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PR's hiring slowdown impacts recruitment sector

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NEW YORK: Executive search and recruitment firms say their PR and communications business is down due to several factors, including a lack of hiring as a whole.

“2009 has been a total bust,” noted Sandy Charet, president of Charet & Associates. “[In] 2008, I was headed for my best year ever, [but] in the last quarter, [work] dropped, easily 50%, maybe more than that.”

At Korn/Ferry International, PR and communications make up only 3% of the international company's overall work, but it has dropped about 20%, compared to a 40% decrease in its overall business, according to Don Spetner, EVP of corporate affairs.

And Maryanne Rainone, SVP and MD for New York-based Heyman Associates, noted the firm has experienced similar levels of decline lately.

Two weeks ago in the UK, PR recruitment specialist Price Trace Hawes shut its doors after 10 years, citing economic pressures, according to PRWeek UK.

“The tap has almost turned off,” chairman and founder Neville Price told the publication.

Much of the decrease appears to stem from a lack of hirings on the agency side.

Matt Schwartz, president of New York-based MJS Executive Search, said the company's PR and communications work, which makes up about 20% of its business, has been about flat compared to past years. And it is “definitely” receiving more work from searches on the corporate side than on the agency side.

“I got the feeling that the agencies were losing business and then were cutting, tightening their belts,” said Charet.

“I always see our agency business just go away to almost nothing during the recession,” added Karen Bloom, principal at Chicago-based Bloom, Gross & Associates. “Agencies are struggling... and they don't want to put money into extra support they don't feel they need.”

Ed Moed, managing partner at Peppercom, said his agency has used search firms in the past, but “we're not doing a ton of

work with them. The need isn't as great.”

Some of that decrease might also stem from an uptick in talent searches being handled internally, rather than layoffs alone.

“We have seen that hiring [is still] going on, but we know that budgets have been slashed,” added Bloom. “Companies are trying to fill positions through their own internal recruiters, their own employee referral programs, anything they can do to fill positions on their own.”

An HR pro at another midsize agency said it is only relying on executive search firms when “you hit a wall.” The source, who declined to be named, said it is instead relying on traditional postings, referrals, and social networking.

Although her firm is focused mainly on corporations, Rainone said she has noticed “the recruiters on the agency side are extremely active on LinkedIn [and] Facebook.”

Rainone added that one firm recently told her that it had hired all employees, save for senior staffers, off of Craigslist.

While many of the layoffs in the PR industry have focused on the agency-side, some corporations also are renewing focus on internal search methods.

Bill Stauffer, director of recruiting for fitness company Equinox, said it has “taken a step to get a better grasp internally on other tools such as LinkedIn, Facebook, social networking, and referrals.” However, it has not stopped using search firms altogether; it works with MJS.

The search firms, though, believe the communications sector, will begin to pick up. Spetner said Korn/Ferry is “very bullish long-term on the communications sector,” and Bloom has seen some recent pickup after a “pretty dead” January and February.

And while Ben Long, president of Travaille Executive Search, said work is down about 25% for the DC-based firm, its healthcare and government and public affairs work remains strong.