

Whitepaper

How to Adjust the IT Workforce to Accommodate the Changing Environment:
Investment Management Industry

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Executive Summary

Companies must adapt to changing environments in order to be efficient and successful. The current economic downturn has inflamed quickly and with great magnitude. When a company's environment changes, adjusting the workforce may not be the first consideration made. However, this paper will explain why it is necessary. Although the environment is changing and all firms in the Investment Management industry are being affected by the same external factors, the adjustment required for a firm to remain successful differs. Understanding that adjustments need to be made is the first step toward creating a successful solution to the current situation. The goal of making adjustments is allowing the company to stay in business. All of the benefits of making adjustments to the business can turn negative if adjustments are not made properly. One of the benefits of adjusting is the experience which will be helpful in the future. Knowing that adjusting to the changing environment in the Investment Management industry is important, it must be decided how to go about making the adjustments. Depending on the health of the company, the amount of resources needed for success will range from a moderate amount to a very large amount. The time period to be focused on is the next eighteen months; from the current point in the industry, November/December 2008, until April/May 2010. To narrow the discussion further, the issue will be analyzed for the Investment Management firm Federated Investors. Even more specifically, analysis will be with respect to a particular team within the Business Information Services Division (BISD) of the company. The issue of how this team, the Operations and Administrative Business Analysis (OABA) team, will adjust its workforce to accommodate the changing environment of the Investment Management industry over the next couple of years is a significant issue for many entities.

A summation of different sources and viewpoints on this issue is provided within the text of this paper.

The issue of adjusting the IT workforce to accommodate a changing environment is still an emerging issue since the environment will continue to change, and unpredictably so. The OABA team within Federated Investors needs to make radical changes as opposed to trying to wait out the economic turmoil. Budgets will have to be cut. Hiring of contractors and interns needs to be cut back for the near future. Hiring new employees should be postponed until a re-evaluation of the economic and industry situations can occur or until some new and significant event occurs within either arena. Seeking outside consultants should follow the same strategy as hiring contractors. Regarding an option of cutting labor, this is not recommended for the OABA team. Outsourcing is not necessary for the team currently. Keeping the current labor force is suggested and any training that may need to occur will have to happen in small groups over extended periods of time. Forcing changes in the business is not recommended right now because the business units will be the first line of adjustment to the changing industry. Considering the trend of hiring new IT management as change agents, this is not recommended for Federated Investors either. The OABA team should make an effort to be more aware of the business environment within the industry as opposed to just working with their heads down on IT issues within the company. Technology adjustments only need to be made for automating newly required processes, like short-sale reporting. Strategic planning for the team should assume that the environment will continue to worsen slightly over the next year at least.

Issue Definition

Companies must adapt to changing environments in order to be efficient and successful. This adaptation may involve the people, processes, or technology of the company. Many environments have been changing due to the economic distress around the world. Thus, many companies have been forced to adapt to remain in business. Some firms have adapted and some have not. For any firms remaining, there will be more necessary change to come. The economic distress is not yet over and it will likely take years for world-wide finances to become stable again. On the front line of the economic troubles is the Investment Management industry. Investment management firms have been forced to adjust at a rapidly increasing rate. Those that did not adjust well enough have left the industry. It is an industry which relies heavily upon IT, thus IT organizations will be forced to adapt with their companies as a whole. One such company that must make tough decisions is Federated Investors, Inc.

The economic downturn has included large losses by firms with excessive bad debts. These losses have led to loss of stockholder faith, which decreases the value of the firm. Firms that have lost a considerable amount are victims of the consolidation occurring within the industry. The situation has inflamed so quickly and with such magnitude that governments are intervening, in part by modifying or removing old regulations and also by creating new regulations. These events are occurring throughout the world. Federated Investors is a conservative company compared to competitors. Top competitors include BlackRock, Dreyfus Corporation, and PIMCO (Hoovers.com). These companies will also face the issue of adjusting their workforce to accommodate the changing environment.

When a company's environment changes, adjusting the workforce may not be the first consideration made. If so, it is usually with reluctance because the common action is to layoff large numbers of employees which reflects poorly upon the company and decreases worker morale for those remaining employed. When IT organizations respond to changes, they typically think of adjusting technologies first. IT tends to follow the business's lead for changing the company. However, with IT being such an important part of business, especially in the Investment Management industry, organizations should spend more time analyzing the adjustments that can be made in IT. These adjustments should be other than buying new technology or outsourcing (equivalent to reluctant, large layoffs by companies). A company succeeds by its people, processes, and technologies. All must be analyzed to ensure the most success for the company. In IT, outsourcing could affect people or only processes. Changing technology could be prevented by changing processes. Changing technology could also prompt a change in the workplace. This may be an unintended consequence or unexpected interaction. If large enough, changing technology to adjust the organization may lead to problems. There is risk involved in adjusting the company and particularly in adjusting IT and its workforce. Since IT is the backbone of the business, this risk is significant and needs to be analyzed thoroughly.

Although the environment is changing and all firms in the Investment Management industry are being affected by the same external factors, the adjustment required for a firm to remain successful differs. The health of a firm before the change in the industry and the health of that firm during the changes point to how healthy the firm will be in the future, should more changes happen in the industry. A factor which contributes to the health of a company is the amount of risk it takes. Also, the

amount of resources it has at its disposal, market share, reputation, the culture of the workforce, the technology and standards in place and the third-party support for them are factors affecting the health of a company. Part of the difficulty in deciding how to adjust for a changing environment lays in the fact that the situation must be analyzed separately for each company. There is no way to generalize how to make adjustments because it differs for every situation for every company in every environment.

Understanding that adjustments need to be made is the first step toward creating a successful solution to the current situation. Some industry changes may be temporary or not significant enough to warrant any action by some firms. However, in the Investment Management industry, the environment is so unpredictable that a even if a change is temporary, it is likely once this change settles back at a neutral point for the industry, the change may just as soon start moving in a different direction. Regarding the significance of changes, right now there are reverberations all over the world in multiple industries. These changes are unquestionably significant; therefore adjustments need to be made to address them.

The goal of making adjustments is allowing the company to stay in business and remain successful. More specifically, adjustments may be needed to cut out-of-control costs, implement technology to meet new needs for the business, create new processes to comply with new regulations, etc. Making these moves will not only cut losses and/or increase profits for a company. By surviving hard times in the industry, a firm builds its reputation as a stable and successful company. A better reputation can improve market share for a firm and prompt more investment by stockholders. Understanding the issue and reacting appropriately can provide a more stable work environment for employees and leave them more satisfied with their jobs, which benefits the company. If there are companies that do not succeed in the new environment, the adjusted firm may be in a position to make an acquisition. Making adjustments to accommodate a changing environment leads to more profits and more power for a company.

All of the benefits of making adjustments to the business can turn negative if adjustments are not made properly. Costs may skyrocket, layoffs may be forced (perhaps from the company being forced to sell), the loyalty of employees and perceptions from current and potential stockholders may diminish, the business may become inefficient or even ineffective, customers may be lost which decreases market share, and failing to meet regulations can have financial and legal consequences and more. For example, adjusting incorrectly can result in inaccurate information, improper filings or late filings with the SEC which hurts stockholder confidence and the reputation of the company. By not adjusting to a changing environment, a company risks losing profits and power. Inefficiencies within the company with regard to adjusting for the currently evolving environment in the industry can also affect other areas of support and service like new projects that have already been scheduled or maintenance activities.

Another benefit of making adjustments to accommodate a changing environment is the experience which will be helpful in the future. By going through the process of adjusting (analyzing the situation, weighing options, understanding how to best implement changes), knowledge and experience is gained which can be leveraged in the future. It can be expected that changes will occur again for the Investment Management industry so having the tried and true ability to adjust can be a competitive

advantage for a company. Those that decide to not adjust and still manage to survive may not have such luck when the next wave of change crashes on the industry.

Knowing now that adjusting to the changing environment in the Investment Management industry is important, it must be decided how to go about making the adjustments. There are multiple options for adjusting to a morphing environment:

- Hire contractors/interns
- Hire new employees
- Seek outside consultants
- Cut labor
- Outsource
- Keep current labor force & train for:
 - Change in processes
 - Change in technology
- Force changes in business

These changes all apply to Information Technology organizations. A combination of these options may be the best approach for a company.

Depending on the health of the company as discussed before, the amount of resources needed for success will range from a moderate amount to a very large amount. It is not necessarily true that a high degree of technical skill is required for the adjustment, but the more processes and technology that will be affected the more likely it is that technical skill is needed. Although extensive resources or technical skill may not be necessary, there may be unexpected interactions to adjustments which complicate the analysis and decision for solution. Due to the volatility of the Investment Management industry, further changes may occur during adjustments or soon after them. Also, the focus of adjustments is on the IT organization within a firm. The business units or firm as a whole may make adjustment decisions that affect IT's decisions. If thorough communication and collaboration does not occur during all of the adjustments then the separate actions may conflict with each other, creating unexpected interactions.

The time period to be focused on is the next eighteen months; from the current point in the industry, November 2008, until April 2010. It may be necessary during analysis and decision-making to refer to past information of the industry. A boundary for past information may be considered November 2006 since the majority of the changes in the industry have occurred more recently than this. However, as in any good analysis, the causes of issues must be found rather than just reacting to the consequences of the issues.

To narrow the discussion further, what will follow in this whitepaper will be particularly relevant to the Investment Management industry firm Federated Investors. It has been specified that the adjustment analysis will be occurring in the IT organization of the company, which is referred to as the Business Information Services Division (BISD) at Federated. Since BISD consists of multiple departments and hundreds of employees, the analysis will be further focused on the Operations and Administrative Business Analysis (OABA) team. The business analysis teams are those that create the strategy for moving through issues regarding maintenance and new projects. These teams also are those that

interact directly with the business units. This may prove helpful in minimizing the unexpected interactions of adjustments that were described earlier. Analysis for OABA will pertain to the BISD service and support for nearly all areas of the business.

Currently, the head of OABA is not sure of how the team or the organization as a whole should approach the volatile industry environment. There has been discussion across different groups and no conclusions have been reached yet. Some management members would like to wait out the volatility to see if and how regulations will change. Other management members would like to begin automation of reporting that has been imposed recently by the Securities and Exchange Commission, a regulatory governing body over the Investment Management industry. Report automation is just one example of adjustments that are possible and should be considered. Business analysis positions require a moderate level of business knowledge, which the OABA team struggles with at times. Just to create the manual solution for the newly imposed reporting involved multiple people across departments within the company. Considering all possible adjustments, OABA may face difficulties implementing some changes due to lack of experience. Adjustments will also be difficult because many will have to occur in short time frames. Using the reporting requirement as an example again, the industry was only given notice days before the reporting was to be implemented. Additional difficulties for OABA are analyzing the multitude of possible adjustment decisions and obtaining any approvals or funding required for any actions.

The issue of how OABA will adjust its workforce to accommodate the changing environment of the Investment Management industry over the next couple of years is a significant issue for many entities. The rest of BISD is affected by business analysis, especially OABA due to its reach into the company. Business units will be affected but will likely only be concerned from a results perspective, not process perspective. The CIO will have interest in OABA's decisions because he will likely need to give his approval. The CEO will have an interest only at a higher level, seeing OABA as just a part of BISD. Business analysts will need to collaborate with the regulatory department to ensure requirements are met. Senior management will be considered with how adjustments affect the group's budget. The corporate finance department will be interested for cost-benefit analyses of OABA actions. Adjustments to the workforce will involve the Human Resources department. The facilities management department may need to get involved with workforce adjustments because of the limited workspace and resources available currently.

Issue Background

Following is a summation of different sources and viewpoints on the current situation. Sources include general business publications, general IT publications, publications which are specific to the Investment Management industry, and vendor and consultant whitepapers.

General business publications include Business Week. In one article, the author's viewpoint is that companies need to "invest in radical IT change or hunker down and wait for the storm to blow over."¹ This article does mention financial institutions in particular trying to survive the current changing market environment. According to Gartner, a company "treading middle ground risks blowing the IT budget and having little to show for it." Gartner's Alistair Newton feels that companies which will take a big bang approach will need to align more closely to the business, using business metrics and producing strong business cases.² Examples are given of innovation which may provide radical results for financial services firms. The article also mentions that marketing techniques may be an area for adjustment. The significance of adjustment is emphasized by stating that the turbulent market creates opportunities for customers to be stolen. For example, "financial social networking startups using Web 2.0 technology to cut financial institutions out of the market."³

Another article from Business Week discusses a currently popular trend of "IT budgets being slashed."⁴ It is crucial for IT to make business cases for its work right now. IT also needs "to manage the costs of keeping the lights on" which is traditionally one of the largest portions of the budget. Ways to cut back the budget include reducing the workload on employees which may be done by discontinuing investment in work that does not provide a comparatively significant benefit to the department or the company as a whole. Investments in IT work may be classified according to business priorities and a suggestion made in this article is to "cut or kill projects with payback greater than a year." Another possibly controversial suggestion is to negotiate lower levels of service for the business.⁵ This may be controversial because IT risks creating a reputation for themselves as not being able to satisfy its customers, a reputation which the department has historically struggled to improve or at least maintain.

A general IT publication is Information Week. One of the headlines on the publication's web site mentioned the cap on H1-B visas being raised, which allows more foreign nationals to enter the U.S. to work, which may affect the IT industry. A specific Information Week article offered ways to cut costs: "virtualization, cloud computing, and SOA"⁶ (service-oriented architecture). While the previously mentioned article discussed cutting the IT budget in ways that may inhibit growth and achievement of

¹ Lomas, Natasha. "IT in Downturn: Spend Big or Hibernate". BusinessWeek.
http://www.businessweek.com/globalbiz/content/nov2008/gb2008115_834282.htm, November 23, 2008.

² See footnote 1.

³ See footnote 1.

⁴ Cramm, Susan. "Painless IT Cost Cutting". BusinessWeek.
http://www.businessweek.com/managing/content/oct2008/ca2008107_082114.htm, November 24, 2008.

⁵ See footnote 4.

⁶ Singer, Michael. "Presidential Politics Inspiring IT Transformation". InformationWeek.
http://www.informationweek.com/blog/main/archives/2008/11/presidential_po.html;jsessionid=HBXXS522JOCBAQSNLPSKHSCJUNN2JVN?queryText=Presidential+Politics+Inspiring, November 25, 2008.

long-term goals in the department, this article suggests that working toward long-term success can still be done in times of economic hardship. To prepare for the future companies should “not increase the budget but focus.”⁷ This is an indication that prioritization is a crucial focus point. There will still be discomfort in adjusting priorities but companies can “work through the discomfort in changing to focus the strategy.”⁸

Another article from Information Week cites Citigroup’s change in IT leadership with the appointment of a new CIO in July. An explanation is provided of what is expected of a CIO for a company which is struggling during the economic crisis. This action of instilling change leadership and the expectations of the new leader is a current trend.⁹

Another general IT publication is CIO. An article from this periodical discusses offshore outsourcing not simply from a costs viewpoint but for a risk management viewpoint. “If the outsourcing is going to be done in a country other than the country in which the sourcing organization is located, it may be necessary to examine the political environment of the service provider’s country.”¹⁰ Caution is emphasized for companies considering offshore outsourcing and guidelines are provided for those that decide to take this approach. Multiple types of risk are defined, including business continuity. “Organizations need to develop a strategy for understanding and managing these risks, which are dynamic and fluid.” Various lifecycles of outsourcing have been proposed and basic stages and guidelines can be summarized from these. Companies can apply outsourcing analysis through these basic stages and using these basic guidelines and then cater them to their particular environment for maximum effectiveness. A distinction is made between outsourcing, off-shore outsourcing, and developing an off-shore captive center. Guidelines for outsourcing analysis include visiting the outsource location and performing a thorough audit of the site and the processes involved in service there.¹¹ A main conclusion point of this article:

Information security has a significant contribution to make to this outsourcing/off-shoring lifecycle. The contributions include but are not limited to performing risk assessments to address confidentiality, integrity and availability of information assets to be outsourced, analyzing the security controls of the short list of service providers and performing in-depth site audits of the selected service provider’s security control environment.

Interestingly, a connection is made between risk management, including information security, plus compliance management, and maximization of profits for a company.¹²

⁷ See footnote 6.

⁸ See footnote 6.

⁹ Soat, John. “Under Pressure: Citi’s New CIO As Change Agent”. InformationWeek. <http://www.informationweek.com>. December 9, 2008.

¹⁰ Seth, Simone. “Offshore Outsourcing: A Risk Management Perspective”. CIO. <http://www.cio.com/article/print/462622>. December 10, 2008.

¹¹ See footnote 10.

¹² See footnote 10.

Industry specific publications have less discussion regarding how to adjust the workforce, especially IT, to accommodate the changing environment. The Investment Management Association did not have any significant commentary available. Neither did the Investment Management Weekly online publication. The Wilmer Hale law firm provides regular industry summaries, one of which is for the Investment Management industry. In October of this year, the update that was provided was an awareness message for the new regulation surrounding short sell transactions.¹³

Specific examples can be found of the current workforce adjustment issue. Summarized from a CIO article, the CIO of a real estate development firm “has deferred all new technology development projects until 2010....He also cut outside consultants as well as 20 percent of his full-time staff” due to the gloomy forecast of the economy.¹⁴ This is a clear indication that the workforce is being affected due to the suffering economy and that IT in particular is being hit hard. The Investment Management industry is thought to be one of the most reliant upon IT due to electronic trade delivery and the intense need for information management. Closer to this industry is American Express which announced in October that it was cutting 7000 jobs “(approximately 10 percent of its global staff).”¹⁵ A company within the IT industry, Sun Microsystems, is another example of a company which is suffering and being forced to take action during this economic downturn. There are many articles discussing this event.

Vendors and consultants have been publishing articles relating to this issue. One source for such information is NetworkWorld. One article discusses whether adjustments should be made to the culture of a company or to its technology. The argument is that using technology to try to adjust the way people work will cause more problems.¹⁶ Another article from this source mentions that “hundreds of thousands of jobs are expected to open up in the technology sphere in the next decade, but not nearly enough new workers are lining up to step into those positions.”¹⁷ This is an interesting claim to make in September 2008, in the midst of possibly the worst economic crisis ever. However, a very reasonable statement made by the author of this article is that companies must hold on to their inside IT experts.¹⁸ An opposing opinion on the situation is that companies should “let the kids do it.” In other words, let a new generation of IT employees into the companies.¹⁹

Another consultant source is ASTD which collects whitepapers to provide. One such whitepaper is from Softscape. This paper discusses the struggle of companies to prepare their workforces for future demands.²⁰ Again, it is interesting that a source predicts large growth in companies given the current

¹³ Wilmer Hale. “Short Sellers Beware: Commission Adopts Final Rules to Mirror Emergency Orders”. <http://www.wilmerhale.com>. December 3, 2008.

¹⁴ Nash, Kim S. “IT Slashes Budgets, Starts Layoffs: Exclusive CIO Survey”. CIO. <http://www.cio.com/article/print/458313>. December 4, 2008.

¹⁵ See footnote 14.

¹⁶ Osterman, Michael. “Which Do You Adjust: The Culture or the Technology?”. NetworkWorld. <http://www.networkworld.com>. December 11, 2008.

¹⁷ Bond, Phil and Jamie Eckle. “Career Watch: Spotlight on the IT Workforce”. NetworkWorld. <http://www.networkworld.com>. December 10, 2008.

¹⁸ See footnote 17.

¹⁹ See footnote 17.

²⁰ Faust, Christopher. “State of the Global Talent Nation Report 2008”. Softscape. 2008.

economic situation. However, this paper was written earlier this year, before the economic downturn progressed at its most rapid rate.²¹

There does not appear to be a general agreement on how to approach the issue of adjusting the IT workforce to accommodate the changing environment. There are multiple approaches being analyzed, suggested, and considered. This indicates that the issue is a difficult one to handle. Some sources suggest changing technology processes, some suggest changing the culture of the workforce, some suggest changing the expectations of the IT department, some suggest reprioritization of work, some suggest cutting work, and some suggest greater diligence in analysis surrounding IT work.

One of the articles mentioned addresses the concept of right-sourcing which is the analysis of whether to outsource near-shore or off-shore. Collaboration technologies like Web 2.0 are seen as an increasingly strong threat to the investment management and financial services industries. There are legal issues to consider with outsourcing, whether near-shore or off-shore. These topics are all discussed within academic coursework in the MBA/MS-MIS program.

More general academic principles apply to the human resources side of making adjustments to a workforce (IT or any). For example, corporate social responsibility considers the effects of large layoffs to the communities surrounding the company. Economics analyzes the possible actions to be taken by the government. For example, whether raising the minimum wage would help or further hurt the situation.

This specific issue has not been considered before due to the specific time period being analyzed for this issue and the magnitude of the issue. The closest situation for comparison is nearly a century ago so comparisons and analysis would likely not be valid or accurate currently.

The general issue and the cause of companies being forced to adjust their IT workforce to accommodate the changing environment can be contributed mainly to poor practices by companies in the financial services and investment management industries. These companies have brought the trouble to themselves as well as to every other industry by a domino effect. There are many prongs to this greater issue and analysis is currently being performed by various entities in great depth.

²¹ See footnote 20.

Position and Recommendation

The issue of adjusting the IT workforce to accommodate a changing environment is still an emerging issue since the environment will continue to change, and unpredictably so. It is not likely that all companies will agree on the best approach to this issue, but the recommendation in this paper is specific to a team within IT of one Investment Management firm. Following will be recommendations for how to manage the issue not necessarily solve it. Again, this is due to the amount of uncertainty in the industry and the economic environment as a whole.

The OABA team in Federated Investors' BISD needs to make radical changes as opposed to trying to wait out the economic turmoil. Since there is no end to the chaos in site, precautions should be taken to prepare for the worst.

Budgets will have to be cut. This may be the only point of agreement throughout the Investment Management industry with regard to this issue.

Specific areas to be considered for adjustment were presented earlier. The first area is hiring contractors or interns. Both types of positions need to be cut back for future hiring. Contractors should only be hired if there is a business-critical project or group of service requests which require specific skill which cannot be found within the company currently. New interns would only be necessary if there is a new type of work which requires only basic skills and is seen as relatively significant for maintaining the level of service being provided by BISD. The reasoning behind this suggestion is that paying an intern will cost less than paying an administrative or entry-level employee to perform the same tasks.

Hiring new employees should be postponed until a re-evaluation of the economic and industry situations can occur or until some new and significant event occurs within either arena. It is recommended that a re-evaluation of this type take place within a year (by the end of 2009). If a significant new event occurs, this may need to happen sooner; possibly mid-year 2009.

Seeking outside consultants should follow the same strategy as hiring contractors. If contractors are deemed necessary for a business-critical project, then one consultant rather than a team of consultants should suffice. Considering Federated Investors' conservative corporate culture, although radical changes are being proposed, it is unlikely that the company would make any changes extreme enough to warrant bringing in consultants or contractors at this time.

Regarding the option of cutting labor, this is not recommended for the OABA team. The team is already understaffed and facing increasing workloads and pressure due to the changing environment. Cutting members of the team or even cutting labor hours on the team will only create a more difficult situation in which to perform vital work.

Outsourcing is not necessary for the team currently. There is a large amount of detailed knowledge and skill within the team which is necessary for performing regular tasks. It would be difficult to find an organization to outsource work to. In addition, there is no evidence that any tasks which the team performs are good candidates for outsourcing due to the specificity of the tasks to Federated and the amount of integration with the business units.

While keeping the current labor force is suggested, any training that may need to occur will have to happen in small groups over extended periods of time. This is to make sure that there is always enough support available to the business units. Only urgent training should be mandated for the team and this type of training would be regarding business-critical tasks which are performed by on-call

employees. The on-call employees make up a small group (three people) and have good communication amongst each other so training can likely occur informally as they work out new processes for recurring tasks and this can take a minimal amount of time from the team.

Forcing changes in the business is not recommended right now because the business units will be the first line of adjustment to the changing industry. IT (BISD at Federated) is the support for the business so IT (BISD) should adjust to the business's changes. Communication should take place between all divisions so that major business changes are discussed with BISD leadership. Typically, OABA team members are involved in assessing what impact will result from business actions. This analysis should continue so that any potential problems may be discussed with the business units to determine alternate methods of performing tasks.

Considering the trend of hiring new IT management as change agents, this is not recommended for Federated Investors either. Given the conservative culture of the company and the relative consistency of performance, changing management would only create more chaos within the company.

The OABA team should make an effort to be more aware of the business environment within the industry as opposed to just working with their heads down on IT issues within the company. Perhaps recent developments in the industry can be discussed briefly during the weekly team meetings which are held. At the least, resources regarding industry changes should be passed along via email on a weekly basis for team members to review when they choose to within the week.

Technology adjustments only need to be made for automating newly required processes, like short-sale reporting. An attempt to bring on new technology will tie up analyst resources and investments need to be more highly scrutinized at this time, including technology investments.

Strategic planning for the team should assume that the environment will continue to worsen slightly over the next year at least. Any planning which affects the long-run (more than a year) can assume that the environment will be as is currently (not necessarily worse). This is based on multiple opinions throughout the business world that the economy will begin to improve by 2010.