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Economy Squeezes Some Intern Programs

As Capital Region Companies Tighten Their Belts, Many College Internship Programs Are Being Eliminated Or Reduced.

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By Ellen Williams-Masson

The pipeline is still flowing but the recession is tightening the screws on internships, a popular conduit conveying young professionals from college to career.

"We have reduced fairly drastically our internship program," American Family Insurance spokesman Steve Witmer said. "We look at the need of the business area and consider internships on their individual merit. We have also suspended our summer employment program, which typically hired college-aged children of American Family employees."

Once offering 75 to 80 internships annually, American Family scaled down to 25 interns by last year as the company became "very selective about hiring any positions." Looking forward, Witmer said they will be "going to staff" unless there is a need to recruit someone with specialized skills.

"American Family has prided ourselves on our expense ratio and being very competitive," Witmer said. "For a number of reasons in recent years, we have lost a little bit of ground in that expense ratio, so we have been looking at ways to control expenses. This is just one more way in which we are trying to remain expense efficient."

American Family is part of a growing national trend, according to the National Association of Colleges and Employers, which reported a 21 percent drop in internship hiring nationwide.

Dan Ortego, Wisconsin client manager for the national organization INROADS, has seen a one-third decline in available internships.

INROADS provides year-round mentoring and training for qualified minority students, typically placing 85 to 100 interns in business and industry positions in Wisconsin every year with the expectation of converting those positions to full-time employment upon graduation.

With only 60 interns settled in paying positions this summer, Ortego said that some companies aren't committing to the internship process because they don't have enough business to justify the expense and obligation.

"Some companies are saying that 'we are just not replacing graduating interns' or 'Due to downsizing, we can't ethically take interns this year if we are reducing our workforce,'" Ortego said. "The ones who can't get placed we'll keep in our system and look for internships in other states within our region ... but it's a nationwide thing."

Accounting instructor Mark Finger at MATC has seen about a 50 percent drop in internship opportunities at businesses that routinely hired students from their program in previous years.

"There was a definite drop in opportunities this spring based on what we had identified for students in the past," he said.

As director of the Business Career Center at UW-Madison, Steve Schroeder helps place 1,500 business interns and has also seen a decrease in internship opportunities throughout the Capital Region, and beyond.

"Our intern hiring is really mirroring our full-time hiring; we're down about 15 percent for both," Schroeder said. "Which is not a big surprise, since the reason most companies hire interns is to, in a sense, test drive them for three months to see if they want to give them a full-time offer. If there aren't full-time positions, then some of these companies aren't going to hire any interns at all."

Investment operations analyst Chris Friederich, a former intern at CUNA Mutual Group, was hired by the company upon graduation from UW-Madison last December.

"It was really good for me to see how corporate finance in a bigger company like CUNA Mutual works - the process that everybody goes through to do their budgeting and to plan for expenses," Friederich said.

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CUNA Mutual employs 35 to 40 interns a year to work on business value-added projects like the budgeting application Friederich developed for the IT department last summer. The company has about a 50 percent conversion rate for full-time hiring of summer interns.

"We really look at our internship program as part of our talent pipeline development, so there is a lot of commitment, organizationally, from senior leaders to continue developing this talent pipeline," said Jaime Benton, strategic staffing manager of CUNA Mutual Group.

"We spend a lot of time as part of our strategic staffing effort on building relationships with key schools in the area, (which includes) reaching out to student organizations, working with their career services offices, guest lecturing in classes, and helping with different conferences that the student organizations are sponsoring and hosting."

Maintaining strong contacts with the business community is one strategy employed by Marilyn Albert, executive director of career services at Edgewood College. Albert said she was initially worried about internship hiring but has seen a recent upswing in postings.

"I have been working a lot harder with employers to sell our students, so to speak," Albert said. "I do a lot of advocacy on behalf of our students in terms of trying to help employers understand it's a value-based education, that our students are bringing a lot more than just their classroom experience - they are also involved in the community and a lot of them have traveled abroad and done volunteer work in second- and third-world countries."

Emily Lyle, human resources manager at Fiskars, said the "fresh perspective" provided by interns has made funding such discretionary spending a continuing priority at Fiskars since the program's inception three years ago.

"The economy has caused us to stop and re-evaluate our budget maybe a little more thoroughly than we would have in years past to double-check and triple-check that this is the right decision, but we had budgeted for interns with our budget cycle ... so we are going to be hiring the same number of interns as we did in 2008," Lyle said. "They are an awesome alternative for staffing, and they come in with education, background, different strategies and research opportunities that always seem to benefit our departments."

Virchow Krause & Co., the largest Wisconsin-based certified public accounting firm, is also keeping a sharp eye on budgeting when planning their "fairly robust" internship program.

Regional Human Resources Manager Linda Peterson said the company typically hires 15 interns during tax season and a few more during the summer for its Janesville and Madison offices, with more than 75 percent of those interns receiving full-time offers of employment.

"Generally speaking, on a go-forward basis we are taking a little bit more conservative approach," Peterson said, estimating that they will see a 10 percent to 15 percent reduction in internships next year.

"It is somewhat dependent on the students that we meet because we are really committed to hiring the very top students," she said.

When deciding how many internships to offer, Peterson said the decision is less about the financial impact of paying intern salaries than it is about the experience offered to the students.

"If we will have the appropriate work for them to do and they would get a meaningful, challenging internship, then it makes good business sense for us to have the interns," Peterson said. "If we don't have either the volume or the type of appropriate work for them, I would never want an intern sitting idle - it's not fun for anyone."

Senior Recruiter Patricia Miller at Roche NimbleGen emphasized that employing interns requires an investment of time as well as resources. The company initiated a formal internship program last year and reviews and provides feedback for the handful of interns who have worked in the R&D and marketing divisions.

"Part of the commitment to having an intern is actually more contingent on the availability of the hiring manager's time," Miller said. "It's a lot of work to mentor an intern."

The Swiss Colony, one of the largest direct marketers in the United States, has maintained an internship program since the early 1980s as both a recruitment tool and a means of keeping "in touch with what is going on in the college and university system."

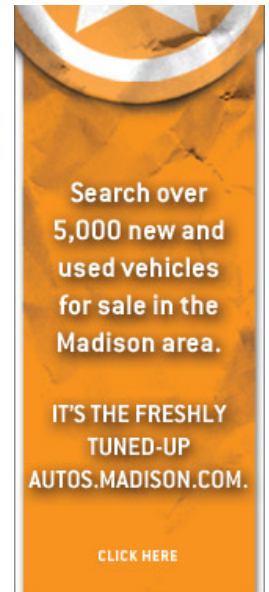
"This was one of the programs that we did not decrease as a result of the economy," said Joe Hunter, vice president of human resources and fulfillment operations. "We have a large temporary work force at Swiss Colony, so we are used to having people for less than full-time status. The internship program dovetails in pretty well with our peak seasons, which tend to be more third- and fourth-quarter driven."

Although the internship program was not affected by recent layoffs in the Monroe-based company's bakery operations, which does not employ interns, Hunter said that further contraction in the work force might eventually impact the program.











"At some point in time if the economy were to continue to be poor and we would have no need for (additional) full-time positions in the future ... the internship program, as a feeder program, would not be beneficial for us," he said.

Sources at UBS Financial Services and UW Hospital and Clinics indicated that intern hiring will remain steady this year, but internships will be a rare commodity at Alliant Energy, provider of electricity and natural gas service for more than 1.4 million customers in Minnesota, Iowa and Wisconsin.











Besieged by the recession as well as the aftermath of last summer's flooding, Alliant Energy has slashed its internship program by 75 percent.



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Spokesman Steve Schultz said the reduction from 50 interns to about a dozen this year was a necessary part of coping with lost revenue and structural damage to key facilities and power plants caused by the flooding.

"Even in these tough times we have been able to continue having a program overall, so we are pleased about that," Schultz said.

Plan B

Although a paycheck is considered the Holy Grail of a summer internship, the tight economy is forcing even graduate students to consider alternatives.

Program coordinator Beth Holden has seen a paring down of paying internships in industrial research, a requirement for graduate students in the NIH-funded Biotechnology Training Program at UW-Madison.

"I have seen companies that have pursued interns and offered them paid positions (in previous years) either not offering internships or specifying that they are unpaid positions," Holden said. "People have had to look harder, and I have cautioned students that if they really want to go to a particular company, they may have to consider not being paid."

Jane Heymann, assistant dean for career services at the UW Law School, has seen a drop in paying summer jobs at larger law firms, particularly for first-year law students.

Whereas second-year students generally apply in August and September for internships the following summer and have an offer by October, new students are required by the National Association for Law Placement to wait until Dec. 1 before applying so they can focus on classes the first term.

"This year by the time (the law firms) would have typically started considering first-year students the economic decline was in full swing, so very, very few first-year students got considered seriously for internships with the mid-sized or larger law firms," Heymann said.

She tells students who haven't secured a paying job by summer that they can gain "legal experience in a lot of different ways."

"We are suggesting they find a non-law-related job to earn some money this summer and get legal experience doing some sort of a volunteer job on a part-time basis," Heymann said.

For Jaime Benton at CUNA Mutual Group, maintaining a steady stream of interns is all part of cultivating the next crop of employees, even during times of economic drought.

"A lot of companies have different philosophies, but at CUNA Mutual Group we don't see it as something you can just turn off and on each year. It is something you have to continue to foster and develop," he said.

