

The Wealth Report

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How to Downsize Your Nanny

By Robert Frank

As the rich cut back spending, household staff are taking a hit. From household managers to butlers, nannies, personal assistants, drivers and cleaners, the vast army of workers hired over the past decade to feed and care for the wealthy are getting downsized.



Getty Images

An article in The Wall Street Journal today by my colleague Miriam Jordan tells the tale of Dolores Jacobo, a nanny for a wealthy couple in Malibu, Calif. In addition to watching the children, she shopped for groceries and ferried the golden retrievers to grooming appointments.

Last week, her employers informed her that her \$1,000-a-week job was getting cut.

Similar scenes are playing out across affluent America. Christopher Baker, a top household staffer in Los Angeles, told me the story of a personal assistant in Orange County whose employers told her she would have to take a pay cut. “They said they just didn’t have the money,” he said.

The personal assistant then discovered the family was spending \$12,000 on outdoor Christmas lights. She confronted the employers, who told her that they had to buy the lights to “keep up appearances” for the neighbors.

“She quit and went to work for another family,” Mr. Baker says.

Natasha Pearl, president of Aston • Pearl, a New York advisory firm for wealthy families, says some families who have several housekeepers are cutting back to one or two, while those with “senior” and “junior” nannies are cutting back to just one “senior.”

Some also are using the economy as an excuse to get rid of people they wanted to fire anyway, she says. “They are using this as a chance to drop the nonperformers,” she says.

Household staff may seem like an essential part of life for the wealthy—uncuttable even in tough times. But as staffing salaries soared in recent years with so much demand for help—with household managers starting at \$50,000 or more—staff has become a prime budget target.

“When a family steps back and does an analysis on ‘where are we spending?’ household staff is where the big money is,” Ms. Pearl says. “If you pay your nanny salary and benefits in a major city you’re looking at compensation that could be \$50,000 to \$70,000 a year.”

That has meant tough times for staffing agencies and help alike. Mr. Baker said his fourth-quarter revenue is down 10% from the same period in 2007, while volume is down about 25%.

First Class Care in Chicago said business is down 30% this year. Annie Davis, chief executive of Annie’s Nannies Household Staffing in Seattle, estimates a drop of 10% this year, and says, “It’s going to get worse.”

It all adds up to further proof that the budget crunches of the rich are going to have an outsize impact on the rest of the economy.

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