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## Robert Half International, Inc. Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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[Operator Instructions]. First question comes from of Andrew Steinerman with Bear Stearns. Go ahead please.

**Andrew Steinerman - Bear Stearns**

Hi there gentlemen. When you look at the operating margin for perm in the fourth quarter, obviously there has been some improvement but it's surely below its potential. What's going on there? Is it just that you've hired some of the people and they're not efficient yet? Or you've hired some of the people and it's made for kind of a larger base of business or perhaps perm searches are taking a longer period of time?

**M. Keith Waddell - Vice Chairman, President and Chief Financial Officer**

So Andrew, the two principal reasons that margins weren't higher are, one, our comp plans in the perm side pay on a graduated scale. And therefore later in the year they are more likely to get paid a higher payout. Further the international non-U.S. perm placement operations were particularly strong, and they are not quite as profitable as we are in the United States.

**Andrew Steinerman - Bear Stearns**

Okay. And just to finish here up the point and search trends how long it's taking to complete a search. How's that going?

**M. Keith Waddell - Vice Chairman, President and Chief Financial Officer**

Search trends, we would say clearly just looking at the numbers, we had a very solid fourth quarter. The start... we had the first part of the January, we would describe as a slow start. That said we would remind everyone that if you look just one year ago we also had a very slow start in January. A year ago we had grown 43% in the fourth quarter. Coming out of the gate in January the first three or four weeks we grew 15%. But for the full first quarter we grew 31%. So no question we have another slow start coming out of holidays. Like I said it's not like that hasn't happened before.

That said, our field people would tell you that clients are taking a little longer to make a decision. They are being a little more selective with the candidates that they are offering. That said demand still remains very solid. It clearly hasn't fallen off a cliff, and it's nowhere near what it would feel like if a recession were imminent.

**Andrew Steinerman - Bear Stearns**

Excellent. Thanks for that color.

**Operator**

Thank you. Our next question comes from Tim McHugh with William Blair & Company. Go ahead please.

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