people skills is a winning combination!

What is the most unusual way you ever closed a sale?

I can’t say this was the most unusual way to a sale, but it was certainly unexpected. Many years ago, after a long day of sales calls in the city, I was tired and waiting for my train ride home. When I heard the announcement that my train would be delayed, I instinctively hopped in the elevator of the office building above and randomly chose a floor. Moments later I was cold calling on the IT offices of Madison Square Garden. Needless to say, twenty-four hours later I was there once again, however this time as an invited guest along with my consultant, who later that day became my first placement at my new client. Moral of the story: when you’re

What was your very first job and what did you learn from it?

My very first job was at 12 years old when I was a paperboy. After school and early Saturday and Sunday mornings, I’d load my bike basket with 56 newspapers and ride through my neighborhood tossing papers at the front doors of my customers. My major source of income was the tips I collected

from customers. It didn't take long to learn that reliable, friendly and courteous service was the secret to larger tips – and exceeding expectations often paid even more handsomely. I didn't know it then, but my stint as a paperboy was great experience for my entry into the business world.

What is your dream job (current job excluded – of course!)?

This is a tough one – since making money in this economy would by itself be a dream job! J. However, since I enjoy traveling and vacationing, one dream job would be managing hotel resort properties throughout the country. This would give me the opportunity to remain entrepreneurial and at the same time enjoy a round of golf or a ski trip here and there.

What is your greatest achievement?

Starting Project One in 1987. For many years, I had dreamed about one day starting my own business. I had authored numerous business plans – from used car auto shows in parking lots (“Auto Fair”) to audio cassette rental kiosks in airports (“Ready, Cassette, Go!”) to graphical financial statements (“Smart Chart”) to an educational software company (“Software Treasures”). However I was always apprehensive to leave the corporate nest and step into the unknown. But in 1987 when the recession hit, my sales commissions hit an all time low – and what better time to take that leap of faith and start a new business! I did – and the rest is history.

What was the biggest mistake you ever made in business and how did you learn from it?

Fortunately I haven't yet made any “big” mistakes (that I'm aware of) – although oftentimes it's the little ones that can add up. Two important lessons I've learned however are: (1) “Don't put all your eggs in one basket.” –In other words diversify your client base so that you're not too dependent on just one or a few clients. In our eagerness to strike while

the iron is hot, we must not dilute the resources available to pursue other clients and opportunities. (2) “People first, skills second.”- Never lose sight that regardless of how wonderfully talented a person may be, if he is not a team player he does not belong on the team. Too often we get wowed by a person's abilities and overlook their shortcomings – and when we do... payback is ____!

Who is your business role model and why?

I can't say I have a particular role model. However, I do admire a number of accomplished and innovative individuals & companies, including those with the vision and courage to sell coffee for \$3.00+/cup (Starbucks), those who were brave enough to begin competing with the USPS (FedEx), those who first saw the opportunity to sell bottled water (Perrier) and those who created the world's largest online trading marketplace (eBay).

What phrase do you use most around the office?

I've been told that a popular phrase of mine is “think outside the box.” I like this phrase because it reminds us to be bold and different and to apply creative thinking when faced with challenges.

What aspect of your NACCB membership do you feel is of greatest value?

The opportunity to network and consult with your peers who run other similar companies and face similar issues & challenges. I think it's very unique, yet very rewarding to speak openly and candidly with your competitors and to exchange ideas. Whether at the annual conference, lobby day, local chapter meetings or through my CEO Roundtable – I've benefited greatly from the support and camaraderie within our organization.

What is your favorite memory from a NACCB Conference?

Bellagio Hotel, Las Vegas, November

1999. The NACCB conference was scheduled just days before the huge Comdex Show. It was Saturday about 1AM and I had just gone bust at the craps table. As I was getting ready to return to my room – a lonely individual slowly walks by me with hands in both pockets and staring at the floor. Walking behind him, I follow him right into the elevator - and as the doors close I find myself standing next to Comdex's keynote speaker and the richest man in the world... Bill Gates! In my 15 seconds standing next to fortune & fame, all I could get out of him was the great time he had at the Holyfield v. Lewis championship fight earlier that night - leaving me no chance to borrow a couple million dollars!

What is the last book that you read?

“Germs: Biological Weapons and America's Secret War” by Judith Miller. I enjoy reading non-fiction books and biographies – in my never-ending quest to learn something new, meaningful and practical. What inspired me to read this book were the events of 9/11 and the anthrax attacks. It was fascinating and quick reading too. I highly recommend it.

What is your favorite way to relax?

Monday through Fridays I work a 5 X 24 schedule (not quite, but pretty close) - especially in this difficult market when you have to turn it up a few notches. I do however cherish weekends, holidays and vacations with my family. My favorite ways to relax include – cycling, golfing, skiing, swimming and just plain hanging out listening to some good music. I don't watch much television, but love the movies.

Your personal Motto:

One of my favorites is a quote by General Douglas McArthur – “Being prepared is the key to victory and success.” ❖

VMS – What is Your Strategy?

By Susan M. Jordan, Jordan Group, Inc.

The IT services industry has been hammered in a multitude of ways since the boom days of 1999. The challenges have included the drop-off in demand, the stumbling economy (further complicated by 9/11), and the more recent lack of confidence and outrage over corporate America's profit manipulation. Add to that mix the advent of Vendor Management Systems (VMS). The opportunities to adjust to the unexpected have been staggering!

A recent Jordan Group, Inc. survey focused on how companies are responding to the VMS challenge/opportunity. We asked participants about the number of their clients that are using such systems, how VMS is impacting the way in which IT services companies are doing business, if they believe clients are satisfied with VMS, and if they are offering VMS or plan to in the future. Finally, we asked what key issues they will face over the next 12-24 months.

The participating companies represent many of the leaders in the IT services industry and include such companies as Comsys, CNC Global, CTG, IBS, Keane, the MPS Group, Paragon, RCG IT, Sogeti USA, Venturi Technology Partners, and many others, from very small to large companies. These companies are responding to the VMS challenge in various ways, including attempting to work around the systems, avoiding clients using VMS, partnering with VMS companies, competing as a supplier of VMS, and finally, attempting to diversify and make a move into niche consulting practices or solutions that do not fall under VMS.

It was not surprising that ninety-one percent of survey participants reported their clients are using VMS. They reported that the percentage of their clients using such services ranged from 5% to 72%, and the percentage is growing.

Eighty-two percent of participants reported that VMS has impacted the

way they conduct business. They have experienced the dissolution of the relationship with the ultimate user, a negative impact on rates and margins, administrative issues, little feedback and slow turnaround from the vendor management companies, the transition to a commodity market, the insufficient knowledge of the vendor management companies, issues around quality, and the transfer of liability from the VMS to the IT services company.

The majority of the participants are not sure if clients using VMS are satisfied with the services. Twenty percent believe they are not satisfied and 15% believe they are. The remainder (65%) is unsure. Participants believe the benefits to the clients include the efficiencies of a single point of contact, lower cost, reduced administrative load, and consolidated reporting.

Participants reported client concerns include the quality of consultants, the inability of the end user to have contact with the ultimate supplier, and the lack of knowledge of the companies supplying VMS.

Thirty-six percent of participants are currently offering VMS. Others who are partnering with VMS providers cited the expansion of their client base and increased revenues as positive outcomes.

Of the 64% of participants that do not offer VMS, 65% do not plan to in the future.

When asked what key issues participants will be addressing over the next 12 to 24 months, participants responded with:

- ◆ The challenges of a continuing slow economy,
- ◆ The need to revitalize their sales strategy,
- ◆ Finding niche markets,
- ◆ Increasing solutions revenue,
- ◆ Addressing VMS,
- ◆ Resolving differentiation issues, and
- ◆ Maintaining growth and profitability.

When asked to identify increasing competitive threats they cited VMS and

pressure on margins, offshore development, and reduced client spending.

When asked how the industry must change to respond to customer demand, their comments emphasized the importance of client focus. This included providing better quality – faster – in a more cost-effective way, and discovering how to bring added value to clients. There were also a number of responses regarding the importance of developing niche and specialty services as a response to VMS, and learning how to live under VMS.

One thing is sure. Vendor Management Systems are here and every indication is they will stay. They may evolve with time but they will be part of the IT services and staffing landscape in the future. Whether they are friend or foe is yet to be determined by many companies.

What can other companies learn from those who appear to be successfully managing VMS?

- ◆ If you don't have a company strategy on how you intend to address VMS, you need to get one!
- ◆ Consider working only with clients whose systems allow continued contact with the hiring manager, and continue to develop that client relationship.
- ◆ If you are not large enough to invest in developing VMS, considering partnering with a qualified VMS provider and cultivate that relationship.
- ◆ Find niche services where clients don't use VMS.

The survey data was collected during July 2002. ❖



Susan Jordan is president of Jordan Group, Inc., a management consulting firm specializing in human capital management with a specialty in the IT services and staffing industry.

Susan will be conducting a session at the NACCB conference on November 9, 2002 on the survey highlights.

Grow Your Business by Increasing Your Client's Profits

By Michael Neidle

Overview

Running your company during these demanding times takes both skill and luck (see graphs on page 20 of the Summer issue of the Monitor for an historical perspective). Your company can develop new skills and enter new markets and make your own luck. For example, Kforce has shifted its business model into the burgeoning health and life science staffing area, which now represents 21% of their sales vs. 10% in 1999. Other staffing companies have moved into outsourcing and project management to try to shore up their sales and profits. Spherion's revenue in these areas has grown from 7% to 14% of their total over the last 3 years and stands at 16% for the first half of 2002. Their related gross profit distribution rose from 7% to 14% to 16% of the total for the same period. CDI took a substantial restructuring charge to reposition itself in IT and engineering project management.

Improving Client Profit

To achieve success in today's highly competitive IT staffing market your company has to do much more than recruit. With tight business budgets, you must justify your services and demonstrate how they can increase your client's profits, or be viewed as a cost to be eliminated. It is imperative to document results and not assume that the economics will be readily apparent. In this regard communicate with someone having profit responsibility and avoid being forced to simply bid the lowest price. Getting through to HR on this count may be difficult, as the consequences of negotiating the lowest price may not be readily apparent to them. Dealing with an operations manager connects you with a person who understands the company's problems and opportunities and who understands that price is but one component. The result is a better outcome to the company. The object of the staffing company is to design and deliver a cost-effective solution.

Example

An IT staffing company was building its project solutions practice, but did not have the reputation required to charge a consulting fee to their client. The IT staffing firm needed a solution that absorbed consulting costs but still allowed them to make a profit.

Their client was a software firm with a staff of 400 IT employees. The client was scheduled to develop a new release of one of their products, which required 20 people, which was also the number of free workstations available. The options were to reassign people from elsewhere in the

company or go outside for staff. The client had downsized three times during the last 2 years, but it now had stabilized its workforce. Making further reductions, which would preclude them from hiring directly, would only result in releasing them after the project was over.

The client's existing IT staff pay averaged \$46/hour, or \$60/hour with payroll taxes and benefits. Only part of the staff was familiar with the product, which was estimated to take 6 months and 20,000 man-hours to complete. This translates to a cost of \$1,200,000. The department manager confided that by taking people off assignment elsewhere in the company they would not be able to perform product maintenance and customer support. This was estimated to cost them \$200,000 from an internal audit the last time they had done something similar (lost business, staff turnover, overtime premiums, inefficiencies, poor product performance, returned goods). The client's total direct cost was thus \$1,400,000. Lastly, the client's manager noted that the sales of this product were estimated to be \$50 million with a 40% margin.

Traditional Staffing Solution

The company calculated that given the current poor IT market, they could recruit from a large pool of IT professionals who could do the job. The company planned on hiring 20 people at \$40/hour for a total cost of \$896,000 (including 12% for payroll taxes and workers comp). At a 1.45 markup this would translate to \$1,160,000 in client billings with a 23% margin, or \$264,000 for a \$58.00/hour bill rate. The client would save \$240,000. You would expect that other staffing companies would provide a similar proposal.

Value Added Project Solution

The company decided to provide a value-added project solution that would be a better alternative to the client and increase the company's probability of getting the job. The key was to find someone familiar with the client's product and who would be able to provide a better solution to the problem and function as the team leader. They in fact knew someone who worked for the client a year ago and they previously placed on contract. After discussing the situation with him, they decided upon an approach that would win the contract and make a profit.

The team leader committed to doing the job with 18 people and in 900 hours or 16,200 man-hours. This translated

continued on page 24

Increase Your Client's Profits

continued from page 23

to a direct cost of \$725,800. But the company needed to minimize the risk of losing the team before the completion of the project by providing a completion bonus and guarantee to complete the project on time. They set aside a bonus of \$7,500/contractor, bringing their hourly wage to \$48.30 (more than they would earn on the client's payroll), with \$25,000 for the team leader, with over 40% of his compensation tied to results if the project was completed on time and within specs. This brought the contractor cost up by \$170,800 to \$896,600 or what the client would spend via a traditional staffing approach, but without guarantees.

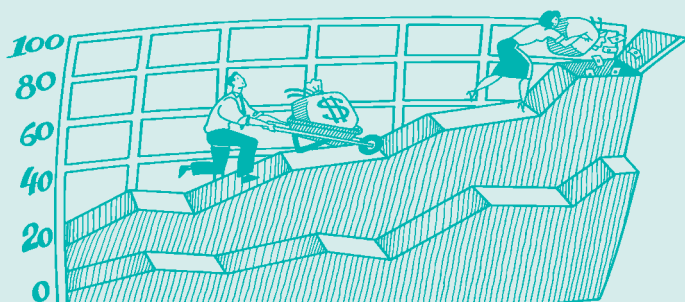
The company would bill the client \$1,256,000, less \$96,000 in savings represented by delivering the product 100 hours early, for a net cost to the client of \$1,160,000. The company guaranteed the client a cost savings of \$240,000. The company's margin was projected at 23% or \$263,400 (\$1,160,000 - \$896,600) including contingencies, or the same as the traditional staffing approach. This could however increase to a 31% margin or \$363,400 if contingencies did not materialize.

Proposal Summary	Net Project Cost	Client Savings	Client Guarantee
In house staffing	\$1.40 million	-	No
Traditional staffing	\$1.16 million	\$240K	No
Project solution	\$1.16 million	\$240K	Yes

The project solution was the best, as it completed the job the fastest, with the lowest cost to the client and was the only one with a guarantee. ❖



Michael Neidle is President of Optimal Management, a leading edge management consulting company acting as mentors to owners and managers since 1994. Phone 650-655-2190, www.optimal-mgt.com. He will be speaking at the November NACCB Convention on "Managing Your Company from Recession to Recovery."



NACCB Webcast—Per Diems: Understanding the Rules

Wednesday, October 16th

Hosted by Mark Roberts, COO & General Counsel, NACCB
Presented by Craig Etter, Greenberg Traurig

After years of dormancy, the IRS recently has raised employment tax audits to a top enforcement priority. For IT services firms, now is the time – before the IRS knocks on your door -- to determine if the per diem payments your company makes to consultants meet the IRS requirements to make them nontaxable. If they do not meet these requirements and the IRS reclassifies the per diem payments as wages, the IRS could assess additional employment taxes against your company of approximately 45% of the amounts your company has paid as per diem plus interest and possibly penalties. Craig A. Etter, an experienced attorney who has represented public and private IT staffing firms in numerous employment tax audits across the country over the past twelve years, will explain the detailed IRS requirements for making qualifying per diem payments.

WHEN: Wednesday, October 16th
1:00pm EST

COST: \$50 per attendee

WHERE: Anywhere with access to the Internet and a telephone

HOW TO REGISTER: www.naccb.org/events

QUESTIONS - email bumstead@naccb.org

NACCB Meets with Department of Labor on Overtime Issues

By Mark B. Roberts, COO & General Counsel, NACCB

The Bush Administration is currently reviewing federal regulations for possible rescission or modification. While clarification of the computer professional exemption remains a part of our legislative agenda, we are also using this opportunity to pursue our goal through a regulatory modification.

In May, we asked the Office of Management and Budget to look at the Computer Professional exemption and other overtime issues of concern to the IT services industry. As a follow on to that effort, in August, we met with senior officials of the U.S. Department of Labor to discuss these issues in greater detail. The Department of Labor officials were very receptive to our arguments. We will be providing them additional information in support of their regulatory efforts.

We will continue to keep you advised of this initiative.

“IT Professionals - Will Work for Food”

Joe Blumberg, Specifics, Inc.

Reductions in IT spending, the lackluster performance of IT service companies, and competitive pressure from clients has put a damper on the compensation expectations of IT workers. In the past two years, rates have declined and compensation has been affected, but not all positions and certainly not all areas. Geographic location is the most important determinant of billing rates and the corresponding market pay rates for most jobs. After billing rates, talent availability, cost of living, and the health of the local economy are all factors that affect an area's prevailing wage.

Those who are taking the brunt of these reductions in pay rates are in the more senior or experienced group, those with six or more years of experience in technical ranks, and those with several years in sales or management positions. These positions that have commanded the highest levels of compensation are now being asked to take the greatest reductions. We are experiencing salary compression in reverse, or from the top down.

We used to be concerned that new employees were being hired at pay rates too close to senior employees and that there was not enough recognition in pay for experience. This is traditional salary compression. A couple of years of double-digit increases relieved the pressure, and experience was commanding premium salaries and billing rates. Gross margins in staffing firms were in excess of 30%, and in solutions firms, 40% or 50%. Incentive plans for executives and managers were being maxxed out, and bottom lines were still highly profitable.

Today we are concerned that clients will initiate another round of billing rate cuts, taking 5, 10, or 15% reductions at will; thus forcing firms who have minimum margin requirements to reduce the pay levels of technical staff, and to reduce management salaries and headcount. Incentive programs for sales people and managers have also been eroded so that their customary compensation is down 20% or more from prior years. It's a difficult market. Clients are willing to pay for reasonable skills at reduced rates or exceptional skills at just a little bit more. Senior programmers are taking positions they would never have considered only two years ago, and the lesser skilled “will work for food.”

Salaries for sales people and managers have remained steady for the past two years. Incentive plans, however, are ratcheted up to show a potential increase, but only at 100% of plan. Since almost no one is achieving plan, overall compensation is down. Some areas of the country, like Silicon Valley (Bay Area), the Northeast, and Silicon Hills (Austin) have been particularly hard hit as a result of the dot-bomb implosion. Skill sets are plentiful and the local economies

are struggling. The \$350 per hour consulting rates are memories of the past.

There are technical skill sets and areas of the country that have not experienced the same degree of salary or rate reductions. There are the hot skills like C++, Visual C++, and database administrators, which are reporting modest increases of 3% to 7% year-to-year, but again these are a local phenomenon. Rates for the high-flying development positions like SAP, PeopleSoft, Oracle, and XML appear to be hurt the most.

Staffing firms have fared worse than solutions firms with respect to billing rates and compensation. In the solutions world, the billing rates are less clearly tied to compensation than in staffing. Thus, without the scrutiny of time sheet invoices, solutions companies are better able to absorb the impact of rate reductions and competitive pricing.

Table 1 shows the actual compensation of COOs for 2001, and their projected compensation for 2002. Note that salaries have not moved on a year-to-year basis, but incentive plans show an increase at plan. The numbers reported in these tables are from Specifics' 2002 Executive and Management Compensation Report. More than 50 responding companies representing more than \$6 billion in industry revenue make up the sample. Each line item represents only the numbers reported by firms in each category, and each line stands on its own. Therefore, do not expect the salaries and incentives to add up to total compensation.

Table 1: COO Compensation

	<u>n</u>	<u>Minimum</u>	<u>Average</u>	<u>Median</u>	<u>Maximum</u>
2001 Salary	49	\$14.0	\$211.8	\$200.0	\$ 500.0
2001 Incentive	25	\$ 8.0	\$149.7	\$ 88.0	\$1000.0
2001 Total	49	\$14.0	\$288.2	\$230.0	\$1500.0
2002 Salary	46	\$15.0	\$226.6	\$200.0	\$ 525.0
2002 Incentive	27	\$ 1.0	\$209.9	\$150.0	\$ 800.0
2002 Total	46	\$55.0	\$349.9	\$252.5	\$1325.0

Source: Specifics' 2002 Executive and Management Compensation Report

Tables 2 and 3 show the actual compensation of Top Sales/Marketing Officers for 2001, and the projected compensation for 2002 in staffing firms and firms primarily focused on solutions and outsourcing. Salaries have either not moved or declined on a year-to-year basis in staffing firms, but incentive plans show a modest increase at plan. There are small projected salary increases in hybrid and solutions firms.

continued on page 26

Will Work for Food

continued from page 25

Table 2: Top Sales /Marketing Officer Compensation - Staffing

>80%					
Supplemental Staff	n	Minimum	Average	Median	Maximum
2001 Salary	23	\$15.0	\$150.6	\$175.0	\$275.0
2001 Incentive	16	\$ 5.0	\$ 82.0	\$ 63.0	\$195.0
2001 Total	23	\$45.0	\$207.6	\$205.0	\$400.0
2002 Salary	27	\$15.0	\$141.4	\$125.0	\$290.0
2002 Incentive	23	\$ 9.5	\$ 92.5	\$ 85.0	\$270.0
2002 Total	27	\$65.0	\$220.2	\$176.0	\$545.0

Source: Specifics' 2002 Executive and Management Compensation Report

Table 3: Top Sales / Marketing Officer Compensation - Solutions

>50%					
Supplemental Staff	n	Minimum	Average	Median	Maximum
2001 Salary	6	\$116.7	\$174.9	\$175.0	\$280.0
2001 Incentive	3	\$ 40.0	\$174.2	\$ 82.5	\$400.0
2001 Total	6	\$116.7	\$262.0	\$205.5	\$680.0
2002 Salary	5	\$ 60.0	\$179.2	\$185.0	\$300.0
2002 Incentive	5	\$ 30.0	\$145.2	\$ 93.4	\$420.0
2002 Total	5	\$ 90.0	\$324.4	\$278.4	\$720.0

Source: Specifics' 2002 Executive and Management Compensation Report

Table 4 shows that the national averages of the most likely 2002 median hourly billing rates for Oracle Application Developers to be \$58.75 at the junior (less than 3 year) level, \$70.00 for intermediate skills (up to 6 years), and \$82.00 for senior-level skills. These are down an average of 8% from 2001 levels. Corresponding hourly pay rates for the same skill sets have declined 10% for junior and intermediate skills, and almost 12% for senior-level skills.

Salaries for XML Developers increased 6% to 12% depending on their level of skill, but hourly pay rates decreased slightly for junior and intermediate skills, and declined 18% for senior level skills. That corresponds to an 11% reduction in billing rates for senior-level skills. Billing rates and pay rates for Windows NT Application Developers decreased 10% to 14% depending on skill levels.

Over the past two years, the reductions in hourly pay rates have almost wiped out the double-digit increases in the prior two years for many skill sets. For many staffing firms, gross margins have leveled out at 27%, but with SG&A expenses running up to 25% or more of revenue it is logical that IT services firms are reporting little or no profit.

Table 4: Median Most Likely Rates

	Oracle Application Developer	XML Application Developer	Windows NT Application Developer
Annual Salary			
Junior	\$60,509	\$51,529	\$55,620
Intermediate	\$70,000	\$68,689	\$65,000
Senior	\$81,367	\$85,000	\$74,420
Hourly Pay Rate			
Junior	\$36.32	\$30.93	\$32.00
Intermediate	\$43.00	\$40.00	\$38.00
Senior	\$50.00	\$51.41	\$44.67
Hourly Billing Rate			
Junior	\$58.78	\$50.00	\$52.78
Intermediate	\$70.00	\$60.00	\$61.85
Senior	\$82.00	\$80.00	\$70.00

Source: Specifics' 2002 Compensation and Billing Practices Report

To add insult to injury, an executive with a Fortune 100 corporation recently boasted that IT consultants were working 50 hour weeks, but only billing 40 hours because that is all his company would authorize. That reduces the effective hourly pay rates by 25% or more, and any added revenue to services firms is lost.

To cope with this business climate, IT services firms have taken a very callused position, and turnover of salespeople, recruiters, and technical staff has increased. Not voluntary turnover, because no one is leaving for greener pastures, but involuntary turnover is up significantly. No one who is not producing or is not billable is retained. With a climate that demands strong management and creative ways to build and maintain client relationships, some and perhaps many companies won't survive. Those that do will be stronger. The better consultants will survive with them and the weaker ones will perish or seek alternative employment in another profession. In this environment, it is not surprising to find IT professionals who will, in fact, work for food. ❖



Joe Blumberg is CEO of Specifics, Inc., a national research and consulting organization serving the IT Services and Software industries. The value measurement studies conducted by Specifics are designed to provide answers to the critical business questions. For more information visit www.specifcs.com.

Lead To Grow In The Uncertain Economy

by Joseph Allan, Marketing Director, THE TRAINING ASSOCIATES

It's been said that "Leaders are visionaries with a poorly developed sense of fear, extraordinary resources and no concept of the odds against them."

Even in today's uncertain economy, business leaders in forward thinking IT firms have managed to do remarkably well by most standards. What strategies are these smart business leaders implementing to succeed and grow in an economic malaise? What can all IT firms learn from these market leaders?

Lead To Succeed

In a challenging economy, market leaders are coaches with the spirit and drive to win and not sit idly by like spectators. They continuously review their core business strategies. Informed decisions are made quickly. Positive direction is established. All members of their team, from product developers, operations, admin, marketing, sales, shipping and customer service are rallied to drive to the goal line, score and win.

Leaders are also realists. They know success cannot be achieved in every market. They know when it's time to retrench, maintain the status quo or forge ahead. Unlike weaker firms that focus only on the status quo and survival, and wait to see how the economy shakes out, market leaders see an uncertain economy as a unique opportunity. They take aggressive steps to strengthen their value proposition and competitive position, while reducing operations inefficiencies and costs. This strategy ensures they will have the necessary resources to run their business in whatever direction the economy moves.

Other factors have put weaker IT firms at a disadvantage. Under-diversification of your customer base is one of them. "If you have only ten major customers, and five are adversely impacted by a slowdown, you're going to have a problem," says Ken Kousky, CEO, IP3 Inc., a software and intellectual property publisher. "Just as a well-diversified portfolio helps reduce the negative effects of market uncertainty and volatility, a broad customer base and market offering can help an IT company hedge a downturn in its market segments."

Turning Downside Into Upside

Even though an uncertain times can be troubling to some IT firms, it doesn't have to mean bad news for everyone. "Economic meltdowns are the best time for IT companies to strengthen existing operations and reinvent themselves," notes Kousky. "For example, IT training firm leaders that expected to recover quickly and participate fully in the

growth that often follows an economic decline – took decisive action early in the slowdown. They improved business processes, explored and developed new product offerings, updated marketing and sales strategies, and re-solidified relationships with valued customers and partners. Fixed operations costs, such as compensation and benefits, were reduced through layoffs, freeing up much needed financial resources."

"The good news for IT training firms and solutions providers," says Victor J. Melfa, CEO, The Training Associates, "is that using contract IT instructors to replace laid-off staff trainers creates more new opportunities to increase profitable training sales. With the availability and current low rates of comparably qualified and certified IT instructors, these firms can now broadly diversify their customer product and service offerings with training to increase sales and customer satisfaction."

"In addition to increasing new business opportunities," Melfa continues, "contract trainers help these firms reduce costs. The key advantages are no ongoing fixed costs for salaries, benefits, instructor development, vacations, holidays, sick time and personal days. When you utilize contract trainers from a professional trainer staffing company," says Melfa, "there's no upfront investment cost. You only pay for instructors when you use them and you don't have to waste staff time recruiting, qualifying and managing them before, during and after the training delivery process."

Sustain To Maintain

Whether your firm is a market leader or a follower, successfully managing any IT business through uncertain economic times requires creating a balance between being too slow to respond to market changes and being too fast to react. Balance helps you effectively manage unplanned and evolving situations. You achieve it by having a continuously updated understanding of your company's business operations and strengths, the dynamics of the your industry, and the specific markets in which your firm operates.

An uncertain economy is not the time for IT firms to be focusing on the status quo. Learn from the market leaders. Minimize the negative and capitalize on the positive. With a little knowledge and support from NACCB and leadership firms in your markets, your IT business can turn economic uncertainties into new business opportunities.

Checklist of Specific Actions You Can Take

Interested in actions your IT firm can take to achieve

continued on page 28

Lead to Grow

continued from page 27

balanced business operations and create new business opportunities? Use this Checklist. It's based on proven, real world implementations by leading IT firms.

Understand the Impacts of an Uncertain Economy:

- Gain insight about past changes and how these have affected the IT solutions provider, consultant and staffing industry market segments.
- Assess the effects that current changes are having on your customers and your business.
- Be constantly aware of competitor's actions and what actions you should take in response.
- Assess key customer relationships and scrutinize the financial ratios to track your company's current and future condition.

Develop and Implement A Strategic Business Improvement Plan:

- Create a clear vision of your company's direction and expected results to be achieved within specific timeframes.
- Stay in constant contact with customers and suppliers.
- Involve employees, customers and suppliers in decision-making processes.
- Effectively manage and control your company's working capital and debt positions.
- On a regular basis re-evaluate all discretionary spending projects and commitments.
- Frequently analyze different cash flow situations to understand the impact of a 5%, 10%, or 25% drop in sales.
- Identify and eliminate unprofitable business segments and unnecessary overhead.
- Make fixed expenses, such as facilities, trainers and other staff, as variable as possible.
- Get creative in developing dynamic business staffing models such as outsourcing to specialty providers of IT staff, trainers, admin support staff, accounting personnel and content developers.
- Understand and track sales trends and the collect-ability of your receivables.
- Increase your cash position by selling assets that are not a necessary part of your current business operations.
- Resist the temptation to reduce costs by cutting corners on quality and service excellence.
- Avoid business expansion that incurs significant investment requirements in uncertain times.
- Refrain from implementing a "quick fix" program.

Leverage Sales & Profit Opportunities:

- Stake out new marketing opportunities as weaker competitors retrench.
- Explore the hot new area of pre-sales opportunities, especially in cooperation with key partners.
- Aggressively pursue new business – through expansion of

existing customer sales AND cultivating new customers with incentives.

- Broadly diversify your product offerings to add more sales opportunities in high demand business segments that can now be delivered by a diverse base of qualified sales, service and contract IT trainers at lower cost.
- Provide training utilizing blended learning formats – combining the best of instructor-led training and elearning content.
- Use unique and branded partner and vendor marketing programs to add value to existing products and services offered.
- If a key customer is experiencing a business slowdown, find creative solutions that create a mutually beneficial win-win.
- Continue to serve customers with service excellence – it's a pre- and post-sale competitive differentiator.

About the author:

Joseph Allan is Marketing Director for THE TRAINING ASSOCIATES. The firm specializes in providing partners, training providers, training organizations, solutions providers, consultants and staffing companies with highly qualified and certified contract and full-time IT instructors and consultants expert in teaching all proprietary and cross-platform technologies and certifications in all locations, in blended learning (instructor-led, elearning) formats. ❖



2002 Benchmarking and Compensation Reports "Information You Need to Succeed"

The most comprehensive set of benchmarking reports available in the IT services industry.

Current information from 2002 results and projections:

- ✓ Financial Operating Metrics: \$175
- ✓ Staffing, Headcount, and Turnover Metrics: \$175
- ✓ Sales and Recruiter Compensation: \$175
- ✓ Executive and Management Compensation: \$795
- ✓ Technical Compensation and Billing Practices: \$350 per location (60 skill sets, 46 locations)

Multiple report discounts available.

Contact Cathy Talley: 800-487-1600,
or ctalley@specifics.com

For more detailed information: www.specifics.com

Preparing For Post-Recession Growth

Marty Orenstein, e-Consultants Funding Solutions

No doubt, all staffing industry businesses have been affected by the economic downturn to varying degrees. Perhaps you had to cut your operating costs to the bare bone, reduce your staff or even forgo your own salary to keep your business operating these past 18 months. I know, in these difficult times it's hard to see the silver lining but rest assured, it is there.

As a longtime industry trend watcher, the American Staffing Association's annual economic analysis indicated that, "...the staffing industry experiences significant growth in the two-year period immediately following a recession..." Having been in the staffing business for more than 35 years, I have seen this with my own eyes. We can anticipate a promising future as the economy slowly recovers from the recession of 2001. While some staffing services are already realizing increased orders in 3Q02, especially those servicing the healthcare and light industrial niches, others project their business will turnaround by 4Q02.

So, now for the real question, "Will your staffing company be prepared to grow when the economy does turn around?"

After all, the last thing you want is to be caught unprepared to reap optimal profits from new business. That means you must have both human capital and working capital in place to service whatever new business comes your way. So, an important business question you should be asking yourself now is, "*How would I fund a sizable new contract or an influx of orders tomorrow?*"

Unfortunately, I have seen many excellent staffing businesses miss out on significant revenue potential because they were not financially geared up to service new business. For example, many staffing companies are self-funded and have relied on steady cash flow from receivables to fund their existing business or limited new business. While this system may have worked satisfactorily in the past, now many companies

find their cash flow depleted because of the economic slowdown. This will adversely affect their ability to fund new business.

The same problem may exist for staffing companies who currently leverage lines of credit from the bank. Be aware that lines of credit can be restrictive, especially in this type of economic climate. Also, banks can be unpredictable in their lending to staffing companies due to a lack of understanding about the industry. Can you feel 100% confident that your bank would quickly increase your line of credit if you secured a new contract, whatever the size?

Other lenders include factoring companies (who fund about 85% of your accounts receivables) and specialized funding companies (some of whom fund the staffing industry, exclusively, and one or two that provide 100% funding of total sales.)

It's true. Securing the right funding can be an arduous task and maybe the last thing you want to think about now, but seizing this "downtime" to get financing lined up will put you ahead of the game and ahead of your competition.

Also, as an entrepreneur you're probably thinking about equity development. Many business owners that I have spoken with recently are anxious to build their business and then sell for the highest possible multiple. They are doing their homework now and arranging for adequate capitalization ahead of the curve.

So, before those new orders start streaming in (we hope), you should have secure funding in place. Here are some basic areas you'll want to cover when reviewing various funding/lending sources:

Stability:

How long has the funder been in business? Are they adequately capitalized? Do they have a good reputation in the staffing industry? Ask for business references.

Staffing Knowledge:

Do they have a history of funding

staffing companies? Are they familiar with staffing business practices? Do they have a network to help you grow your business? Be wary of companies who fund various industries and do not understand staffing business needs, as it may turn out to be a big headache.

Flexibility:

How is their funding structured? Is it restrictive in any way? Will the funding grow in proportion to your business growth? Remember, the goal here is to insure that your business growth is never stalled due to a lack of capital.

Simplicity:

Are the funding terms easy to understand and to comply with? Are there any incremental charges like "facility" or "maintenance" fees that will drive your costs up?

Discretion:

Will the funder be transparent to your client base? In other words, do they contact your clients or are your clients notified of their existence in any way? This is a very important question to ask as it may affect your relationship with your clients.

As a staffing professional you know that timing is everything. And, that being poised to take advantage of a window of opportunity can mean the difference between getting that new contract or not. Keep in mind that, your ability to grow your business is often a direct result of your ability to fund new business. ♦



Marty Orenstein is Worldwide Director of THISCO and its divisions including, Medical Staffing Funders, e-Consultants Funding Solutions and Computer Consultants Funding

Company. For more than 25 years (and through 4 recessions) THISCO has been providing funding to staffing business entrepreneurs. For more information visit www.staffing.com

Topgrading

ROBIN MEE, Mee Derby & Company

Topgrading is a book and a concept pioneered by Bradford Smart, Ph.D. The book is about how leading companies win by hiring, coaching and keeping the best people. Topgrading the sales organization is an initiative that many companies are making a priority. IT Consulting is a sales driven industry but many sales teams are more reactive and account management oriented than proactive and focused on new business development. The market has changed and so has the profile of the successful sales executive in IT Consulting.

IT Staffing and Consulting firms are facing obstacles that were unimaginable two years ago. As a result, to find and close business today takes increased focus, drive, credibility, desire, perseverance, intelligence, time, and luck. There are elusive pockets of opportunity. It takes a tenured and experienced sales executive to compete today. Many top managers are taking sales positions - at similar or reduced salaries than they had previously earned. The priority is driving new business development while continuing to service existing valued customers. Companies today are looking for white knights to ride in and save the day. (Not that less experienced people can't sell in this marketplace.) Skills and attributes make a successful sales person, not time spent in the industry. Quantifiable results substantiate quotas met and exceeded. What matters is what the salesperson sold in the last two quarters, not their 2000 results in the height of the market. Most IT staffing companies are hiring people with a proven track record of driving sales in IT services and not even interviewing candidates who don't match their requirements perfectly. Everyone wants to know "How can you impact our bottom line and in what timeframe?"

Many companies are downsizing. Jobs that are non-revenue producing are being eliminated as companies

reduce costs to stay competitive. Some infrastructure reduction is necessary and will better serve the company in the long run. Today it is back to basics - basics being sales. Some staffing companies, many outside of IT, are restructuring their internal operations to evolve the recruiter role to include business development. This is a change from the former organizational structure where sales focused on client development and recruitment focused on candidate acquisition. Other market conditions, not just the economy, are contributing to the changing competitive landscape. Job boards have made it easier for customers to identify talent. Higher unemployment rates have increased the number of viable applicants. The rise of the independent contractor market has its impact. Sophisticated applicant tracking systems make it easier for client companies to stay in touch with candidates.

The staffing industry stays close to the market and is effected dramatically by market fluctuations. We have done a good job of selling the idea to our customers that employing contract employees increases their flexibility to effectively manage critical workflow. According to the American Staffing Association, 81% of companies cite labor force flexibility as the overriding reason for employing contingent and temporary workers. Selling flexibility has its impact on the staffing industry: when demand is down - so is our business. Our industry is one of the leading indicators of recession and one of the first to see signs of recovery. The market will always fluctuate. All this emphasizes the importance of employing a world class sales organization.

The staffing industry has to stay nimble, flexible, and attuned to the market to react quickly to changing conditions. Everyone in our organizations, at all levels, has to sell. It is time to evaluate your sales team and make strategic changes. There is more talent available and at more reasonable

prices. Now is the time to topgrade your staff, transitioning C players, coaching the B's, and hiring only A's. Great sales people go to work for great companies.

Here are some questions your company needs to consider when assessing your sales organization:

Have you created an excellent company that will attract top talent? Have you recently evaluated your sales organization? Do you have the right sales structure in place? Do you have both a strategic and tactical plan? Is your team able to implement against stated goals and objectives? Do you have well written job descriptions? A strategic recruiting plan to attract top sales talent? A thorough interview process? Testing procedures or psychological evaluations? Great sales training? A clearly defined vision and mission statement? Aggressive compensation programs tied to performance? The ability for staff to learn and grow into other roles in the company? A management philosophy that motivates top performers based on what individually motivates them, not what you assume motivates them?

It is a challenging market. The landscape has changed. "Change management" is what we sell. Change produces exciting opportunities. We have to be flexible, nimble and open to creating new organizations that better fit today's world. Topgrading the sales organization helps companies achieve critical changes necessary to stay competitive today. ❖



Robin Mee is the President and Managing Recruiter of Mee Derby & Company, a national search firm headquartered in Maryland, specializing in placing professionals in IT Services, Staffing, and Human Capital Management industries. Robin is a recruiting career professional with over 20 years of experience in the staffing industry. Robin Mee will be facilitating a Round-Table at the NACCB Annual Conference, November 6-9, 2002.

A PREFERRED VENDOR, IS IT WORTH IT?

By Seth A. Hanover

IT consulting and staffing firms are keenly aware that often there are lists and controls before they can work for many “user” organizations and definitely to be considered as a preferred or prime vendor. This is not necessarily new information but over the past few years, it has become much more difficult to open up a new client account. This is because of strong “gatekeepers” who are often a direct competitor of your staffing company or Vendor Management Systems (VMS) often a subsidiary of a competitor. How you must work with many of your clients has definitely changed.

Business is not always a level playing field.

Some gatekeepers charge an administrative fee for their invoicing services (percentage of the billing) and often a daily fee for the privilege of being charged these fees. Some preferred vendors charge sub-contractors to this client some dollar amount an hour for invoicing. The client often expects a volume discount, as well. To some firms, this extra cost can make a difference in not working with that client while if you are the preferred vendor, you can often offset your own costs with the administrative fees that you collect.

A VMS is being used to control the procurement effort and purchase IT services at the lowest price. You cannot participate with a VMS unless you are running a very low overhead operation. You may also subcontract to companies on a VMS list. If you are a preferred vendor even with a VMS in use, you are better off than not.

Is this quest for preferred vendor status, a challenge or an opportunity? The “challenge” is to understand the problem and then work through it as one would to arrive at any solution. The “opportunity” is that they definitely use outside supplemental staff, often in large quantities, and by their controlling the vendor list there is even less competition. For example, recently two large users of IT services reduced their vendors on the accepted list by two-thirds.

The initial stakes may be high but often worth the effort.

There are firms that do not see the challenge as one that they wish to address because of the time involved and the perceived negative aspects of the arrangement. If they are not on the vendor list, they will have limited or no opportunity to deal with this client. If you are on the list, you decide whether or not to staff a requirement. This is true especially when it is to your advantage to staff a requirement to keep your current staff occupied. Other firms believe that since they have worked at this client before, and possibly over a long timeframe, the vendor list will not be an obstacle to continuous business. This is rarely the case other than in a phasing-out program.

The clients’ prime goal is to save their corporation money by reducing the number of vendors thereby forcing lower rates paid for consultants and supplemental staff or with discounts for volume of business or both. They sometimes overlook that cheaper resources does not always translate to savings especially if quality is sacrificed. You must factor the cost of talent into your equation in deciding whether you work at that client.

In some cases there are different levels of lists; preferred, secondary, etc. Other companies have a separate list for applications vendors and support vendors. Some have staffing vendors separate from solution vendors. These differences require that you and your company do thorough due diligence at each client. You also have to decide which clients you want to work for since it may be costly to you by being on too many lists.

Not all corporations have a vendor list, preferred or otherwise, since there are significant costs to (a gatekeeper or VMS) and difficulties for the corporation in managing this effort. You must know which clients do not maintain a vendor list which should be a question asked at your semi-annual Account Planning. Many mid-size firms definitely do not have a list and they should be assigned to a salesperson, especially now.

If you prospect to a firm with a list, it may be a total waste of your valuable time. The new practices are often difficult for a new firm at a new client when they are unaware of all the people and which of the practices are unbendable. This requires a process of trial and error. Current vendors know the rules and especially how to continue to be accepted at that client. Good references help the acceptance process while the reverse is also true. The lack of submitted candidates for requirements, the lack of acceptances and the lack of starts will almost certainly make it difficult for a preferred vendor to stay “preferred.”

The rich do get richer.

Many successful consulting and staffing firms know the reasons why is it still an opportunity to work at these user organizations. These are:

- To facilitate their GROWTH by having a major account to place new hires.
- By PLANNING for skills that this client will need within their technical profile; the rate issue becomes less critical. This requires carefully planned recruiting and negotiating to be performed.
- With KNOWLEDGE of the account, additional work outside the vendor list is accessible.
- To SAVE on commissions by not needing an experienced

continued on page 32

Stability or Opportunity?

David A. Rich, CSP

OK. Maybe it's time to acknowledge the obvious. While the economy is showing signs of improvement, it still is not as strong as it once was. Consumer spending is still down, unemployment is high, and overall confidence is tentative at best. So, what's this mean for you? You might say that depends on your industry, geographic location, or position in the marketplace. Sure, those things matter, but what matters more is your attitude. That's right, your attitude. You've heard it before, "When things get tough, the tough get going." Too many people are pulling in the reins and hoping to ride the storm out. That is the absolute worst thing you can do. This is not a bad economy, just an opportunistic economy. It happens every so often. It is nature's way of weeding out the injured and dying businesses. Now is the time to grow, expand, and capitalize on your competitor's fear. I'm not talking reckless abandon, but rather deliberate, well thought out risk taking to move your business to that next level.

For the past 10 years, I've been intimately involved in the staffing industry as a speaker, trainer, consultant, and coach. I've watched it go through the occasional ups and downs that every industry goes through. Since the beginning of 2001, the staffing industry has hit hard times. It's as tough as any time I

can remember. I personally have talked to dozens of staffing owners who are so paralyzed by fear that it is inevitable that they will either not make it, or emerge irreparably weakened. Staffing, like any business in hard times must commit to the following:

Don't batten down the hatch. You can't prosper and cut back at the same time. Take this opportunity to weed out marginal performers, but then allow your producers all the same, if not more, resources to grow your business. Bill Gates once said that in a down economy, "We double our sales efforts because our competitor's are cutting back. The net effect is a ten fold increase in market share."

Focus on education. There's an old saying that goes, "The only thing worse than training your people and losing them, is NOT training them and keeping them!" Now is the best time to rededicate to making your people the best they can be. In many industries, the only significant difference between companies is the quality of their personnel. Training accomplishes several key things: 1) Gives them new skills and ideas to improve performance, 2) Gives them a motivational shot in the arm. Someone once went up to legendary sales trainer Zig Ziglar and complained that motivation is only short lived and

therefore not worth it. I'll never forget his reply. Zig said, "So is a bath but you still need one every day!" 3) Builds team work and camaraderie. Many companies I speak for only get their entire companies together for two reasons - parties and training.

4) It lowers turnover. Studies show time and time again that the companies who invest in their people have lower turnover than those who don't. Education sends them the message that they're important and everyone likes to feel important.

Experiment. Now is the best time to launch a new product, try a new approach, introduce a new look, etc. It may seem odd to hear me say that, but the more you can stand out now, the better you'll be later. Everyone is hesitant to stand out now, so now's your chance. Coca Cola waited for more favorable market conditions to launch Mr. Pibb, only to be caught off guard by the launch of Dr. Pepper. Mr. Pibb could never catch up. Being first in the marketplace is by far more important than being best.

Bottom line: It's up to you. Things will only be as bad as you allow them to be. Sure the economy could be more stable, but then opportunity wouldn't be as great! ❖

David A. Rich, CSP
Expert on creating "Contagiousness"
www.BeContagious.com
1-800-717-RICH

Preferred Vendor...

continued from page 31

salesperson at this account. Since the requirements are sent to each vendor in some automated fashion (e-mail, FAX), no traditional selling is needed.

- Through RETENTION of staff because the increased camaraderie at major accounts.
- By MANAGING the account so that they maximize their profits and minimize their risks.
- By REFERENCING this account, one may get an additional preferred vendor status.

So with work, planning and management, a preferred vendor arrangement can be a win - win for both the firm and the client;

THE BEST TYPE OF PARTNERSHIP.



Mr. Hanover has spoken at conferences, facilitated meetings and is a consultant to many service organizations as part of his management consulting practice, Hanover & Associates, Ltd. He can be located at 609-409-0491 or by E-Mail at hanoverassoc@compuserve.com.

Become a Market Leader

David Searns, President, Haley Marketing Group

Do you sell coffee? How about wheat or crude oil? No? Then why do people act as if you sell a commodity? All too often, HR and hiring managers view staffing as if it is a commodity. Their common argument is that staffing firms all provide the same types of services drawing from the same pool of talent. To compound the problem, the industry has been its own worst enemy—teaching people how to buy based on mark-ups.

But the point of this article is not to gripe. The point of this article is to get you thinking about what you can do to differentiate yourself, and how you can become a market leader.

Commodity pressures are not unique to staffing. They are a natural outcome in any competitive industry. Five or six years ago, I attended a TEC (The Executive Committee) seminar by Sam Bowers, CEO of the Sales Service Institute. Sam taught me that all products and services tend to become commodities over time for the following reasons:

1. Over time, the value of any product or service lessens.

When we first provide a service we are usually solving a problem, and clients are willing to pay a premium to have their pain alleviated. However, as the solution becomes “standard operating procedure” the perceived value of the service decreases, as does the willingness to pay a premium. It becomes a case of “what have you done for me lately?”

2. More competition will always result in more pricing pressure.

Someone is always willing to offer a lower price to win the business.

3. Over time, buyers get smarter.

As buyers become educated about the products and services you offer, they learn to better evaluate the economic value of the service provided, and they learn how to be better negotiators.

So as an industry matures, commodity pressures are inevitable. Combine these pressures with a slow economy and you have a truly tough environment in which to sell. Which begs the question: *what are YOU going to do about it?*

Take a Lesson or Two from Capital One

What's in your wallet?

Unless you're completely oblivious to advertising, I'll bet this phrase brings to mind a Capital One credit card (even if you don't hold one of their cards). And if you want a sure-fire solution to succeeding in the current economy—and overcoming commodity pressures—take a few lessons from their marketing strategy.

So Much for the Recession

Since 1995, Capital One's sales have grown at a compound

annual rate of 41%—and the bulk of that growth came at the expense of their competitors. Over the same period, Capital One's earnings grew 29% and its average return on equity—an important measure of profitability for financial services companies—was 25%. Not bad for a company that sells commodity products!

But most significantly, from 2001 to 2002, Capital One Financial Services moved up 67 positions on the Fortune 500. So much for the recession!

Lesson 1: Nothing has to be a commodity

With the exception of American Express and to a lesser extent Discover, credit cards are commodities. One Visa card (or MasterCard) is essentially the same as the next. Sure the APR and card features may vary, but who cares? A credit card is a credit card, right?

Not to Capital One. Rather than competing on rate—the commodity player's approach to marketing—they decided to compete on value. Capital One implemented a radical branding strategy to differentiate and stimulate demand—without sacrificing margins.

Lesson 2: A winning brand starts with the customer

What made Capital One's branding strategy work was that it was derived from customer input. Through extensive data collection and analysis, they were able to determine which attributes of credit cards were most important to the consumers they wanted to reach. If you check out Capital One's web site <http://www.capitalone.com>, you will find a number of products, each offering features targeted to a different type of credit card user.

But product features aren't the important lesson learned from Capital One's research. The most critical finding was that credit cards users are emotional. Commodity sellers tend to falsely focus on the rational side of decision-making, emphasizing product features and price in an attempt to differentiate. And in a purely rational world, this strategy would be effective.

But the world isn't purely rational, and as Capital One learned, sales success goes to the firm that best matches product benefits to the emotional needs of the customer. In the case of credit cards, these benefits include a variety of services and promises that make life easier for the credit card user, such as being able to choose your payment date and a promise of no telemarketing.

Lesson 3: Simplify

We're all too busy, too stressed, and too skeptical to care about or believe much of what most companies say these days (and this comes from a marketing guy). The solution? Simplify your message to one core benefit and then drive, drive, drive that benefit home.

continued on page 34

Become a Market Leader

continued from page 33

For Capital One, the core message is “No Hassles.” While their credit cards offer all the bells and whistles of other cards and a variety of price points, the entire focus of their promotional plan has been to dramatize the benefits of a “no hassles” credit card.

Whether it’s attacking Vikings or marauding pirates, their advertising powerfully illustrates the downside of commodity credit cards while clearly positioning the unique value Capital One offers. By concluding each commercial with the message “What’s in your wallet?” they reinforce the perception that all credit cards are not created equal. And effective marketing is all about creating the right perceptions!

Dominate Your Market

Are you ready and willing to become a leader in your market? While the process is more difficult than it sounds, here are the steps that can get you there:

1. Pick your spot in the market.

What is your current niche in your market? Are you focusing on an area where you have an opportunity to outperform the competition? While large companies may have the resources to redefine industries, small companies typically need to focus on areas where they can be the best.

2. Determine what’s most important to your customers.

What attributes of your service matter most to the segment of the market you serve? Price? Candidate quality? Speed? Your ability to fill last minute requests? Like Capital One, your marketing strategy should start with detailed customer analysis and input.

3. Develop one or more “products” to fit each niche you want to serve.

Focus on satisfying the rational and emotional needs of your market. Be aware, you may need to dramatically change the services you provide and the pricing to meet needs of different market segments. For example, if quality is most important to your clients, determine how you could truly differentiate on quality and what you would have to charge to GUARANTEE this level of service.

Need an example? Consider one of my favorite case studies from graduate school. It’s about an exterminator in Florida who was suffering from an abundance of competition and declining profits. Rather than fight the price cutters, this entrepreneur took a different approach. He focused on a specific niche—restaurants, which needed to be completely bug free. He then created a 100% no pest guarantee—unheard of in his industry at the time, and he set up a new service process that would allow him to deliver on his bug-free promise. Here’s the best part: he also raised his prices to 10 TIMES the industry

average. And as you can guess, he went on to dominate the restaurant extermination market and turn his organization into one of the most profitable in the extermination business!

4. Develop your positioning message.

Create one statement that demonstrates how you are unique. When we create a marketing plan for our clients, we work with them to complete the following statement:

To (market niche you want to serve), (your company) is the one (type of service you offer) that (key benefit you deliver better than any other firm in your market).

Ideally, your positioning message will focus on the one attribute of your services that is most important to the segment of the market you want to serve. Also, it’s best if your positioning message satisfies an emotional need. Rational needs are OK, but not as powerful.

One catch. It’s easy to make a bold claim in a positioning message, but more difficult to prove it. When creating your positioning message, we recommend simultaneously creating a list of reasons why your positioning message is true. For example, Capital One introduced the no telemarketing and flexible payment date features to support its “no hassles” claim.

For more on differentiating, check out this back issue of The Idea Club on creating competitive advantage. <http://www.haleyemail.com/sc/10001/?art=1296&nav=archive&aid=26&user=none>

5. Create a powerful marketing campaign.

A great positioning message isn’t worth much unless you can get it out into the marketplace. At this point you know your market, your product, your pricing, and the core message you want to promote. The next step is to create the promotional plan.

While you may not have a Capital One sized budget for marketing, you can create a powerful and effective campaign without breaking the bank. Your promotional plan should be comprehensive, including advertising (classified and other print), direct mail, e-mail, changes to your web site, training for your sales and service staff, and even changes to other forms of communication such as your letterhead, invoices and fax cover sheets.

6. Live your brand.

Once you’ve decided on a branding strategy for your business, it must become the heart and soul of your activities. If your actions don’t reinforce the brand promise, you will not be successful. Capital One got it right by physically changing the attributes of their product to meet the brand promise. The exterminator I mentioned earlier redefined the customer service process to fulfill his bug-free commitment. Once you have selected a course of direction, do not waver from it-period. Absolute consistency is essential to bringing a brand to life...and dominating your market! ❖

Managing An Upside Down Recruiting Need

By: Jeff Dahltorp, Director of Global Sales and Marketing

It never fails. I clip coupons for pizza and fast food, then when I'm out and about running my errands I never have a coupon for the restaurant where I want to eat. Murphy's Law I suppose. It's the same thing when it comes to recruiting - when the economy is up and there is only a need to hire one person, corporate recruiters are never satisfied with the few resumes they have, but when the economy is down, they have hundreds of resumes that they may never get a chance to even read. While very common, many companies have not figured out a way to manage this occurrence and turn it into an advantage. If this is you, here is a starting point - you have to think about what you will need to do different in an up economy when faced with a down economy and vice versa.

Hypothetic: the economy is up. Your company has a position posted on an Internet career site, but you receive only a few resumes for that job. Often the next step that a corporate recruiter will take is to look to other sources such as third party recruiters or even a re-posting of the job on another Internet career site, hoping for additional qualified candidates. Not only does this increase the cost of that hire, but you may end up finding the best person was already in one of those first few resumes that you read.

Fear not. There are simple ways of supplementing your recruiting efforts when it appears to be a job seekers market. The best candidate for that open position may be someone currently in your company. They may be an individual that applied for that same job in a down economy that wasn't the right fit at that time or even someone that had applied for a completely different job that wasn't the right fit at all.

But hiring from within still leaves an open position in your company you say? Making sure that quality-testing procedures are done when someone is hired and ongoing during their employment means that you always

have a readily accessible talent pool from which to "hire." While often this means that technically you still have an open position, it may be an easier position to fill through a job posting. Using a web based technology to administer, score and track test results makes testing very affordable and manageable.

Then you have the people that have already applied to work at your company in one capacity or another. Even if they didn't apply directly for the position that you currently have open, that doesn't mean that they wouldn't be a good fit for a very different position if it ever became open. Again, assessment of a candidate's true value will give you the ability to know who best fits each job. When you do receive hundreds of resumes during a down economy, and you really only need a few, make sure that you are using a technology to narrow and rank order all applicants. There are many cost effective technologies on the market today that treat each candidate equally and fit every budget. These technologies use everything from basic key word ranking to Boolean and concept based to very strong predictive match rankings using innovative "artificial intelligence" concepts. For many of these technologies, once you have the resume parsed, you can match any open job requisition with your resume database to find the best match. How's that for low cost, effective recruiting! As an added bonus, remember that all of these applicants wanted to work for your company - they don't have to be "sold" as hard as the candidate that just heard of your company yesterday. That's a big score - Boom Baby!!

Okay, reality check. Right now, the economy is down, so there are more people looking for a job. When your company posts that same position on an Internet career site today, you receive hundreds or thousands of resumes. The next step in this scenario is to start reading the first resumes that you receive and hopefully find a num-

ber of qualified candidates before you reach resume number 100, if not sooner. In this situation, you may find a good candidate, but were they the best candidate or was that shining bright star you really wanted in the last 100 resumes?

Using a narrowing technology to parse and score your applicants will not only save you time, but it will give you the best candidates based on the job description and corporate criteria, whether they were the first applicant or the 101st applicant. Additionally you are building your applicant database for times when less people are looking and there is a more competitive market for talent.

Prepare to hire today as if it were an up economy ... and when it is, prepare to hire as if were a down economy ... this way you can always be best managing an ever changing upside down recruiting scenario. ❖

About the Author

Jeff Dahltorp, Director of Global Sales and Marketing of IIRC. IIRC is the pioneer of Internet recruitment consulting. He has been called upon to provide expert media opinions for Forbes, Human Resource Executive, HR.com, Human Capital Solutions and The Wall Street Journal to name a few. He has over 10 years of business experience in the area of marketing, sales, consulting, product development and product management.

**UPSIDE
DOWN**

LIKE IT OR NOT, YOU WILL BECOME A PROGRAMMER!

The Changing Face of IT

By Susan Hodges, SemCoEnterprises, Inc.

IT exists to use computers to solve business problems. The speed and accuracy of computers makes them invaluable whenever there is repetitive processing (creating paychecks for all employees every two weeks) and/or a lot of data to manipulate (mining through billions of records to find patterns in behavior). Computers, however, must be programmed. So, who writes programs? This is the changing face of IT - right now, a lot of people do.

At first, all programs were written by professional programmers who had technical knowledge and skills. They were the only ones who understood how the computer worked, and were the only ones who understood the strange programming languages that would direct the processing. They responded to all requests from users, wrote the programs, operated the computers, and quickly proved the worth of computer systems, in fact, too quickly. Businesses started using computers in the 1960s, and by the early 1970s the typical Data Processing department (as it was called then) was five years behind in its work! The industry's first and continuing answer to the never-ending demand for IT services has been to develop tools to allow non-technical people to do some of the programming.

A recent analysis of programming tasks showed that 80% of all programs were query programs. A query program is one that accesses data to build a report. Typical report requests are "I need weekly sales figures broken down by department within store," and, "List all employees who are scheduled for a performance review in the fourth quarter." A report is anything that goes to a printer or a terminal screen. A report contains non-permanent data.

Permanent, or persistent data is stored on disk or tape and can be accessed by other programs, while data on paper or screens cannot. At first users had to call in the professional programmers every time they needed information. Developing tools so that users could do their own queries started in the 1970s, and new tools keep coming.

The first user-friendly report generating tools didn't prove to be user-friendly at all. 4GL (4th Generation Languages) were designed to easily create printed reports and were introduced to end-users who basically said, "If I wanted to be a programmer I would have done so," and rejected them. Visual languages, which could quickly create terminal screens, were better received, and some end-users do indeed do their own queries with products such as Visual Basic and Access. In addition, users do their own data mining and complex queries. "Show me the average sales for the five best selling product lines, for the past five years, in each store, in each sales region, selling over \$1,000,000 in the first quarter," or "Show me buying patterns of people spending under \$50 at a time," are typical complex queries. These are the tools found in business intelligence and data warehousing systems, where some queries are so complex that a graph or chart is needed to provide the answer. Where end-user languages and tools are really successful is in Web development. HTML (HyperText Markup Language) is completely user-friendly, and tools such as FrontPage are quickly learned by non-programmers. Continuing with developing truly user-friendly programs, query tools will soon use voice input and output. End-users will simply state, "Show me the average sales for the five best selling product lines..." and get a

voice reply, a graph on a terminal screen, or a printout or reading. More and more, non-technical people are the programmers. This, however, will not decrease the need for IT professionals. In fact, it probably won't even allow them to catch up on that "five years behind..." IT will change what they do.

IT people work in one of three areas. Technical developers (techies) know the hardware and work on platforms, databases, or networks to ensure that the complete technical environment functions correctly. Applications developers concentrate on the business issues, specialize in an industry, a specific application package, or a development process, and have direct contact with the end-users. Support personnel provide both technical and user support to completed systems but do no development. All areas are, and will continue to be, needed. For example, when the voice tools are here, techies will write the software that uses audio I/O (Input/Output), build the interfaces between the databases and the processing programs, and incorporate security measures. Applications developers will design the data collections; incorporate business processes to calculate the average sales; and design multiple outputs for audio, video, text, graphics, etc. Support personnel will maintain the hardware and signaling equipment for the wireless networks that support the audio. What is changing is the proportion of jobs in each area, the complexity of the jobs, and an increase in the move towards specialization for both technical and applications developers.

For many years, most IT professionals were applications developers. This is quickly changing and the biggest increase in jobs is for technical

developers, followed by support personnel. As users ask for more online (including the Internet) functionality, and companies continue to develop enterprise and distributed systems, the need for techies grows. As software becomes more complex, the wireless world becomes standard, and hardware (scanners, CD burner, etc.) becomes easily available, the need for support personnel grows. The number of applications developers will grow more slowly as users take over much, if not most, of the report programming.

People in all three areas are becoming more technical. Support jobs show the biggest change, and training for support personnel is often required. While on-the-job training has been the norm for this group, these jobs have become too complex for this to be sufficient. Technical developers need to know how to build interfaces for new hardware and new software, and applications developers need to understand the increasing functionality of the systems with which they work. And finally, both technical and applications developers specialize more and more.

TECHNICAL SPECIALTIES

There are many specialties for technical developers, and topping the list are security, storage management, wireless, and embedded technologies.

SECURITY

Security has always been important; the growth of the Internet made it more important and wireless technology is making it most important. In fact, the CEO of a major security consultancy feels the U.S. alone will have a shortage of between 50,000 and 75,000 security professionals in the next few years.

STORAGE MANAGEMENT

For many years, storage management was a function of the operating system, and was handled by systems programmers along with other duties. Storage management consisted of creating and managing data backups. Things have changed. The explosion of data has

created the need for new functionality in managing huge amounts of data. Companies not only have their own internal data to manage, but are continually retrieving data from Web sites. Both ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management) systems require and generate large amounts of data. All this data must be accessible from many different systems – running on different platforms and using different storage devices. Storage management has become a specialty for both software and people, and includes both the system technology and network connectivity for the newer technologies.

EMBEDDED SYSTEMS

An embedded system is a computer that is built into a device in such a way that the user is often unaware that a computer exists at all. This includes the computers in our cars and microwaves, and those in manufacturing production systems, robotics, and Internet appliances. Internet devices are embedded systems that also access the Internet, such as smart phones, PDAs (Personal Digital Assistants), and even the automobile GPS (Global Positioning System). The use of embedded systems grows on a daily basis, and developing embedded systems requires low level (close to the hardware) skills.

APPLICATIONS SPECIALTIES

Applications specialties will grow in two areas: 1) the applications, and 2) the development process.

APPLICATIONS

As applications developers gain experience and become more and more senior, their business, or industry knowledge becomes as important as any technical skill. Industry knowledge is important and job requirements will ask for “experience in transportation.” What is becoming more and more common is a requirement for a specific application package. An application “specialty” is not necessarily planned,

but often just happens. For example, a programmer initially assigned to work on an HR system changes jobs and is assigned to the Benefits system, and eventually becomes part of the team that brings Peoplesoft’s ERP (Enterprise Resource Planning) into the corporation. This person first worked with industry software (HR) and finally specialized in one software product (Peoplesoft). The most common software product specialties are ERP systems, but application software has become so complex that applications developers can specialize in many different packages. ECommerce, eBusiness, ERM (Customer Relationship Management), and SCM (Supply Chain Management) packages are some of the newer specialties.

DEVELOPMENT PROCESS

Again, the complexity of applications software has created specialists in the development processes: Analysis, Design, and Testing. None of these specialties are new, but the design and testing specialties are newly important.

Design

Even a single program has two parts – data and processing, and both need to be designed. Designers are the architects of the Information Technology world, and the work they do results in the “blueprints” the programmers will use to actually write the software. In large construction projects an architect builds a model of the building that can be used to “debug” the design. Often something that looks good on flat paper doesn’t translate as well to a proportional 3D model. The model is also used to explain the design to ensure that the person who has contracted for the building is satisfied. Modeling plays the same role in designing information systems, and the modeling specialty encompasses both data and process modelers.

Testing

This specialty is one that contains both technical and applications devel-

continued on page 38

Face of IT

continued from page 37

opers and becomes more and more important as online and Web systems grow. Online systems require load and performance testing to make sure that an online system can handle varying traffic, and automated systems are becoming a popular way of handling this challenge. In addition, as systems become more complex and more of the report generation is being done by non-technical people, additional testing helps preserve data integrity, security, and accuracy.

Information Technology has become part of every businessperson's job. Non-technical people are becoming more technical, and are taking over some of the programming tasks. As this happens, the IT professionals are also becoming more technical and specializing in more specific technologies. This trend should continue for many years, and, certainly for the near future, there will be more technical developer and support jobs. In the end we'll all be programmers - whether we like it or not! ❖



With an extensive background in Information Technology and training, Susan Hodges established SemCo Enterprises, Inc. in

1989. SemCo provides training and resources in Computer Terminology and Technical Recruiting for Account Managers, Business Analysts, Technical Recruiters, Technical Sales People, HR Managers and other non-technical people who work with computer professionals and/or products. For complete information on both classroom and web-based training visit www.semcoenterprises.com.

For more information don't miss Susan Hodges' presentation at the NACCB Annual Conference, November 6th-9th!

NACCB Welcomes New Additions to the Team!

Danielle Ringwood joined the NACCB staff as Director of Public Relations and Grassroots Lobbying in July.

Most recently, Danielle was employed by APCO Worldwide - a strategic communications and public affairs firm headquartered in Washington DC. Prior to joining APCO, Danielle worked on Capitol Hill in the personal office of a senior member of congress from West Virginia, and also spent time working in the communications department of a national trade association, which represented certified public accountants.

Danielle is originally from Rockland County, New York and graduated from Towson University with a B.S. in Mass Communications and Public Relations. She is excited to be joining NACCB and looks forward to working with its members.

NACCB welcomes Kimberly Grever as the new Director of Membership

and Member Services. Before joining NACCB, Kim spent two years as the Director of Business Development for Results Direct, a Web solutions provider focusing on associations and non-profit. Prior to that, Kim spent several years as the Director of Business Management and Member Services for the Sheet Metal and Air Conditioning Contractors Association (SMACNA). Kim worked extensively in member services, focusing her efforts on business management and development.

Originally from Erie, Pennsylvania, Kim has lived in the Washington, DC area for the past 18 years and enjoys golf, biking and hiking -- including a trek to the bottom of the Grand Canyon this past January. Kim is looking forward to getting to know the NACCB members and contributing to the team. ❖

BRAND your company with a great cause...IT education!

Open Door Education Foundation

Today's students are tomorrow's entrepreneurs!

Invest in the Future...Invest in the Open Door Education Foundation

Your Investment today will -

- Help make **America** and the US economy strong by actively promoting technical training.
- Ensure the United States world **leadership** position in Information Technology Services.
- Communicate to students the positive aspects of pursuing an **IT education** and a career in IT.
- Provide qualified students from diverse backgrounds with the opportunity to receive Open Door scholarships and to become an **IT professional**.
- Help increase the number of **women** entering the profession — currently only 20 percent of IT professionals are women.
- Help your **clients**, your industry, and your business by strengthening your pool of trained technicians.
- Give your business the **integrity** associated with a valuable cause — the Open Door Education Foundation.



Invest Today!

Contact the Open Door for more information:
Phone: (703) 838-9581
Email: opendoor@naccb.org
www.keys2IT.org



1800 Diagonal Road * Suite 520 * Alexandria, VA 22314

“Just shut up and eat your oatmeal.”

Have you noticed that some consultants will tell you to “Just shut up and eat your oatmeal?” Now if oatmeal is your favorite meal, there’s no problem (no choices... but no problem).

Rather than dishing out stock “methods” and “theories” that are unrealistic and difficult to implement, we at Glenhurst Consulting Group do things a little differently. We spend time focusing on you and your situation, then tailor practical and proven solutions to fit your specific business needs.

We’ll work closely with you and your sales and leadership teams to help you grow personally, and professionally. Call us at 651.275.1026 for “real life” training, consulting, mentoring, and more. Our mission is to help you grow your business.

Pancakes anyone?

www.glenhurstconsulting.com



Highlights of August NACCB Board Meeting

The August Board Meeting was held in Chicago. The Board approved the NACCB budget for Fiscal Year 2003 (which runs from Oct. 2002 to Sept. 2003). Fran Quintelle was approved as a new Open Door board member. After some discussion on the membership issue, the board endorsed the formation of an ad hoc committee to review the membership issue and NACCB’s current membership process.



ATTENTION
Independent Recruiters!

We’ll provide the time and the money to help you expand your business to include temp, temp-to-perm, and contract placements!

Our payroll services include:

- Serving as employer of record
- Payroll processing and invoicing
- Payroll funding
- Credit analysis and collection assistance
- Benefits and insurance

TFI
RESOURCES

The Independent Recruiter’s Resource for Temporary and Contract Placements

www.TFIresources.com 800.701.4014 713.975.7576
7721 San Felipe, Suite 111, Houston, TX 77063

Do You Want To Increase Your Bottom Line? ORDER YOUR CD SET TODAY

“Successfully Doing Business with the Government!”

Has the current economic downturn hit your doorstep? Looking for ways to increase your bottom line? Over the next five years, the federal government will spend more than \$175 billion on information technology (IT) - that’s about \$35 billion each year. This level of spending makes government business one of the top five vertical markets in the country.

If you have been hesitant about exploring the government marketplace because of your perception of the difficulty of navigating the byzantine federal bureaucracy, understanding the complex federal rules, or you did not just know where to begin – this CD set is for you!

This previously recorded seminar includes such topics as:

- Finding bidding opportunities
- Working with the Small Business Administration
- Requirements for obtaining government contracts
- Funding information on Federal agency budgets
- An overview of the government market and IT services needs
- How to get on the GSA Schedule
- Contract opportunities for women and minorities

**This
“How To”
collection of 7
CDs contains over 6 hours
of proven strategies. This
is an invaluable resource
you will refer to
again and
again!**

“Successfully Doing Business with the Government!
(Six hour CD set – includes all PowerPoint presentations from seminar)

Print and fax order form to NACCB — Fax 703-838-3610

Check one option:

- NACCB Member - \$195
- NACCB Member – attended seminar -\$125
- Non-NACCB Member -\$550

Company Name: _____ Contact Name: _____

Address: _____

City/State/Zip: _____

Phone: _____ Email: _____

Pay by credit card: Visa MasterCard American Express

Card Number: _____ Expiration Date: _____

Signature: _____

Attention:

STAFFING SOFTWARE USERS

On October 2nd...

...eEmpACT Software
Will **Change**
The Staffing Industry
FOREVER.

This revolution is so important...
don't choose the wrong system and get left behind.

Call 1-800-456-5660 to learn more, and be sure
to visit www.eempact.com today!

eEmpACT
Software

Dice[™]

If you want a “warm body,”
go where everyone else goes.

If you need a highly qualified
tech professional, go to Dice.com.



Dice[™]