

## CEOs say they plan to hire staff this year Survey indicates an optimistic regional outlook

Dan Fost, Chronicle Staff Writer  
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More than 80 percent of Northern California chief executives say they plan to hire new staff this year, particularly in sales and marketing positions, according to a survey scheduled for release today. The Alliance of Chief Executives, a regional group, surveyed 101 business leaders, 81.5 percent of whom said they're ready to start hiring in order to expand their businesses.

"We had a very big growth year last year, and we expect it to continue this year," said Rich Gianello, president of Healthcare Financial Services, an Oakland firm and alliance member.

His company, which advises hospitals and nursing homes on improving their bottom lines, added 15 people last year, bringing the workforce to 60, and plans to add that many again this year.

Gianello said the mood at the group's monthly meetings has shifted from gloom to optimism as the economy rebounds.

The business leaders' optimism could help a job picture that hasn't improved much despite growth in the overall economy. According to the group, which covers an area from the South Bay to Santa Rosa and east to Sacramento, 216,000 jobs were lost in the Bay Area since March 2001, including 158,000 in Silicon Valley.

"Our CEOs had spent the bulk of 2003 hunkered down, focused on

retaining customers, cutting down on discretionary costs and trying to weather the storm," said Bart Penfold, president of the organization. Now that they see the economy improving, they're ready to invest in their businesses again, he said. "The first place you invest is in customer acquisition. Sales and marketing are at the top of the list."

But 30 percent of those surveyed said they would increase their offshore operations, particularly in manufacturing and software development, as it gets cheaper to build products overseas.

The survey also revealed that CEOs -- representing companies with from \$1 million to \$200 million in annual sales -- remain concerned about rising workers' compensation and health insurance costs. But more than 80 percent of respondents said they believe Gov. Arnold Schwarzenegger will address these problems and improve the state's business climate.

"We have several Alliance members, strong pillars of the business community, who had double-digit growth on the sales side -- but that didn't cover the associated incremental rise in workers' compensation insurance," Penfold said.

Schwarzenegger this month said he wants the Legislature to agree to workers' compensation reform by March 1 or he'll put the issue on the November ballot. Democratic legislative leaders called his demand unreasonable.