

[Letter from the Editor]

Dear Friends:

Sometimes it sure feels like work. What a month: plant closings, down-sizings, realignments everywhere; endless searches for salespeople who have sold in a recession; the squeezing, pleading, and pounding on customers who have already been called a hundred times; the quest for more than one customer with money. Silicon Valley companies who are doing well are still working extremely hard to keep costs down, improve processes, close deals, and beat the competition.

Our role as a strategic human resources consulting firm is to provide consistent, clear analysis, advice, and assistance to executive teams geared up for the long haul. We'd love to discuss with you what works and what doesn't and hear about the types of issues your team is facing.

Lastly, this month we'd like to thank Peggy Seaborne, formerly of the Pacific Stock Exchange and Fireman's Fund, for all her support and referrals!

Take care,
Valerie

Ask Valerie

This month's Q&A session covers when to hire more HR staff, nosy employers, and potentially bigoted candidates.

Dear Valerie:

When do we need to bring on a full-time HR person, versus just using our attorney or part-time contractors?

-Just Wondering

Dear Wondering:

I have one client with over 300 employees who has been without a HR Director since November. They don't think they have a problem, but I view it like this: HR will help keep you out of court, and will help with the attraction, development, and retention of your most expensive asset: human capital. If you have high performing, appropriately compensated people, your business may have the edge it needs. The time to bring in some limited HR help is when you're hiring your first employee. The time to bring in HR help is when the business could run faster, better, cheaper if you have some HR leadership. HR people can help you hire better, reduce turnover, fire less, train your salespeople so they perform more effectively, and help the executive team perform better together. Having finance or legal "handle" HR probably means that you're being kept of our court, but not much more. If you're wondering if you need more, ask for an HR Audit and specify you're looking for suggestions.

Dear Valerie:

We're suffering from the Erin Brokovich syndrome in our workplace. The younger women are dressing provocatively, and it's disruptive. But, for single women working long hours, the workplace is the only place where they might meet someone, and they seem to believe they have to dress that way. Should young women dress professionally or sexy? And, on a related note, should we allow coworkers to date? The boss at our company said if employees date each other, it's OK, but they should report it to HR. If

this goes through, I'm picturing daily emails about "Mike is taking me out...I broke up with Mike...Now I'm dating Tom." Aaaaaak!

-Not that Nosy

Dear Nosy:

The potential of harassment claims when love goes bad and two peers break up is dangerous; when it's a manager-subordinate relationship, it's a potential disaster for the company. Companies need to rely on good judgment, knowledge of the laws, and training. Tell your boss that you will provide an affirmative defense for the company should it be faced with a quid pro quo or a hostile environment claim, and that the defense will be good policies and procedures and good training—all done in advance. Tell him that if he really wants to keep track who's zooming who, he should get the receptionist to do it. He or she probably already knows anyway.

Dear Valerie:

I interviewed someone last week that I think might be racist. My ethics prohibit me from working with a bigot, let alone hiring one. How can I delicately bring this up in the interview process, and what do I say? Excuse me are you a racist?

-Worried CEO

Dear Worried:

The issue is not simply if this person is racist or sexist, but if this person is bigoted or narrow-minded toward certain people or ideas. This is a serious concern for you both as an individual and as a corporate leader. When you start a remodeling project, you measure twice and cut once, right? Use the same tactics in your interviews. If you have any idea that a candidate might be racist or sexist or whatever, probe. You can't come out and ask the candidate outright because you won't get a straight answer. Ask around the question by using lots of behavior-based interview questions that solicit long, story-like answers. Probe the answers. Probe the references. When in doubt, follow your gut. It's usually the best indicator.

Networking & Professional Development Events

Churchill Club: M&A: Deal Making in a Challenging Environment

May 15, 2002, Ricky's Hyatt, Palo Alto, CA

Mergers and Acquisitions are more topical than ever for Silicon Valley public companies facing challenging near-term financial prospects, earnings pressure and consolidating markets. Come hear how industry leaders are addressing the challenges of the current deal making environment, from the proxy fights and creative deal-structurings in "merger of equals" transactions like HP-Compaq and Proxim-Western Multiplex, to consolidation plays by market Gorillas as seen in the Intel-Xircom transaction. How are deals getting done in these challenging financial times and volatile markets? When and why are mergers of equals good ideas? Why may the current market environment present unprecedented opportunities for aggressive deal-makers to change the landscape of their industries?

NACD: Directors Liability

May 16, 2002, Sheraton Palo Alto Hotel, Palo Alto, CA

The business and legal pressures of today's volatile corporate world exposes its' directors and officers to potential liability. The Board of Directors and company officers are held to high standards of conduct, and breach of duty, neglect, error, or any misleading statement can be grounds for a lawsuit, with

severe financial repercussions. Directors and officers of privately held companies are liable in the form of third party suits brought by employees, regulators, investors, lenders, competitors, and others demanding that the company and its management should be held responsible for alleged misdeeds. The panel will discuss "war stories" and why would anyone want to be a director today.

SCU Breakfast Briefing: The World of Venture Capital

May 16, 2002, Adobe Lodge Santa Clara University, Santa Clara, CA

John Hamm, Partner, Redpoint Ventures will discuss the ever-changing environment in the venture capital market and comment on the key characteristics in young companies that seem to predict success. He will also address the traits that typically define greatness in the CEO of a company. John is a partner at Redpoint Ventures, a private venture capital firm in Menlo Park, California, with over \$1.8B under management. His domain expertise is in Internet software and hardware infrastructure, storage systems, and servers.

Economic Outlook: An Hour with VC's

May 16, 2002, Lark Creek Café, San Mateo, CA

This panel of Venture Capital experts will discuss the trends in this economic cycle and beyond. Panelists from leading venture capital firms including Garage Technology Ventures, New Vista Capital and ONSET Ventures will talk to us about:

- High growth areas and emerging industries
- Common business challenges among their portfolio companies
- The best way for consultants to approach early-stage companies (even when you don't have specific industry experience)
- What's the best way for consultants to establish relationships with VCs

This forum will provide an opportunity to interact with venture community insiders and to gain an understanding of how your business can best respond to opportunities in the current economy.

Revenge of the Control Freaks: CFO's the NEW Rock Stars

May 20, 2002, Stanford Park Hotel, Palo Alto, CA

During the zoom years we wrote them off as necessary yet whiney control freaks trying to spoil our party. Now we're hoping they'll return our calls, learning more about their profession, and reorganizing operations around their advice. Finance is now center stage at every valley company and the CFO is the new rock star. Join host, Cornell Entrepreneur Network, for an evening highlighted by a talk with Ken Goldman, CFO of Siebel Systems and panel discussion with Honor Huntington, CFO of Clairvoyant Software, Jonathan Spira, and Ian Shea, Corporate Development SonicBlue Inc.

HBA Chapter Annual Dinner featuring Myrtle Potter

May 21, 2002, San Mateo Marriott, San Mateo, CA

Don't miss out on the opportunity to join the first Annual Dinner of the San Francisco Bay Area Chapter of the Healthcare Businesswomen's Association (HBA). The dinner will feature keynote speaker, Myrtle Potter, Executive Vice President and COO of Genentech and special guest, Sarah S. Harrison, VP of Customer Strategy and Integration of Astra Zeneca and 2002 HBA Woman of the Year. Keynote: Myrtle Potter, Executive Vice President and COO, Genentech, Inc. will speak on the topic of "Providing Growth in Today's Biopharmaceutical Environment."

SDForum: Negotiation Strategies & Tactics

May 22, 2002, SDForum Center, San Jose, CA

Come and get the inside secrets on negotiation. This intensive interactive seminar will begin with an informative presentation on proven negotiation skills, strategies and tactics. You will leave with concrete suggestions that you can start using today to improve the results on your next deal. VCs, angels, and strategic partners from large corporations frequently have a vast amount of negotiation experience. To be effective, you need to understand both the science and art of the negotiation. Whether you are brand-new to negotiation or a seasoned expert, this seminar will give you new skills and information to enhance your bargaining power.

PBWC: "Retooling Your Career"

May 29, 2002, Moscone Center, San Francisco, CA

Annual Conference of the Professional Businesswomen of California. Learn how to embrace change in the job market and map out your own success strategies by attending this seminar session. Valerie Frederickson joins other career futurists during this conference featuring a diverse range of opinion leaders and experts in women's health, finance, business, life balance and politics. Conference keynote speakers include: Congresswoman Nancy Pelosi and Andrea Mitchell.

Val's tip: Send your mothers, daughters, and bosses.

Monthly Product Focus:

Consulting Product of the Month #1:

Training on Better Recruiting: how to hire the right employees for your company. We send in one of our best HR trainers, and she evaluates your recruiting process, including job descriptions, who's doing the interviewing, what information is being communicated about the company, and where you are advertising. She then redesigns your recruiting system in partnership with your HR folks. Then, the program is rolled it out to all managers, along with good documentation, training, and role-playing.

Consulting Product of the Month #2:

Outsourced HR: We send over a VPHR consultant to do a quick HR audit, and make sure that you're in compliance with state and Federal regulations. We look at current processes and make cost saving recommendations. We provide you with separate proposals for all follow on work, so you can pick and choose what you can afford.

Current Searches:

Within the last few months, we have placed executives in a range of disciplines listed below. Current client discussions promise more opportunities in the very near future. We strongly encourage qualified candidates of the following areas of accomplishment to contact us immediately for future consideration: Board-level Director; CEO; International Vice President, Human Resources; Vice President, Human Resources; Chief Financial Officer; Vice President, Sales and Marketing; Vice President, Business Development; Vice President, Strategic Marketing.

Director, Compensation, Benefits, HRS (East Bay)

As a leading member of a HR team of a publicly held software company in the Bay Area, devise and implement a companywide strategy for compensation, benefits and human resources systems. Work with the executive team, HR counterparts and staff and companywide partners to develop a program that supports the business vision of the company, particularly in regards to recruitment and retention that will be presented to the compensation committee. Experience with options programs and sales

compensation as well as a passion for building HR systems is a must. Executive presence and leadership style needed, along with superb collaboration abilities, flexibility, and high tolerance for ambiguity. Strength in training, developing, and managing a staff is necessary, as well as the willingness to roll up sleeves and contribute on an individual basis as required. Email your resume in MS Word format to recruiting@vfandco.com.

Manager, Training (SF)

This position will assist in program planning, program design, scheduling, and involve a substantial amount of direct training delivery. Work with internal and external instructors by providing direction, quality assurance, and a sense of commitment. Participate in the design and delivery of management training and development programs. Requires excellent "stand up" training delivery skills, including presentation skills that engage and motivate participant involvement and learning, coordination of complex programs that extend across departmental lines. Computer literacy with MS applications such as PowerPoint, Outlook, Word, Excel. Email your resume in MS Word format to recruiting@vfandco.com.

Manager, Employee Communications (East Bay)

If you have over five years of experience in Employee Communications and bad writing skills, then we want to talk to you, because you must be strategic! Seriously, our client needs a global thinking employee communications manager to handle all communications in a rapidly growing and changing technology company. High intellect, maturity, and no politics. Experience in software preferred. Email your resume in MS Word format to recruiting@vfandco.com.

Director of Human Resources (SF)

Looking for a high-end human resources executive with a best practices tool kit from well-respected large companies, and the roll-up-the-sleeves attitude of a startup. We need a person with superb communication skills and personal presentation, self-confidence, and high flexibility/client services focus. Email your resume in MS Word format to recruiting@vfandco.com.

VP of Business Development (Lower Peninsula)

Lead strategy and implementation of industry segments, channels, and direct sales forces for an enterprise software company. Hard working, brilliant, mature, energetic person who is a brilliant strategist and a fantastic sales person and manager. Email your resume in MS Word format to recruiting@vfandco.com.

Sales Manager

Visionary, strategic, energetic VP Business Development/Sales/Marketing needed for a startup software company. Have over ten years of solid enterprise software sales and marketing management experience in both large companies and small, including key account development, major account management, recruiting and managing multi-channel sales forces, and be able to contribute at a very high level and make your impact on not just the company but the entire industry. Experience managing direct and indirect sales forces and marketing teams is necessary, plus the willingness to step in and lead sales efforts. Email your resume in MS Word format to recruiting@vfandco.com.

Vice President of Operations (Bay Area)

Bay Area construction management company is looking for a VP (or outstanding Senior Project Manager) to provide energy, leadership, strategic planning expertise, and enthusiasm to 150 person, high profile construction company. Experience in general contracting, RFPs, business development, finance, project management, and JVs needed. Chosen candidate will be in succession plan to become President. Very

well compensated position with an interesting equity twist. Will relocate right candidate. Email your resume in MS Word format to recruiting@vfandco.com.