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“Unprecedented times, a recession unlike any we have seen before.”

We have heard much about the current economic cycle. During our most recent Spotlight Series Breakfast we had an opportunity to discuss this issue with a few people who make their livings navigating these economic ups and downs. While panelists and attendees were in agreement that things are not great, there were a few points of light in the otherwise gloomy forecast.



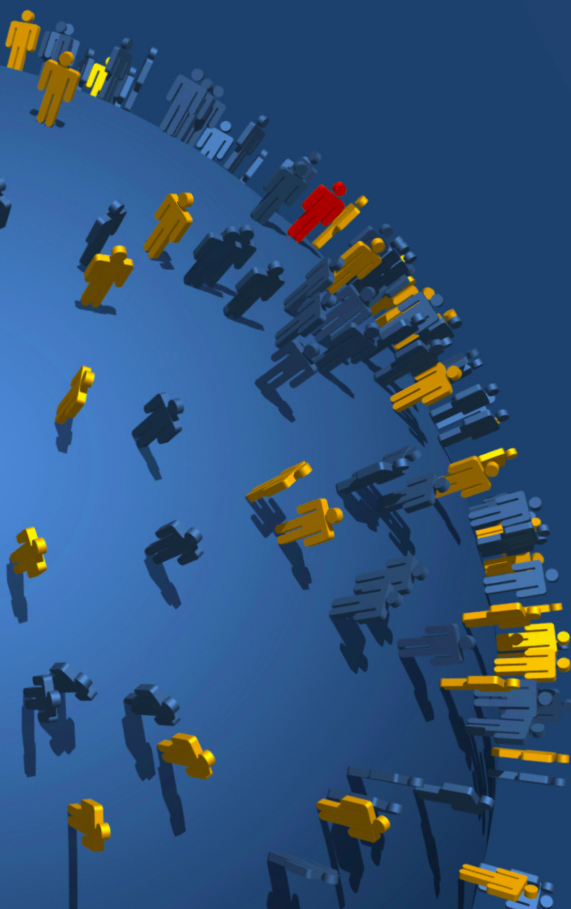
One keen panel member shared the concept of the “second derivative” of jobless claims. For those of us who took calculus more than a few years ago, the second derivative is the rate of change of the rate of change of a function. Some optimistic economists watch the second derivative stabilization of many key economic indicators to see if the rate of decline stops increasing. In other words, have we reached the inflection point?

The encouraging answer is yes, we have... sort of. Recent data suggests that non-auto manufacturing jobless claims have begun to exhibit a positive second derivative. Other key indicators have also exhibited a positive second derivative. Does this mean we can all breathe easier? It means that it may continue to get worse, but it will get worse more slowly.

Read on for additional insights made by our panelists on the national economy, the energy market and how Texas and the southwest are faring in this recession. On behalf of everyone at Pearson Partners International, thanks for your continued interest and support of our event series. We're committed to bringing you perspectives on the issues that matter to your business.

Respectfully,

Keith Pearson



Taking Charge in a Time of Change

The first-quarter 2009 Breakfast Spotlight Series event, held March 3, 2009, aimed to provide perspective on the economy, energy prices, and alternative energy sources. Esteemed panel members included:

- Joe Colonna, Partner, HM Capital Partners
- David Levy, Manager - Affiliate Finance, Exxon Mobil Corporation
- Jack Lewnard, Vice President and Chief Technology Officer, Gas Technology Institute
- Mark R. Wasem, Partner - Energy Practice, Fulbright & Jaworski L.L.P.
- Bryan Fisher, Partner, McKinsey & Company, Inc., Houston
- Warren Strickland, Partner, McKinsey & Company, Inc., Dallas

The presentation and panel discussion focused primarily on potential scenarios for an economic recovery, and the role alternate energy may play in these scenarios.

How Bad Is It?

The U.S. gross domestic product is shrinking and unemployment is rising, hitting 8.1 percent in February 2009. But just how bad is the economy?

The answer, unfortunately, is "pretty bad." In the third quarter of 2008, consumers stopped spending at the rate they had been. Worse, companies reacted by cutting back, leading to a GDP drop of 6.2 percent in the fourth quarter.

For comparison, during the last big recession in the '80s, GDP dropped 2.9 percent. However, it could be worse – during the Great Depression, GDP was down 28 percent.

The first quarter of 2009 is expected to present another 6 percent drop in GDP. Even if the economy immediately bounces back, we're still in the worst recession we've seen in quite some time.

How bad is it going to get? The McKinsey Global Institute think tank has developed four possible scenarios. The best case is a severe recession with a relatively quick credit market recovery by the end of this year. The second scenario involves a slower bounce



From L to R:

David Levy, Joe Colonna, Jack Lewnard, Bryan Fisher, Warren Strickland, Mark Wasem

back: a prolonged recession through mid-2010 and continued growth through 2012.

The third possibility is a modest recovery but stalled globalization, meaning a moderate one- or two-year recession followed by slower global growth. In the fourth and worst-case scenario, we experience a Japan-style downturn or extended freeze, in which the economy doesn't recover for more than five years.

While the first and fourth scenarios are possible, most McKinsey clients believe that the second and third scenarios are more likely. A decrease in the unemployment rate would be the best indicator of a turnaround.

Oil, Gas and Alternate Energy

What does the gloomy economic news mean for oil and gas prices? At this time, there is a lot of spare oil capacity on the market, which has driven the price per barrel down to the \$30 to \$50 range. OPEC has been cutting production in an effort to bring pricing discipline back to the market.

Many McKinsey clients believe that within a year to three years, there will again be robust demand for oil and gas and not enough supply, resulting in another gas price spike. In short: gas pricing could get uglier before it gets better.

As for the role of alternative energy in the market, solar is a disruptive technology that could become highly competitive within the next three to four years. As solar suppliers find efficiencies in the supply chain and innovate to generate more-efficient cells and processes, the cost of solar panels could fall by as much as 60 percent, making solar a more viable energy alternative.

Search Spotlight

We're pleased to announce a few of our recent placements:

- CEO, YWCA Dallas
- Treasurer, ENSCO International
- VP Business Development, Tenet PFS
- VP Engineering, Zebra Technologies

Save the Date - Q2 2009

Mark your calendars now for our next Breakfast Spotlight Series scheduled for May 19, 2009. Details and invitations will be extended in April.

How to Work with Executive Recruiters

By Robert Pearson, Founder and CEO

[View a full-text version of this article](#)

With a thorough understanding of how the executive search industry works, executives in transition can increase their odds of making a positive step into the next phase of their careers. Based on more than 20 years of experience with executive search, I'd like to offer some guidelines to help executive candidates work more effectively with the executive search industry:

1. Executive search is a large, yet very fragmented, business.

You can find information about most firms or recruiters in "The Directory of Executive Recruiters," published by Kennedy Information Inc.

2. There are two types of executive search firms:

Retainer firms are hired by a client company for assignments to fill a single position and are paid regardless of the results of the search. These firms are more often used to fill higher-level positions with salaries of \$100,000 and up. Contingency firms are more often used for junior and mid-level executives, typically for positions with salaries below \$75,000. These firms receive payment only when their potential candidate is hired and usually do not work on an exclusive basis with their clients.

3. Recruiters are consultants who work on behalf of clients to fill jobs.

Executive search firms are paid by the companies who hire them to fill a position, typically a fee of one-third of the first-year compensation. Search firms are not working for you.

4. Recruiting is a sales-driven business. Recruiters sell employers on their ability to fill specific positions in specific industries, potential candidates on the benefits of the position,

and employers on the firm's final recommended candidates. Remember that the recruiter is selling you on an opportunity where his or her success and remuneration depend on filling the job.

5. Recruiters are very busy professionals.

Recruiters must juggle marketing, research, interviewing, presenting candidates, preparing and debriefing candidates, and counseling employers. There is a very little chance that you will hear back from a busy recruiter if you put in an unsolicited call or resume. Instead, contact the recruiter's research department.



- Get a copy of "The Directory of Executive Recruiters."
- You're more likely to get through to a recruiter if you contact the firm's research department first.
- Be honest, keep your commitments and be cooperative. Recruiters will remember you for it.
- Have a strategic plan that aligns your goals and values and includes action steps, deadlines, assignments and networking.

6. There are several benefits in working with executive recruiters:

Using a recruiter makes you stand out. Companies paying for a search are generally financially strong and committed to your success. Often, positions are "hidden," or confidential to search firms. Recruiters can also serve as a go-between between you and the company, and can help prepare you for an interview and negotiate compensation.

7. Other keys to effectively working with executive recruiters:

Be honest. Keep your commitments and be cooperative. Agree to reference-checking. Bow out early if you are not really interested. Don't follow up unnecessarily – the recruiter will call you if there's a reason to. And, never cultivate an offer to get leverage at your current job.

8. A senior executive in transition needs a strategic plan.

Be sure your plan reflects your current and long-term goals, as well as past achievements, successes and

unmet goals. Align your goals with your values. Leverage your strengths and identify areas of improvement. Establish specific goals and actionable tasks with clear action steps. Keep your plan accountable, with deadlines and assignments, and include an effective networking strategy.



Changing Industries in Changing Times

By Lisa Thompson, L.P.C., Director, Professional Services

The federal government recently announced that they expect America's unemployment rate to remain elevated through at least 2011, and that the economy could shrink by 1.3 percent in 2009. Industrial production,

a key indicator of America's economic health, dropped 1.8 percent in January 2009 alone. Looking down the barrel of the worst economic

contraction in 27 years, some policymakers believe that it will be many years before our nation fully recovers from the current recession.

Facing this bleak economic outlook, senior executives in some sectors are finding themselves up against a weighty career decision: Is it time to seek out a new career in an entirely different industry?

One of the questions that Pearson Partners International often hears from senior executives is, "How do I make a switch into a different industry or role?" While search firms are not a good source of jobs for people switching careers – our clients are looking for individuals that exactly match their requirements – we can offer several guidelines that may help you find your niche in another industry:

(Changing Industries, continued on page 4)

1. Realistically assess your transferable experience and skills. The most successful type of career change involves remaining in the same function but transferring your skills to a different industry. Be prepared for the possibility of a longer job search.
2. At most, focus on two to three industries as targets. Start by looking at industries where you have experience and the roles in which you have proven yourself. Research industry trade publications and business news resources, and get familiar with:
 - Current challenges and opportunities
 - Key players, prospects, problems and culture
 - Current news and issues affecting the industry
 - Industry terms, language and buzzwords
 - Industry metrics: is it growing or contracting?

To help determine if an industry may be right for you, try your hand at consulting work to ensure that your skills are transferable. Focus on small and mid-sized companies that typically don't have the bench strength to fill key roles.

3. Determine what special value you bring to the table. Thoroughly understand what your prior industry experience has in common with the targeted industry. Use the language of the new industry to reinforce the relevance of your career accomplishments. Translate your functional expertise into terms that will be meaningful to those in the new industry, with particular emphasis on quantifiable accomplishments and achievements using dollar amounts, percentages and other figures.

Ask yourself: What makes you stand out? What makes you uniquely qualified over another candidate with specific industry background?

Industry changers frequently bring the advantage of a fresh perspective and can use their experience to find new solutions. For example, you may be able to provide:

- Turnaround or restructuring experience
- Acquisition or merger expertise
- Experience in taking a company public
- A reputation as a "rainmaker" with an exceptional ability to attract clients, use political connections or increase profits
- Sought-after contacts and connections
- Skills earned as "best of breed" in a highly recognized organization, regardless of industry

Remember, a final hiring decision will be made based on who was the most convincing that they could produce results or will bring in a viable solution.

4. Focus on building a network in the targeted industries. Networking is the most effective way to get your foot in the door of a new industry. Join organizations where you will meet contacts, and attend conferences and trade shows. Consider working on a not for profit board or committee as a way to gain valuable contacts. Companies are more willing to take risks on someone referred to them by individuals who can attest for the individual's abilities and potential.

Whether a career switch is voluntary or forced, it's a complex and difficult journey. But if you're finding that opportunities are limited in your current industry, a switch may be the right move to get your career going again.

Case Study:

ASUG: America's SAP Users' Group

Pearson Partners Assessment Helps Association Reorganize to Better Serve Growing Membership

When a membership organization outgrows its association management company, restructuring is a necessary but onerous task. As the world's largest independent community of SAP customers and providers, the America's SAP Users' Group has spent the last 17 years providing education and peer networking and serving as the collective influential voice of customers shaping the future of SAP solutions. At 50,000 members and growing, the ASUG board of directors knew it was time for a change.

Since its inception, ASUG had been managed by an association management company. But in recent years, its board had begun to feel it was time for the booming organization to have its own leadership and staff. To help define and evaluate options and determine the best structure for the revamped organization, the board chose to hire an outside consulting firm. After evaluating proposals from several firms, the board chose Pearson Partners International to perform a comprehensive organizational assessment.

As a first step, the Pearson Partners team conducted a thorough benchmarking study of similarly sized associations. Then, the

Pearson Partners team attended the ASUG Annual Conference and interviewed ASUG board members, representatives from SAP,

and many ASUG members and volunteers to gain first-hand insight into the opportunities and challenges the organization faced.

"It was clear we were not ready for continued growth in membership, and we needed to change something," says Michael O'Dell, current chairman of the board for ASUG and chief information officer for Pacific Coast Companies Inc. "We knew what we wanted and what our organization needed, but as part-time, unpaid, volunteer board members, we didn't have the bandwidth to make it happen. Pearson Partners came back with a philosophy and proposal that mirrored what we thought we needed to do."

O'Dell was impressed with the proposal's thoroughness. It included an assessment of ASUG's organizational aspirations, current strategy, performance targets, funding model, organizational skills, human resources, systems and infrastructure, organizational structure, and culture. The report also included the benchmarking data that Pearson Partners had gathered, along with an analysis of each aspect's strengths and weaknesses.

The report recommended that ASUG hire its own chief executive officer, then allow that leader to decide what additional staff members were needed. The assessment outlined additional, phased organizational and structural changes that would need to be



(Case Study, continued on page 5)

considered as part of the transformation, including those modifications that the board would need to make.

"I thought the assessment was comprehensive and on point, and in the end, we went with Pearson's recommendations," O'Dell says. "One of the reasons we did that is because the recommendations were fairly specific and easy to implement. For example, one of the benchmarks was that an organization our size typically spends 35 percent of its budget on human resources, while we were spending

49 percent. Addressing that benchmark is now one of our CEO's strategic goals."

ASUG retained Pearson Partners to place the new CEO – a search which ultimately filled the job with an existing board member. Today, ASUG has both executive and lower-level staff members in place.

"I think everyone is pleased with the direction we're going," O'Dell says. "In general, we're significantly better off now than we were before."

Pearson Partners' Profile

Deborah Coogan Seltzer, Vice President

Why did you feel healthcare search was the right field for you?

I really enjoy retained search because I'm always learning something – each new search, each new client is an opportunity to dive in and expand your knowledge base, and use that to help them with their organizational needs. Plus, I appreciated the challenge of working my way up the ranks. At my first search employer, we were told there was no career path; research associates could not move up. Then I moved to a firm where you could earn your way to the next level – you weren't precluded from being a partner or vice president just because you entered the firm at a lower level. I found that I truly liked the industry, and I embraced the challenge of breaking out of research and moving up into a client facing/client development role. I came to Pearson Partners International in May 2008, and was attracted by its smaller size. I really like more of a boutique-size firm, where the approach to search is incredibly client-centric and more focused than in a big firm, where you have to take on more searches at a time to generate more revenue for the sake of keeping the lights on. Pearson Partners International is large enough – well-resourced enough – to effectively serve our clients without the constraints the larger firms grapple with; constraints which get in the way of wielding their resources in the best interest of clients. Rather than being muscle-bound, we are nimble and effective.

What are some of the highlights of your career so far? Tell us about your best days or proudest moments.

Honestly, my best days are when I close a search and a client is just happy and feels like you have made a positive difference in their organization. On a more personal level, the highlights have been each time I moved up to a different rank, such as principal and partner. Those were personally meaningful accomplishments, especially since the market/economy was challenging each time I was promoted.

Describe your leadership style.

Most in our business don't have direct reports. We work in teams that are brought together in support of a particular client need. So the words that come to mind are participative and collaborative. I strive to motivate and get people on board toward a common goal. In the end the acid test is, you're not a leader if you turn around and no one is following you. It's about making people want to follow along.

What impact has technology had on the executive search business since you entered the field?

We didn't even have voice mail or e-mail when I first started in search. Technology has dramatically impacted the speed and the pace – most especially the perception of how quickly things should happen. Everything is instantaneous now, and there are so many more resources for research. Back then, if you needed to reach somebody, you could really only connect during office hours, and if they were out of office you couldn't connect because there were no cell phones. If someone was interested in a job, you had to mail them the position description and wait for them to mail their resume back.

Today's faster pace heightens expectations of how quickly the search process should go, but the psychology of it hasn't changed. Both sides – clients and candidates – still have to take the time to investigate and make considered decisions. Also, on a fundamental level, the logistics of scheduling candidates for meetings with client teams – always one of the most challenging aspects of the process – haven't changed. Getting the incredibly busy calendars of multiple senior executives to align will always be a hurdle.

How has today's challenging job market affected Pearson Partners International's business? How has the company adapted?

In some ways, the vision established when Pearson Partners International was founded, along with the experience and "internal wiring" of the Pearson Partners International team, better position us to handle this market compared to other firms. We've always had an entrepreneurial bent, and because we're a relatively new company, we're used to being out there making contacts, telling people who we are and what we do, and earning the business. We haven't had to adapt as much because that's who we've always been. That said, we do have to dig in and push that much harder for business because there's a lot of pent-up need, but people are waiting to pull the trigger.

What do you like to do away from the office?

One thing that takes up a lot of my time is being part of the Healthcare Businesswomen's Association. I am on the executive committee of HBA's global board, and it's one of the largest women's leadership organizations out there, with more than 5,000 members internationally, 14 chapters and affiliates. I am partially responsible for the HBA's strategic plan, global expansion, membership and corporate development. I also like to read and spend time with my husband and my shih tzu, Daisy. My two nephews live close by, and I spend a lot of time with them as well.



The Time Is Now for Alternate Energy

A Q&A with Robert J. Potter, Ph.D.,
President and CEO of R.J. Potter Co.

A member of Pearson Partners' Advisory Board since 2007, Dr. Robert J. Potter is president and chief executive officer of R. J. Potter Company, an Irving, Texas-based consulting firm dedicated to helping optimize his clients' business performance. Dr. Potter serves as a business and technology consultant to investors, private firms and public companies, and has a particular passion for developing solutions to resolve today's energy crisis and reduce America's dependence on foreign sources of oil.

Why is the energy crisis a topic you're passionate about?

The energy crisis is important because U.S. dependence on foreign oil is a serious vulnerability to our physical and economic defense.

Do you believe that alternate energy is the answer to the energy crisis?

Development of alternate energy sources, and alternate approaches to powering our cars and homes, should be a top priority for the Obama administration. It will strengthen our country, create jobs and make the United States more competitive in the world market. There is an answer, and I have offered it to Obama. The key is to define a new fuel and vehicle system to serve affluent civilizations during the 21st century without being dependent on exhaustible or foreign resources. The fundamental strategy is to evolve to an electric transportation system and an electricity-based refueling infrastructure.

How will American business benefit from an America that's free from foreign sources of oil? How will a switch to alternate energy sources boost America's economy?

American businesses will benefit from new industries. Alternative energy sources will be more economical and boost America's independence. New technologies create new companies, new businesses and new opportunities, all of which lead to new jobs.

What do you think are the best sources of alternate energy?

The best source of alternate energy is electricity from nuclear plants. All other sources of electricity can be part of the solution, but they are not a big factor.

What country or countries do you consider role models for their use of renewable or local energy resources?

No country is a good role model. We need to do what has never been done before.

What critical steps must take place before America can achieve energy independence?

America should launch an all-out effort to develop the next battery-like technology to store electricity to power our vehicles. The major challenge is to develop a storage system for electricity, a new battery system that is small, light and rechargeable in 10 minutes for a 200-mile capacity. This technology is not available today, but American ingenuity, entrepreneurship and invention can make it possible. The technical challenge is clear and can be solved.



What do you think is the first step President Obama should take toward long-term resolution of the energy crisis?

President Obama must realize the threat to our economy and lifestyle to give him the motivation and authority to launch an all-out effort to win energy superiority. Obama has taken the first step by appointing a capable Secretary of Energy. Now he must define and launch a priority battery program and commit tens of billions of dollars to a defined direction. If we are going to do things that have never been done before, we must use methods which have never been used before. Now is the time for President Obama to define and drive a superior mobile energy system into place for all Americans.

Are American and foreign automakers ready to transition to alternate fuel sources? What will it take to get them there?

The internal combustion engine that powers our cars and trucks is 100 years old. A swift transition to electric cars and the ability to conveniently recharge them is the best energy policy for the future. American and foreign auto makers will make the transition to alternate fuel when it becomes cost-effective and easy-to-use.

A move toward alternate energy means a move away from oil-based fuel sources. What advice would you give oil-related businesses to help them weather the transition and find their niche in a new, alternate-fuel-based economy?

There are many important businesses for oil as a fuel and a raw material. Technologies rise and ultimately fade away. Oil-dependent businesses should evolve from internal combustion engines and move on to new niches.

Do you anticipate the creation of any new industries around the alternate energy movement? What business opportunities do you think will arise from the transition?

Many business opportunities to build batteries, expand and strengthen the electrical grid, build an infrastructure, and service and/or swap electrical storage devices will develop from a transition to new energy systems, just as they evolved with the transitions to steam engines, gasoline engines, nuclear power, telecommunication and personal computers.

(The Time is Now, continued on page 6)

How long do you think it might take to achieve energy independence in America?

I think it will take 10 years for America to achieve energy independence.

Do you think that Americans are ready to actively get behind alternate energy? What do you think it's going to take to get them on board?

Americans will get behind alternate energy when they see it as practical, easy-to-use and cost-effective.

Announcements & News

- We are proud to announce that Lisa Thompson, Director of Professional Services at Pearson Partners, has attained Professional Certified Coach recognition from the International Coaching Federation. This certification recognizes proven coaches with approved education, training, and experience in coaching and provides the only coaching credential recognized worldwide. In 2008, Thompson also completed the Graduate Certificate Program in Executive & Professional Coaching at The University of Texas at Dallas.
- Robert Estrada, a valued member of our Board of Advisors, was recently featured in D CEO Magazine as one of DFW's most outstanding corporate board members due to his commitment to service. Congratulations Bob! [Read the full article here.](#)

About Pearson Partners International

Find, Retain & Develop Top Notch Talent

Pearson Partners International helps clients build world-class management teams. As a full service retained executive search firm, we secure top talent for some of the most challenging positions in the marketplace. Our track record of success has made us a trusted resource for loyal clients including Fortune 1000 companies, private equity firms and emerging businesses. Our search capabilities are complemented by a professional development, outplacement and coaching practice to ensure executives reach their highest possible performance.

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Please let us know how we may improve the quarterly *Searchlight* newsletter or our service to you.