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Spherion Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). Our first question comes from Jeff Silber of BMO Capital Markets.

Jeffrey Silber – BMO Capital Markets

I'm sorry. Can you hear me?

Mark W. Smith

Yes, Jeff.

Jeffrey Silber – BMO Capital Markets

Okay, great. Mark in your remarks, when you were talking about the tax-rate, you said the first quarter tax rate is difficult to predict, because of a low level of earnings. Should we infer from that, I know you're not giving specific guidance, but you are expecting to generate at least some operating profit in the first quarter?

Roy G. Krause

Jeff, this is Roy. Yeah we're not going to predict exactly where we are going to be. We showed you that first couple of weeks indicated 10% to 12% pullback, which is a little higher than historically that we usually see. So it's going to be tough for us. We've taken good cost actions; it's always the lowest quarter of the year. So, I'm not going to make any prediction, and whether we lose \$0.02, make \$0.02 or whatever. Right now we're all concentrating on cash flow and paying on debt, and trying to balance cost because nobody knows where the bottom of this is.

Jeffrey Silber – BMO Capital Markets

Okay, that's fair enough. Getting back to the discussion about the environment out there. You talked about a little bit of difference between large accounts and small accounts and the large accounts are holding up a little bit better? Are you seeing any difference in terms of pricing, we've heard some other companies talking about a little bit more price pressure with their large accounts versus smaller accounts?

Roy G. Krause

Well, certainly there is a lot of price pressure, and there is a lot of renewal price pressure. I don't really think large accounts want to change in this environment, but they are certainly taking the opportunity to put us all through the ringer of rebidding proposals et cetera. And obviously, we don't want to lose an account that we've had for a significant amount of time, and we clearly haven't. So I've been very pleased that over this last couple of years, we haven't – I think only last one of the accounts that we consider strategic, and that was our choice to walk away from that. So, I've been pleased with that, but we're going to be faced with more of that the clients and procurement are continuing to test everybody. And it's obviously expensive to go find a big account, or any account for that matter. And so, I would expect that we're going to sharpen our pencil on renewals and have to.

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