

NOW HIRING!

By LISA TAKEUCHI CULLEN

Jobs are coming back, but not where you might expect. A look at the new rules for finding one. For Lanre Kalejaiye, 22, the answer was to sidestep the job drought by packing up and hitting the road. After graduating from Illinois State a year ago, he moved from employment-parched Chicago to Des Moines, Iowa, where he took a position as an underwriter at Allied Insurance. He loves the job and was pleasantly surprised that Des Moines is less a "farm town" than "a small Chicago." For actuary Ronen Twiss, 33, of Teaneck, N.J., the answer became clear when he was laid off during an industry nosedive.

Figuring that if he wanted work, he would have to hire himself, he and his wife Sandy, 33, started BabyRide.com, selling baby strollers online. The answer for retiree Elaine Donahue Duncan, 58, of Houston, who had to return to the work force after her 401(k) dwindled, was to switch industries. After working three decades in the telephone business, she took her skills and migrated to the relentlessly booming health-care field, where she's now the purchasing manager for a hospital.

New disappointments, new adventures, new cities, new lifestyles and new challenges. And brand-spanking-new jobs. But don't call it a boom-yet. Call it a job thaw. Even as the first blasts of winter are whipping across much of the U.S., the economy's red-hot third-quarter performance seems to be loosening jobs from the cold clutches of corporate managers.

The Labor Department reported a net growth of 126,000 jobs in October, the largest one-month gain since the recession officially ended in November 2001. Unemployment has held steady at 6%. Economic growth leaped 7.2% in the third quarter, while worker productivity rose a remarkable 8.1%. President Bush, increasingly desperate for an economic turnaround as 2004 nears, called the strong employment numbers "the beginning of good news for job seekers."

It's about time. The economy has a lot of catching up to do. Since the recession began in March 2001, the U.S. has lost 2.7 million jobs, many of them manufacturing jobs that are gone for good; 8.8 million people remain unemployed, 1 in 4 of them for an average of seven months. "You could say it wasn't as much a jobless recovery as it was a job-loss recovery," says Alan Blinder, a professor of economics at Princeton University and a former vice chairman of the Federal Reserve Board.

Still, prospects look better than they have in many months. Forecasters expect the economy to keep growing at a brisk 4% pace through next year, which supports predictions that payrolls will add jobs at a rate of about 100,000 per month. Even in some hobbled industries, job postings are already ticking up. Want ads for the financial-services sector jumped 49% for the six months through September at career website Monster.com and rose 39% for jobs relating to computer software.

As the recession eased, companies propped up their profits by being famously stingy about hiring, even as the work volume increased, which is one of the reasons worker productivity has zoomed. "What's happening is that businesses are telling workers to suck it up and work harder," says Mark Zandi, chief economist at Economy.com. According to a survey by Monster.com, 71% of workers polled said they put in more than 40 hours a week, and 57% consider themselves overworked. "They can't do that forever," says Zandi. "Companies have got to hire," After the 1991-92 recession, it took 18 months for job growth to resume in earnest. "If history is any guide," says Zandi, "it won't be long now."

But it will be different, as the following stories in this package illustrate. Jobs are migrating to new areas across the U.S. Temping is ever more permanent for some workers, and relentless corporate downsizing will forge thousands of new entrepreneurs. Yet there are hot areas like health care that can't fill openings fast enough.

The U.S. labor force is perhaps the most flexible of any developed country's and it's going to have to be. More than 2 million factory jobs have taken one-way trips to places like China and India since 2000. Technology-industry analyst Forrester Research forecasts that 3.3 million U.S. service-industry jobs, many in information technology, will move offshore in the next 15 years, taking \$136 billion in wages and slowing down wage growth. Better technology and more efficient management have eliminated white-collar jobs too. What that means, then, is that legions of unemployed workers will have to switch industries entirely to find employment, says, Erica Groshen, an economist with the Federal Reserve Bank of New York, who co-authored a paper on the subject. So where are the jobs right now? With the nation's 68 million baby boomers getting creaky in the knees, health care and social assistance have added a robust 255,000 jobs this year through October. The echo of these boomers-their progeny-will create jobs too. America continues to need teachers, so jobs in private educational services grew by 56,000 this year. Thanks in part to low interest rates, new homebuilding helped boost construction jobs by 147,000 since February.

The service sector is counterbalancing the anemic manufacturing segment. Professional, business and technical services keep adding jobs, as companies outsource work like network maintenance and advertising. Bush's tax cuts, as well as the mortgage-refinancing rush, put cash in consumers' pockets, leaving them with more to spend at restaurants and bars-where employment bloomed by 113,000 over the year so far.

Lack of commitment to permanent jobs by businesses has created one: temporary work. The temporary-help sector has added 150,000 jobs since April, and ,while 1.4 million people hold part-time jobs only because they were unable to find full-

time work-up 27% from a year ago-the growth of temp jobs isn't altogether a bad thing. "It seems to have some predictive power for permanent employment growth," says Groshen. "Companies seem to experiment with the job itself or with the particular employee. Do we really need this job? Can this person really do it?" If the answer is yes, it can lead to a permanent hire.

Outside of certain hot industries and regions, it will be a long time before companies will be hiring sight unseen. Which means if you're on the market, buckle down for a long job search. The average search is taking four to six months, says human-resources firm DBM. Finding a senior-level position takes longer than 12 months today, compared to seven months in 1998. So if you have a decent job, this is perhaps not the time for an impulsive exit. "Most people plan more for Sunday football or a vacation than for upgrading their career," says Jeff Taylor, CEO Of Monster.com. "They say, 'I know I'm marketable' Well, there's an awful lot of marketable people on the street right now."

Aaron Evanson is one of them. He spent nine years as an art director at a Chicago ad agency, happily cooking up beer and pizza campaigns even as the offices around him emptied and his work load swelled. When he got the call in April, he thought he was finally getting a raise after three years of corporate dieting. "Instead, I was like Joe Pesci in Goodfellas: 'Hey, guys, what's with the tarp?'" The shock of being laid off melted into the acceptance of an unexpected respite in which to enjoy his infant daughter. "But there was always the black cloud looming-unemployment, unemployment," he says. Weeks became months. Evanson, 32, has free-lanced, and his wife Kari, also 32, has taken a job at the Gap. They've cracked into their nest egg. Health coverage ran out two months ago. It could be worse, he says: "Were not eating government cheese"

In the meantime, Evanson has figured out that the order of the day is to adapt, which means going where the jobs are-literally. He's aggressively pursuing an opening in Fayetteville, Ark., one of the hottest job-producing towns in the U.S. "This whole experience has really taught me that what's important is family and quality of life," he says. "I was working so hard before, I was at a snapping point. But at the same time, I'm excited to get back into the swing of things. I'm ready." So are about 8.8 million of his fellow Americans, whose prospects just might be picking up.

-With reporting by Barbara Burgower Horden/Houston and Betsey Rubiner/Des Moines

HOT TOWNS

By LISA TAKEUCHI CULLEN

If your burg's on the skids, places like Reno are beckoning. November in New York City has its charms. Ice skaters twirl in Central Park, Santa sets up shop at Radio City and department stores unfurl their holiday finery. But to Delia Everett, November meant a chilly wait for the 6:45 a.m. bus to her Manhattan job as an executive assistant. To her husband Jim, who had lost his job as a steam fitter, it meant fixing heaters and patching plumbing in their Mahwah, N.J., apartment building, where he worked as assistant super to cover the rent. To their two children, it meant gray afternoons watching TV in their two bedroom, ground-floor apartment.

November on Florida's Gulf Coast makes a much different postcard. Newly-planted palm trees line swaths of land buzzing with the construction of one business complex after another. In a spiffy new housing development, the Everetts relax under the vaulted ceilings of their living room, gazing out through glass doors at their pool and hot tub overlooking a lake. A year ago, Delia's employer, magazine distributor Source Interlink, decided to consolidate its several big-city offices and relocate to Bonita Springs, Fla. (pop. 32,800), a fast-sprouting town on the booming stretch of coastline between Fort Myers and Naples. The company offered jobs to both Everetts-Delia, 42, as assistant to the CEO, and Jim, 43, as office services manager. It took the family one visit to decide. Delia, who had lived in apartments in the New York City area all her life, still looks a little stunned. "I can't believe," she says, "the life we have here." While the great migration from Rust Belt cities to such Sun Belt giants as Phoenix and Houston has been under way for years; what's new is that the hottest places in America to find jobs are small and midsize towns, and not all of them are in the warmer latitudes. Burgs ranging from Fargo, N.D., to Fayetteville, Ark., to Reno, Nev., are leading the U.S. in job gains. The Milken Institute, a private think tank, found in its annual ranking of cities with the most job growth that 11 of the top 20 had populations well under 1 million. The Fort Myers region (pop. 420,000) added 17,500 new jobs between July 2000 and July 2003; the Fayetteville area (pop. 320,000) added 16,300. "That might seem surprising to some," says Ross DeVoL author of the study, but many smaller regions share characteristics that act as job magnets: lower costs, tax breaks for employers, funding for entrepreneurs and a deepening pool of skilled and educated workers. Many are college towns, seats of government or home to a big company that nourishes others. Thanks to the Internet and to satellite technology, a company in Iowa City can be as connected as one in Los Angeles-minus the traffic jams.

With pickings slimmer in major cities, job seekers who once turned up their noses at small-town positions are now eagerly foraging for them. Dan Zumbiel, 34, was an ad copywriter in Manhattan, moving up at powerful agencies Ogilvy & Mather and DCA Advertising. Then came Sept. 11, 2001, followed by his layoff. He found the job market so tight that as a survival strategy, he expanded his job search to smaller markets. So when an agency in Sheboygan, Wis., called, "I thought: 'I've got nothing keeping me in New York, so I might as well give it a shot.'" While checking out the agency Jacobson Rost, he grew impressed by its work for clients, including Harley-Davidson and Sargento Foods, and by its professionalism. "I sort of

made the mistake of thinking I was going to be the big fish in the small pond," he says. "But as soon as I started to look at the work here, I quickly realized that wasn't the case." He accepted the offer.

Anthea. Fallen-Bailey, 47, had mapped a course for employment after receiving her master's degree in geography in the summer of 2001, and it did not include the Great Plains. Struggling with a flat job market around Portland, Ore.-"there was nothing there"-she happened on a job posting for Navigation Technologies, a digital mapping firm. "I was really surprised they were in Fargo," she says. After a month of researching the company and the area, she applied and was quickly offered the job in July.

How do these towns come up with the jobs? Companies don't move to places like Fargo on a whim; it generally takes money in the form of incentives. Arkansas has spent \$700 million on roads and airports around Fayetteville over the past decade. Cities like Fort Myers and Santa Fe, N.M., offer tax abatement packages to businesses big and small in exchange for creating jobs. So do lots of places, including big cities.

That's why livability is often the clincher.

Reno has a special advantage in its geography-it is smack against the California border and treats its high-cost, highly regulated neighbor the way a hummingbird does a flower. From 2000 to 2003, Reno has lapped up major operations of 17 California companies including Sun Microsystems and Charles Schwab, according to the Economic Development Authority of Western Nevada, in addition to the 700,000 sq.ft. distribution facility Amazon.com set up in 1999 and the third roasting-and-distribution center Starbucks opened. Microsoft, Dell and Pfizer all have operations there. An estimated 200,000 people migrate from California to Nevada each year. many with businesses.

Aki Korhonen, 34, is one of them. PC Doctor. his diagnostic software company based in Emeryville, Calif., was mushrooming with clients like IBM, HewlettPackard and Intel-but state taxes and high costs were a drag on growth. He spent a year checking out Seattle, Phoenix and Las Vegas, then bet on Reno. His employees took some persuading. Mohidul Saad, 38, a software engineer, learned of the impending move this past summer. The Bangladeshi native and his family had grown attached to their ethnic community in the Bay Area and thought of Reno as a dust-choked gambling town. They have since changed their minds. Weeks ago the Saads moved into a large home with a garden and pool-a. far cry from the modest town house they had planned to buy in San Francisco-and are even meeting other Bangladeshis. The excitement of a town on the move is infectious. "Something," says Saad, "is happening here."

In Arkansas, that excitement emanates primarily from one company: Wal-Mart. State officials say Wal-Mart alone was responsible for bringing 3,000 jobs to northwest Arkansas in 2002 in part because its biggest vendors maintain a presence near its Bentonville headquarters. A study by the University of Arkansas projects the population of Benton and Washington counties (which include Fayetteville and Bentonville) will nearly double by 2025, to 680,000. Unemployment in the region is about 2.5%, less than half the national average.

As steel towns had in the past, Wal-Mart has a multiplier effect creating work for outside service providers. The Tobees want a wedge of that pie. Cary, 39, and Cheryl, 36, moved their video-production business in July to Fayetteville from Fort Smith, Ark., and have already bid on business with Wal-Mart. I am hoping for the overflow," says Cary. "You never know when they will need help with a project."

Relocators warn that acclimating to smaller-town life can take time, particularly for former city slickers addicted to a fast pace. Carol and Kevin Conway fled their lives as Silicon Valley technology executives in the mid-'90s and now run business-service companies in Fort Myers. At first, says Carol, 47, "I was staggered by the lack of competitive drive, the lack of the push-push-push mentality." It took a few years for her to learn that people who move to secondary markets like this have got to chill." She's even stopped wearing panty hose to work.

Landing a job for the "trailing spouse" can also be a bigger issue in a smaller town. When Gary Hengstler, 56, was offered a job as director of Rends National Center for Courts and Media, a training facility for judges and court personnel, his wife hesitated. The move meant that Laura. 48 would have to leave her job as real-estate editor at the Chicago *Sun-Times*.-not to mention their friends and family. But a few visits persuaded her, and now she edits an in-flight magazine. Their only worry about Reno, says Gary: "I'm afraid it will eventually become too popular."

-With reporting by Steve Bames/Fayetteville, Sarah Sturron Date/ Minneapolis, Dee GM/Fort Myers, Noah Isackson/ Chicago and Laura A. Locke/Reno