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After a layoff, a family learns to cope

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Editor's note: This is part of a [series of stories](#) about the recession's effect on the tech industry.



The Erickson family

(Credit: Andy Erickson)

With the calendar winding down, the hours get hardest when Andy Erickson and his wife, Andrea, are forced to take out their checkbook and do the math.

"We see the finish line in December before we have to dive into personal savings," says the unemployed 39-year-old father of three. "It can turn into a tense talk between us for a couple of hours."

For the last 15 years, Erickson had steady work as an IT consultant, most recently at Lucrum in Cincinnati, Ohio. But like a lot of people, he became yet another statistic when his company laid him off--on Halloween, no less--because of the slumping economy.

With belt-tightening now the order of the day, the IT industry so far has lost more than 140,000 jobs this year, according to Challenger Gray & Christmas. That's more than the total for all of 2007--and does not even include the nearly 20,000 people who have received pink slips since the start of the fourth quarter.

Old IT hands who prefer to see the glass as half full can point out that the information technology business has

generally fared better than other sectors of the economy. Unlike 2001 and 2002, when the economy was buffeted by the twin blows caused by the September 11 terrorist attacks and the dot-com bust, this time around high tech is not suffering drastic declines--at least not yet.

CHALLENGER, GRAY & CHRISTMAS, INC.

JOB-CUT ANNOUNCEMENT REPORT

BY INDUSTRY

Year To Date

	<u>2008</u>	<u>2007</u>
Financial	220,506	147,395
Automotive	120,742	71,078
Transportation	77,753	20,840
Government/Non-Profit	75,424	33,875
Retail	63,838	43,075

Unemployment is up across the board.

(Credit: Challenger Gray & Christmas)

In fact, Forrester recently revised its 2008 technology spending growth prediction to 5.4 percent, up from 3.4 percent. The slowdown that Forrester expected would kill tech spending in the first half never came. Of course, this is just a snapshot in time. The effects of a mortgage crisis that turned into a financial crisis which, in turn, transmogrified into a global economic crisis are still playing out.

All of that has turned life upside down for families like the Ericksons.

"Most days we try not think about it," he said, adding that "it can be stressful at times."

That stress extends across the IT world spectrum, ranging from networking to the telecommunications sector to computer manufacturing. Recent layoffs announced by Sun Microsystems, Applied Materials, Adobe Systems, and National Semiconductor only add to the worry about what waits over the horizon.



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Call it an exercise in groupthink or simply a survival mode reflex, but hunkering down certainly appears to be the common theme. While the causes of this recession may be different, IT professionals are no strangers to uncertainty and they remember the drill. In practice, this translates into budget cuts and freezes on travel, hiring, and general spending. It also involves delayed implementation of previously planned projects.

"We're still in a state of overreaction. It probably will stay that way for another couple months," said Chad Moore, founder and president of [Xonicwave](#), an IT consultancy in San Diego. He does not expect a thaw until the January-to-March time frame at the earliest. Moore says that his clients are grappling with a big unknown and that everybody's gotten too scared to make a move.

"Probably a good 25 percent (of our clients) are still not accepting of things," he said. "Another 50 percent are simply shell-shocked, asking what the hell to do and how to deal with it. The other 25 percent is slowly migrating to the fact that not only do we have to weather the storm, but we have to come out of it with both guns blazing."

There's the rub. Until there's a change in the prevailing psychology, IT unemployment rates will climb. As Moore describes it, the reaction to the recent financial meltdown still interferes with the ability of companies to craft a post-crash IT strategy.

"You have to make payroll, but at the end of the day you have to ask yourselves 'how are you separating yourselves from the competition?'" he said.

It's not an academic question either. Pressured by the recession, crisis management is the order of the day. Companies are being forced to re-evaluate how best to evolve into leaner enterprises that are better fit for survival.

"There's a lot of trepidation about what the future might hold," says Warren Arbogast, an IT consultant who specializes in working with higher education. "In conversations, the word 'terrified' comes up a lot on a personal level."

"People are trying to avoid (cutting) things that are core to their business and that might directly affect customers or sales," he said. "They're also trying not to touch security. Other than that, it's fair game."

One bright spot amid the prevailing gloom is that organizations are more open to new ideas and new ways of doing things, according to Arbogast, who runs [Boulder Management Group](#), in Boulder, Colo.

"When times are tight, I'm seeing business actually uptick...with people saying that now might be the right time to have someone come in and help them envision a different future," he said.

Contract work: Take what you can get?

Until then, even IT professionals with extensive resumes are pressed to find replacement jobs that are commensurate with their old positions. Take Jim Martin, who was laid off by [Woven Systems](#) in September.

The 39-year-old network architect and systems engineer had been working on the design of 10-Gigabit Ethernet switching technology for server consolidation and storage networking. The company's B round of financing started to run low just as the venture capital market dried up. Then Intel and AMD decided not to include 10-Gigabit Ethernet on their next generation of server motherboards. It was a perfect storm and it forced Woven to hand out pink slips.



Jim Martin

(Credit: Jim Martin)

Martin's family wants him to return to the East Coast, but he prefers to remain in the San Francisco Bay Area, where he has lived for the last 15 years. He's giving it a shot, but even a long and accomplished resume is no longer a guarantee of finding a job--not at this point in the business cycle.

"I've had a lot of people interested," he said. "But what I've found is that they're taking me to their companies and it's, 'Hey, this is a great person. He should come join us.' But then their job openings freeze while everybody sort of panics at this stage of the game."

On the flip side, many companies have budgeted projects that need to get completed. And if full-timers are losing

their jobs, that opens the door for part-timers like Martin, who has made do by signing on for contract work.

"It's not very stimulating work, but money is money when times are tough," he says. "What worries me is that, while I'm lucky enough to have a pretty strong background, the people who are younger and not quite as experienced won't have the same opportunity."

Needless to say, the economic crisis is testing businesses and individuals like no time since the 1930s. Fear feeds on fear because nobody has any idea when the miasma will lift. The pressure cooker atmosphere was punctuated by a Silicon Valley tragedy last month, when an engineer fired by the semiconductor firm [Siport](#) returned to the company's Santa Clara, Calif., offices with a weapon and shot three colleagues to death.

That was the exception. If the can-do history of the IT industry teaches one lesson to people currently getting the short end of the stick, it's that the bad times never last forever.

"It's cyclical," says Andy Erickson. "It's just a matter of waiting it out. I just don't have whole lot of faith in our government, but maybe we'll come out of this stronger as a country."

In the meantime, Erickson says, he and his family continue to hope for the best as they prepare for the worst.

"The kids know we just can't go out and buy gum or whatever," he says, "They'll just have to suck it up and be part of the team."

Next in the series: A longtime technology trade [reporter takes an unplanned detour into freelance writing.](#)

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