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## Minnesotans going back to work, slowly

Glen Stubbe, Star Tribune

Last spring, construction draftsman Travis Becker was laid off from Precast Detailing in Elk River. But the father of three was soon hired as a project coordinator by Wells Concrete, which just completed its new plant in Albany, Minn., and is enjoying a renaissance after a difficult 2008 and 2009.

"I just can't believe that everything worked out the way it did. It's amazing," Becker said. "I am one of the few success stories these days. I got lucky. I got really lucky."

While October's national unemployment rate spiked to 10.2 percent -- the highest in 26 years -- the dismal recession seems to be ebbing. Becker is one of the thousands of Minnesotans slowly trickling back into daily work after devastating job losses. The state reports October's unemployment numbers Thursday, and officials expect that the uptick in the national unemployment rate portends a similar rise locally, according to Kirsten Morell, a spokeswoman at the state Department of Employment and Economic Development (DEED). Discouraged workers are likely to hear about the pending

economic recovery and toddle back into the job hunt, Morell said.

But companies including Ecolab, 3M, Best Buy, Pier One, Wells Concrete and temp agencies report that they are hiring again after months of deep jobs cuts. Some manufacturers are calling workers back to rebuild inventories. And some construction outfits such as Wells are forgoing profit and shaving prices to secure new orders and retain trained workers.

The situation has economists and job-seekers hoping that, by mid-2010, the "job churn" will begin to favor applicants, countering the relentless stream of terminations that have marked the worst recession in 70 years.

### Despite ups, a mixed picture

"I hear anecdotally all the time that some businesses are doing just fine and hiring even during this downturn," Minneapolis Federal Reserve Bank economist Toby Madden said. But he acknowledges that, overall, the picture is "mixed."

Many companies ran their inventory levels so low that they desperately need to increase production just to satisfy customer

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demand, Madden said. As a result, some have to rehire workers, but it's not yet widespread, he said.

"We are still losing jobs in the economy."

To be sure, Target Corp., water purification equipment maker Pentair, truck filtration maker Donaldson Corp. and others recently reported that they won't make major hires anytime soon. Madden said some corporations claim uncertainty about the economy, while others cite federal unemployment benefit extensions and rising unemployment insurance taxes as reasons for fending off new hires.

"It's kind of sector-by-sector that some are seeing better activity than others," Madden said. Business surveys by the Minneapolis Federal Reserve, due next month, will shed more light on local hiring practices, he said.

Heidi Shierholz, an economist with the Economic Policy Institute in Washington, said the recession technically ended in August.

"The thinking is that unemployment will top out sometime next summer at around 10.4 percent, and then it will start coming down," she said.

That's when consumer confidence should spring back, and that's when more employers will risk hiring. We may not get back to prerecession employment levels until 2014, she said.

Anecdotal evidence suggests that the process in Minnesota might already have begun. 3M let go 700 workers this year as part of a voluntary early retirement program, but it is now filling some of those vacancies with new hires, 3M spokeswoman Jackie Berry said.

Ecolab, the St. Paul-based manufacturer of cleaning and sanitizing products, laid off 1,000 workers as recently as January. But it's adding 200 sales positions in the fourth quarter to help its growing hospital disinfectant and grocery and food-prep sales.

And temporary employment firms such as Adecco and Milwaukee-based Manpower report a surge in requests for workers.

Manpower, which has six offices in Minnesota, reports that interest is picking up in administrative, information technology, warehouse, production and sales jobs. Temp agencies are often the first sectors to see changes in the nation's

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employment trends.

## A good sign

"Typically, when you go into a recession, we do very well. In the middle of a recession, we do horribly. And coming out of a recession we do great," said Linette Young, Manpower's branch manager in Minneapolis. "Lately, I have been experiencing an uptick in business, so that is a good sign that the economy is getting stronger."

For some, the decisions to add staff haven't been easy.

Wells Concrete CEO John Rivisto concedes that his concrete slab company laid off 100 of its 500 workers in January. But it has since rehired them all and plans to hire 50 to 100 more workers in the next year, he said. As new orders slowed, Rivisto caught up on back orders and kept many recalled workers busy building the firm's new plant in Albany. The plan alleviated the cramped quarters at its facility in Wells, Minn., and positions the firm for when the economy turns around.

Rivisto and his team also reset prices and worked to expand sales. "We slashed our margins by 100 percent in some points and

said, 'Let us keep our folks working; profits will come later,' " he said.

Rivisto said he can't afford to lose experienced workers, and is paying salaries of \$12 to \$25 an hour, plus benefits, to hang on to them.

As a result, workers such as Travis Becker can support a wife, a newborn and two young children. While the family had to move and sell its Elk River, Minn., home at a \$25,000 loss, Becker said he is thrilled to have a job that uses his skills. Some former co-workers weren't as lucky.

"They got laid off last winter [and] I think their unemployment is getting pretty close to running out. It's tough," Becker said. "I don't know what happened. I must have made somebody somewhere happy along the way."

Still, it's a one-step-forward, two-steps-back economic dance that continues in Minnesota and nationwide, as job losses march on, economists say. The seasonably adjusted U.S. unemployment rate jumped from 9.8 percent in September to 10.2 percent last month. Meanwhile, Minnesota's jobless rate fell to 7.3 percent in September from 8 percent in August as employers shed

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7,900 workers and hired about 5,600 others.

"These mixed results are to be expected as Minnesota and the country begin to recover from the effects of the worldwide recession," according to Dan McElroy, DEED commissioner.

This summer, Minnesota's unemployment rate was "headed in the right direction," McElroy said. In September, he added, it was "encouraging that five of the state's 11 industry sectors gained employment during the month, including manufacturing, which added 1,800 jobs."

The stubbornly high unemployment rate is potentially good news for corporations slowly reopening their doors to applicants.

"In this economy, we are feeling particularly lucky, because there are a lot of highly qualified people who are available," said Mike Monohan, an Ecolab spokesman.

"We'll be fortunate in getting to acquire fabulous talent."

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