

August 2004

**[Letter from the Editor]**

Dear Friends:

When you look at the business problems you face, you can always point a finger at a person, either to fix the problem, or be blamed for it. Whether your tasks are divestitures, increasing sales, adding features, or off-shoring, every project you have comes down to one critical component: the person who will lead it.

Sixty percent of executives recently surveyed say that improvements in the economy have made them willing to consider changing jobs. There is also an increase in executives willing to work at public companies (although a significant decrease in executives willing to be officers of public companies). These should make it easier for small cap public companies to attract good C-level executives; easier for companies to hire executives with vast experience for #2 positions, more difficult for pre-IPO companies to get the people they want, and create retention problems for everyone as we experience corporate musical chairs.

It's getting more difficult for companies to close on the candidates they want. We're seeing companies that have dozens of key positions going unfilled. According to earnings reports, the particular lack of sales personnel is affecting companies' revenue goals.

What are companies doing to address this? They're changing the specs on their positions, and then setting new executives up to succeed. To help with this, now through Labor Day, we are offering a three-month executive coaching program packaged with all retained executive searches. This is the idea of Bryan Power, Director of Client Services here, based on his years of placing excellent people and then seeing companies often not have the resources to phase them in well. Roger Barney, our Principal Consultant, will personally manage this *New Hire Integration Executive Coaching* program. Contact our HR Consulting Team at [consulting@vfandco.com](mailto:consulting@vfandco.com) for more information and to get a piece of his legendary success developing high performers.

To help our clients hire *Better People Faster*, we just brought on some new members, including Jim Gordon, a vastly experienced and highly productive executive search consultant known as a change agent and innovator in talent acquisition. Jim recently personally completed ten searches for Hyperion Solutions in a three-month period. One of his key areas is sales search, and over the course of his career, he has personally placed or managed the placement of over 4,300 sales professionals and executives. To talk to him about some key positions you need filled, contact [execsearch@vfandco.com](mailto:execsearch@vfandco.com).

This month we'd like to thank Richard Bell, CEO Executive Coach and Chair through TEC, for all his support and client referrals. Richard: you're the best! Thanks for trusting us with your TEC members for their people issues and for mentoring me.

Take care,  
Valerie

**ASK VALERIE:**

Dear Valerie:

We're experiencing a frustrating problem. In the past six months, three candidates accepted job offers from our company but didn't show up for the first day of work, or worked one day and then quit. These are executive-level candidates, believe it or not. Are other companies having this happen? What can we do to prevent it?

-Shocked in Silicon Valley.

Dear Shocked:

Why would you be surprised that executives would do this more than other employees when employers were the ones to break the Employer-Employee contract first? The real issue is ambivalence about working, now that the Gold Rush is over, and the Average Joe VP isn't going to get huge capital gains upsides on the job. Go back to Square One with what is really required in your jobs, and try to change your internal clients' mindsets on the amount of cool and charisma required. I'm seeing a correlation between Prince and Princess Candidates and flakiness.

Dear Valerie:

What does it take these days to get a CEO or other C-level executive fired up to accept a new job and hyper perform?

-Seeking Secrets of Motivation

Dear Seeking Secrets:

Tough one. According to our Executive, Officer, and Board Compensation affiliate, J. Richard, comp at the top is changing rapidly. CEO salaries are up 4%, bonuses are up 20%, values of stock options are down 20%, and long-term incentive plan payouts are up 45%. What this means is that CEOs have to perform against agreed upon goals and hang around a lot longer yet will make less money. Add dealing with corporate governance, and if you're an already-wealthy Baby-boomer, why not just become a VC or play golf?

Dear Valerie:

We're a 130-person startup looking at outsourcing our design center operations in Asia-Pac. We need a model for evaluating different countries in terms of legal, employment, IP, other risks. Ideas?

-Have Bags, Will Travel

Dear Have Bags:

I went right to the source, Fred Holland, our International HR Practice Leader. Fred lived and worked in Asia-Pac for 11 years, and helps companies successfully outsource, expand, and reorganize operations. Fred says, "Be honest, if you are looking for lowest cost, then that is your major decision point. If however, you are looking at this more longer term and concerned about future growth and risks, then the following are the key areas you should review: total employment costs, infra-structure, IP legal framework, productivity, communications, retention, employment law, an exit strategy (termination costs), culture, compliance with company moral/ethical standards (Code of Conduct) and the future availability and pricing of workers. What you might not want to hear is that it helps to back up and identify the business problem you are trying to fix before you identify the solution. Outsourcing to Asia-Pac may or may not do it. Iowa or a Canadian Province might."

**More resources?** Check out our new website [www.vfandco.com](http://www.vfandco.com) for articles and recommended reading.

## **SPECIAL EVENTS:**

Corporate Restructuring in Practice: Civil and Fiscal Aspects Explained

September 22, 2004, Congrescentrum Rosarium, Amsterdam, The Netherlands

Join attorneys Jeroen Hoekstra, John Paans, and Karin Smit from Baker & McKenzie, The Netherlands for an in-depth presentation on strategic aspects of corporate restructurings.

Annual Corporate Governance Conference

October 17-19, 2004, Renaissance Mayflower Hotel, Washington, DC

Topics include: Board/Shareholder Relations, The Power of the Proxy, Executive Compensation Reform, Nominating the Right Directors, CEO Succession Planning, Mergers & Acquisitions, Boardroom Dynamics, and Audit Committee Effectiveness.

International Career Development Conference

October 27-31, 2004, Sacramento, CA

Valerie Frederickson and Senior OD/HR Consultant, Rich Stiller, will be the featured speakers at *The Role of Merlin to King Arthur: Counseling and Coaching at ICDC*, the world's largest conference for career development professionals.

## **CURRENT CONSULTING PROJECTS:**

Studies show that Chief Executives spend up to 60% of their time dealing with People Problems. This section gives you a feel for current critical HR and management issues.

- HR Process Improvement
- Outsourcing
- Global expansion
- Executive team communications
- Negotiating performance goals between Board and CEO
- Board of Directors assessment
- Compensation assessment
- Executive coaching
- Succession planning
- Outplacement

## **SEARCH PRACTICE:**

We accept resumes from all C-level executives, from Board members, and from all HR professionals. Email your resume in MS Word format to [recruiting@vfandco.com](mailto:recruiting@vfandco.com).

## **CURRENT SEARCHES:**

Member, Board of Directors (Silicon Valley)

Vice President, Product Marketing (South Bay)

Senior Director, Human Resources WW Field Ops (South Bay)

Director of Business Development and Channel Sales (EMEA)

Director, Compensation/Benefits/HRIS (Mountain View)

Strategic Account Manager (Germany)

RECENTLY CLOSED SEARCHES:

CIO

General Manager (Austin, Texas)

Vice President GM JAVA (South Bay)

Vice President of Sales (Sunnyvale)

Vice President of Professional Services (South Bay)

Vice President of Business Development (Campbell)

Vice President of Product Marketing (South Bay)

Vice President of Tax (South Bay)

Vice President of Alliances (South Bay)

Vice President of Global Professional Services (South Bay)

Vice President of Human Resources (South Bay)

Director, Worldwide Sales Compensation (Sunnyvale)

Director, Worldwide Sales Training (Sunnyvale)

Director of Sales, Western Region (Sunnyvale)

Director, Compensation (Sunnyvale)

Director, Compensation (Sunnyvale)

Director, Compensation (Mountain View)

Manager, Compensation (Central Valley)

Organizational Development Consultant (SF)