

Executive Search

Review



VOL. 15 NO. 10 A HUNT-SCANLON PUBLICATION

DECEMBER 2003

SNAPSHOT

THE FOUNDER OF
JEFFERSON PARTNERS... 3

VIEWPOINT

ARE BUSINESSES TOO
SHORT-TERM MINDED?... 4

INDUSTRY HIGHLIGHTS

GOW & PARTNERS NAMES
NEW BOARD MEMBERS... 6

ON THE HUNT

SPENCER STUART
FINDS BOARD MEMBERS... 10

POLACHI & CO. PLACES
CEO AT LEGRA SYSTEMS... 10

SEARCH TRENDS

TOP STORIES
OF 2003... 11

COMMUNICATING WITH HUNT-SCANLON

Executive Search Review is published 10 times a year by Hunt-Scanlon Publishing, Inc. Subscriptions are \$190 annually.

LETTERS TO THE EDITOR

Include the writer's name, address, and daytime phone number.

Mail: Hunt-Scanlon Publishing
20 Signal Road
Stamford, CT 06902

Telephone: (203) 352-2920

Fax: (203) 352-2930

Website: www.hunt-scanlon.com

SUBSCRIPTIONS

For subscription information, call 1(800) HSP-1199.

REPRINTS OR ADVERTISING

For reprints or advertising, call (203) 352-2920. Copyright © 2003. All rights reserved. ISSN: 1050 9003.

Publisher: Christopher W. Hunt
Executive Editor: Scott A. Scanlon
Editor-in-Chief: James Peter Rubin
Editor: Dale M. Zupsansky
Graphics Editor: Diego F. Da Lan

SIX EXECUTIVE RECRUITERS TO WATCH IN THE NEAR FUTURE

It's difficult to predict who will reach stardom in executive search. The early career of Gerard R. Roche, voted headhunter of the century by his peers a few years ago, hardly foreshadowed his later glory at **Heidrick & Struggles**: filling some of corporate America's most important positions and serving as his firm's chief executive. **Spencer Stuart's** Thomas J. Neff was a pioneer in toiling away at lower-priced board director assignments early on, recognizing that they would lead to the higher-profile C-level searches for which he is now known. Who will be the next Mr. Roche or Mr. Neff?

The following consultants are still honing their skills. But they can all boast of significant achievements at relatively early stages of their careers. Four of them, Ted Dysart, Kari Browne, Craig Stephenson, and Craig Randall have yet to reach their 40th birthdays. Tom Carey and Leslie Hortum have passed that milestone but have less than four years in the executive recruiting business. They all bear watching over the next few years as recruiters and potential managers at their firms.

Mr. Dysart is playing an important role in Heidrick & Struggles powerhouse board services practice. **Korn/Ferry's** Mr. Stephenson and Ms. Browne have been solid performers — no small feat — in the hard-hit financial services sector. At just 31, Mr.

(continued on page 8)

PROSPECTS ARE BRIGHTER FOR SEARCH FIRMS, AND RECRUITING INDUSTRY, IN 2004

Executive recruiting firms and industry experts had low expectations entering 2002 and 2003. But now they're thinking more optimistically about 2004.

A number are even predicting that they will finish the new year with their first revenue growth in three years, the result of rising corporate profits that should encourage companies to spend more on executive recruiting. At least one prominent analyst expects the revenue gains to occur as early as next quarter. Mark Marcon of **Wachovia** believes that **Heidrick & Struggles** and **Korn/Ferry International**, the industry's two publicly traded giants, will increase revenues by at least five percent and could even reach double digits. In July, Mr. Marcon upgraded his rating of both firms from market perform to outperform.

While neither firm has seen much improvement yet, Mr. Marcon believes conditions are ripe for a surge in assignments. Corporate profits skyrocketed by 30 percent during October while gross national product rose eight percent — up from a meager three percent in April. The executive recruiting business traditionally follows economic trends by about six months. "Our feeling is that hiring picks up after corporate profits pick up," says Mr. Marcon. "We are expecting a decent uptick."

(continued on page 3)

Six Recruiters To Watch... (continued from page 1)

Randall has ascended to one of the top management positions at **DHR International**. Mr. Carey has been a leading recruiter in **Russell Reynolds'** life sciences practice. Ms. Hortum, a new addition to Spencer Stuart, is expected to build on her success at Korn/Ferry, where she targeted leading executives for industry trade organizations.

This isn't a scientific survey or ranking list. There are other young recruiters and relative newcomers with impressive track records. The creation of this list stems from conversations with search observers, including recruiters, over the past few months. In some cases, the highest praise for the consultants mentioned here came from rivals.

TED DYSART

The 31-year-old Mr. Dysart is a protégé of Russell S. Reynolds Jr., who hired him straight out of college for the **Directorship Search Group**. Mr. Dysart spent eight years at the New York-based firm, which specializes in board assignments. He joined Heidrick as a principle in 2001 and has played an integral part of the firm's board services practice — one of the few areas in which Heidrick has grown. He will generate about \$1.1 million for the firm in 2002, not easy in an industry practice where fees rarely exceed \$100,000. Earlier this year, Mr. Dysart recruited Steve Miller for a board slot at **RJ Reynolds Tobacco**. Mr. Miller is the chairman and CEO of **Bethlehem Steel** and a former CEO of **Waste Management** and **Aetna**. Mr. Dysart says he tries to "develop long-term relationships with clients and candidates."

CRAIG STEPHENSON and KARI BROWNE

The 35-year-old Mr. Stephenson and the 38-year-old Ms. Browne share type-A

working styles and an ability to laugh at themselves. "We're cut from the same cloth," says Ms. Browne. Both are client partners in Korn/Ferry's New York office. Their financial services practices are often complementary. Mr. Stephenson targets chief technology and information officers and related positions for such major financial services corporations as **Credit Suisse First Boston** and **CIBC World Markets**. Ms. Browne fills technology and marketing jobs for companies that serve these major institutions. They frequently team up on sales calls and help each other find candidates, even when they don't divvy up the fee for the assignment. Both have generated between \$500,000 and \$1 million in revenues over the last three years at a time when many consultants in their sector have seen business evaporate. Mr. Stephenson started as a Korn/Ferry researcher in 1994. Ms. Browne spent the better part of a decade as an executive for a Japanese import/export company before joining Russell Reynolds as a researcher. She moved to Korn/Ferry in 1998.

CRAIG RANDALL

Mr. Randall was named DHR's executive vice president of operations two years ago at just age 29. In that role, he heads the Chicago-based firm's recruitment of consultants. DHR has aggressively wooed recruiters to the firm. More recently Mr. Randall recruited Seth Harris who will open a new Boston office for DHR. Mr. Harris was a respected recruiter for **Christian & Timbers**. Mr. Randall, who is the son-in-law of DHR chief executive David Hoffmann, says the firm's unorthodox compensation plan has resonated with many recruiters. DHR pays few salaries, but allows recruiters to keep a higher percentage of search fees than a number of its competitors. "For people

who have had a great book of business, DHR is a fabulous place," he says.

TOM CAREY

Since starting his search career two years ago, the 42-year-old Mr. Carey has participated in an impressive array of assignments for Russell Reynolds' life sciences practice. It's an area he knows well after serving for roughly a decade as the chief financial officer for three different bio-tech companies. Mr. Carey spent his first year focusing on the execution end of the search business, finding candidates for a wide range of life sciences assignments. But this year, he worked more on the sales side. In January, he sent out a three-page letter to prospective clients. The document provided compensation information for CFOs in the biotechnology space. "I want everyone to think of me as the best CFO recruiter in healthcare," he says.

LESLIE HORTUM

Pinpointing her practice on national trade organizations, the 45-year-old Ms. Hortum has averaged about \$1 million per year since entering the search business in early 2000. She also headed Korn/Ferry's strong Washington, D.C. and Tyson's Corner office, a remarkable achievement for someone with so little tenure. Her strong record caught the notice of Spencer Stuart, which had none other than Tom Neff call Ms. Hortum on her cell phone earlier this year to come aboard. Ms. Hortum made the difficult decision to switch firms in part after receiving a commitment from Spencer Stuart to sponsor conferences of the U.S. Chamber of Commerce Committee of 100, which brings together 100 leading trade association executives. "It's a great chance to talk to prospective clients about the firm," she says. Ms. Hortum is a former senior vice president for the U.S. Chamber of Commerce.