



Challenger, Gray & Christmas, Inc.
The original outplacement company

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Start-Up Activity Jumps to Four-Year High in 2009 **EARLY RECOVERY SIGNS PUSH SUMMER** **START-UP RATE TO 11.8%**

CHICAGO, January 26, 2010 – Start-up activity among jobless managers and executives reached a four-year high in 2009, as early signs of a recovery in the second quarter led to a summer surge in entrepreneurship. The hope is that the momentum established in the second half of 2009 will carry into 2010, since new business development is considered critical to a sustainable recovery.

The percentage of unemployed workers starting their own business rose to an average of 8.6 percent in 2009, according to the latest Challenger Job Market Index released Tuesday by global outplacement consultancy Challenger, Gray & Christmas, Inc. The 2009 average is up 69 percent from 2008, when the start-up rate was just 5.1 percent, the lowest annual average in the history of the Index.

The biggest surge in entrepreneurial activity occurred in the third quarter, when 11.8 percent of job seekers started their own firms. That was the highest quarterly figure since the second quarter of 2005, according to the Challenger Index, which is based on a quarterly survey of approximately 3,000 job seekers in a variety of industries nationwide.

The start-up rate fell to 7.3 percent in the final quarter of the year, but this is not unusual. In fact, from 1999 through 2009, the percentage of job seekers starting businesses in the fourth quarter averaged 6.4 percent, nearly two percentage points lower than the 8.3 percent averaged in the first three quarters during the same time period.

“Most signs indicate that the recession ended as the summer got underway. However, the recovery has yet to reach the job market, where unemployment remains near 10 percent and the number of Americans experiencing long-term joblessness lasting six months or longer is at a record high. The combination of the improving economy and stagnant job market may have contributed to the surge in start-up activity among job seekers over the summer,” said John A. Challenger, chief executive officer of Challenger, Gray & Christmas.

“Rather than endure several more months of unemployment, as employers slowly move toward renewed hiring, many job seekers are opting to exit the labor pool and start their own firms. The start-up rate might have been even higher if banks had loosened their lending standards. Even today, as the economy continues to improve and banks record healthy profits, loans are still difficult to obtain,” he noted.

The percentage of small and independent business owners who reported difficulties in arranging credit in December was at its highest level since 1983, according to the latest monthly survey by the National Federation of Independent Business (NFIB). Despite the continued difficulty in obtaining loans, confidence among these business owners increased in the second half of the year. The NFIB Optimism Index averaged 88.2 (on a scale of 100) over the last six months of 2009, up from a monthly average of 85.2 in the first half of the year.

The difficulty in obtaining credit was not a deterrent for many of those who wanted to be their own boss. In addition to Challenger data, government data also showed an increase in self employment. The number of self-employed Americans rose to 8.9 million in December, up from 8.7 million a year earlier.

The biggest gains in self-employment occurred among those 55 and older. The ranks of self employed among those 55- to 64-years-old and those 65 and older grew by 93,000 and 213,000 respectively. In contrast, the number of self-employed 35- to 44-year-olds shrank by 70,000. Meanwhile, the population of 45- to 54-year-old entrepreneurs fell by 60,000 in 2009.

SELF-EMPLOYMENT BY AGE

	Dec-08	Dec-09	Change	%Change
16+	8,701,000	8,915,000	214,000	2.5%
16-19	49,000	30,000	-19,000	-38.8%
20-24	256,000	298,000	42,000	16.4%
25-34	1,337,000	1,351,000	14,000	1.0%
35-44	2,027,000	1,957,000	-70,000	-3.5%
45-54	2,420,000	2,360,000	-60,000	-2.5%
55-64	1,888,000	1,981,000	93,000	4.9%
65+	726,000	939,000	213,000	29.3%

Source: U.S. Bureau of Labor Statistics

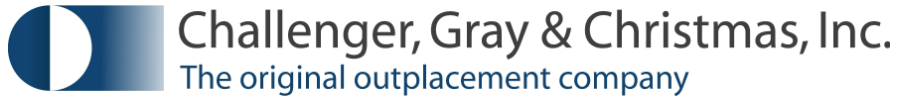
In the Challenger survey, the portion of job seekers starting a business who were over 40 averaged 88 percent over the last two quarters. That was up significantly from the first half of the year, when the percentage of entrepreneurs over 40 averaged 72 percent.

“Entrepreneurship used to be thought of as a young person’s endeavor, as it requires a significant amount of energy and drive. The myth that older entrepreneurs lack these qualities has long been shattered. In fact, seasoned professionals have a decided advantage over their younger counterparts. They not only have the energy required for entrepreneurship, they have the experience, communication and technology skills and a strong network of business connections,” said Challenger.

“Some of these older entrepreneurs serve as independent consultants and contractors, and often end up working on projects for their former employers. This arrangement is ideal for companies in this fragile economy. They are not quite ready to increase hiring, but they need people who know what they are doing to make sure projects are completed on time and at a high quality.

“Experienced consultants do not need to be brought up to speed. They can come in and begin contributing immediately. Employers end up saving money by paying a project fee, as opposed to salary and benefits. It’s a win-win for everyone,” Challenger said.

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PERCENTAGE OF JOB SEEKERS STARTING THEIR OWN BUSINESS, 1999 – 2009

	Q1	Q2	Q3	Q4	Annual Average
1999	8.7%	6.2%	6.0%	8.0%	7.2%
2000	9.3%	7.8%	7.7%	3.5%	7.1%
2001	7.8%	8.0%	6.5%	9.0%	7.8%
2002	11.5%	11.2%	10.6%	5.2%	9.6%
2003	5.7%	7.1%	7.8%	6.7%	6.8%
2004	10.1%	9.9%	9.8%	6.5%	9.1%
2005	9.2%	13.1%	7.9%	6.6%	9.2%
2006	8.2%	6.2%	7.0%	9.2%	7.7%
2007	10.6%	6.0%	10.1%	5.7%	8.1%
2008	7.2%	4.3%	6.1%	2.7%	5.1%
2009	6.5%	8.7%	11.8%	7.3%	8.6%
AVG.	8.6%	8.0%	8.3%	6.4%	

Source: Challenger, Gray & Christmas, Inc.



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**PERCENTAGE OF JOB SEEKERS WHO STARTED
BUSINESSES OLDER THAN 40, 1999 – 2009**

	Q1	Q2	Q3	Q4	Annual Average
1999	92.9%	91.7%	91.7%	92.9%	92.3%
2000	76.2%	56.3%	78.6%	80.0%	72.8%
2001	75.0%	82.6%	93.8%	75.0%	81.6%
2002	64.3%	61.0%	78.6%	73.3%	69.3%
2003	73.7%	78.1%	88.5%	73.7%	78.5%
2004	87.9%	78.1%	77.8%	81.3%	81.3%
2005	87.0%	86.7%	88.9%	84.6%	86.8%
2006	81.8%	90.0%	70.6%	77.8%	80.0%
2007	88.0%	83.3%	94.4%	61.5%	81.8%
2008	54.9%	52.9%	57.6%	52.2%	54.4%
2009	69.2%	75.0%	90.4%	85.7%	80.1%
AVG.	77.3%	76.0%	82.8%	76.2%	

Source: Challenger, Gray & Christmas, Inc.