

Searchlight

The Pearson Partners International, Inc. Newsletter

Q3 2007

Successful Breakfast Seminar The Power of Servant-Leadership

An increasing number of companies have adopted servant-leadership as a part of their corporate philosophy. These companies have discovered that a servant-leadership culture can improve how business is developed and conducted, while successfully turning a profit.

Pearson Partners International's most recent breakfast seminar was held on October 2nd at the Cooper Aerobic Center in Dallas, Texas. Local senior executives, representing multiple industries and operating disciplines, joined Pearson Partners International for a breakfast seminar on this philosophy. The panel was comprised of local executives who have positively impacted company growth, retention, and returns by adapting this model of service.

Jack Lowe, Jr., Chairman of the Board, TD Industries

Jeff Lamb, Vice President People, Southwest Airlines

Eric Krueger, Senior Vice President, Balfour Beatty Construction

Ann McGee-Cooper, Ed.D., Author of *Being the Change: Profiles from Our Servant Leadership Learning Community*

We would like to thank Pearson Partners' entire professional staff for this event. Mrs. Shari Krueger, Vice President resident in Pearson Partners' Dallas office, served as the facilitator and master of ceremony for this event.

"You did an excellent job in facilitating the meeting and I heard great feedback on it. The turnout was terrific, so congratulations are in order. Pearson Partners was well positioned. It was one of the more sophisticated and professional events I have seen conducted by a search firm over the years."

– Seminar attendee

Pearson Partners was honored to host this event and would like to thank our panel members for sharing experiences and insights into the development of a servant-leadership culture within their companies. This was our most recent breakfast seminar and we look forward to continuing these events with our next installment in the first quarter of 2008—details of which will be announced soon.

Voluntary Benefits

What Employees Want and What Employers Offer

The employee benefits arena has undergone a seismic change in just a few short years. Crippled by rising costs, employers are no longer willing or able to pay for comprehensive health insurance coverage while still offering core benefits programs such as life and disability coverage, along with attractive pension programs. Between 1999 and 2004, benefits costs increased by a staggering 80 percent, forcing employers to scramble to control costs.

For some employers, this meant increasing employees' contributions to their health insurance program, reducing the benefits offered within existing medical plans and increasing employees' out-of-pocket expenses.

As the U.S. health coverage environment evolves, however, employees still want to know, What are employers doing to help offset the rising costs of providing for our families? The answer comes in the form of voluntary benefits. Employers striving to offset insurance costs while still attracting and retaining top

workforce talent are offering increasingly variable voluntary benefits programs—and working Americans are eagerly accepting the shift as a way to supplement core coverage.

The growing popularity of voluntary benefits is evident in the numbers. According to the 2006 U.S. Worksite Study, Eastbridge Consulting's "The Future of Worksite Marketing," total industry sales of voluntary benefits amounted to approximately \$5.4 billion in 2006—a growth of 170 per cent from 1997. Of those sales, 56 percent were in individual voluntary benefits plans, while 44 percent were in group voluntary benefits plans. Over the next few years, the voluntary benefits market is expected to grow 10 percent annually to reach \$7 billion by 2008—and \$10 billion annually by 2010.

Why Voluntary Benefits?

The surge in voluntary benefits can be explained with one word: finances. As healthcare costs rise, both employers and their workers are feeling the pinch where it hurts the most.

Voluntary benefits programs have emerged as a way to control costs while allowing both parties to prosper.

For employees, voluntary benefits provide a cost-effective, choice-driven way to bridge the gaps left by diminished employer-covered benefits plans. The majority of voluntary benefits recipients fall into the following categories:

- Employees who are currently underinsured due to cost constraints
- Employees who are deemed uninsurable by the standards of comprehensive benefits programs
- Individuals who do not have access to quality insurance programs outside of their places of employment

The rewards of voluntary benefits for employers are just as financially tangible. According to LIMRA's "The Changing Group Insurance and Health Care Marketplace," JHA Disability Fact Book, employers who embrace voluntary benefits can expect the following:

- Controlled healthcare costs. Voluntary benefits provide employers with an opportunity to help employees offset out-of-pocket medical expenses, potentially reducing the impact of increases to deductibles, coinsurance, and copayments.

- Enhanced employee recruitment and retention. Voluntary benefits help enrich an employer's benefits offering, providing opportunities for more comprehensive coverage. Successful voluntary benefits providers also educate employees on the scope and value of employer-provided programs.
- Reduced administrative costs. Voluntary benefits help employers subsidize their core benefits communication, enrollment, and possible HR outsourcing expenses.

The key for employers, of course, is to offer affordable, easy-to-understand voluntary benefits programs that matter most to their employees. Customer choice is considered a virtue. As a result, employers are offering a mix of medical and non-medical voluntary programs.

Conclusion

Voluntary benefits provide valuable supplemental benefits to employees at little or no cost to employers. In today's hostile healthcare market, it may be the only win-win situation left.

Voluntary Benefits Top Benefit Contenders in the Market

To discuss how you can make your benefits program more cost-effective, please contact:

Stewart Ridgely
Trion
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www.trion.com

Medical

Critical Illness Insurance

Modern medicine has dramatically increased our chances of surviving a critical illness. According to the American Heart Association in a 2007 report:

- An estimated 1.2 million Americans will have a new or recurrent coronary attack
- 700,000 Americans suffer a stroke each year
- 88% of heart attack patients under 65 are able to return to work
- More than 4.6 million stroke victims are alive today

Critical illness insurance is designed to pay a lump-sum benefit directly to the insured (not to hospitals or doctors) upon diagnosis of a covered critical illness. The benefits paid through this policy help fill gaps in major medical insurance. They can also provide for caregivers, special medical equipment, and transportation. Some policies provide an annual health screening benefit to help in early detection and treatment of illnesses.

Accident Insurance

Accident insurance is more necessary than most people think. According to the 2007 edition of the National Safety Council's *Injury Facts*:

- 28.1 million Americans are treated in hospital emergency rooms (ER) each year for injuries.
- 4.5 million children under age 14 are treated in the ER for injuries occurring in the home.
- Each year, there are 113,000 unintentional-injury deaths and about 24,000,000 disabling injuries.
- In 2005, the cost of unintentional injuries totaled \$625.5 billion, the equivalent of \$6,103 per household.

Accident insurance programs pay a lump-sum benefit directly to the insured for an accidental injury. This program can help defray the cost of out-of-pocket medical expenses such as doctor fees, copayments, deductibles, X-rays, crutches, wheelchairs, blood plasma, stitches, and other emergency services.

Non-Medical

Permanent Life Insurance

Participation in permanent life insurance programs is extremely high—almost 2-to-1 vs. other voluntary benefit offerings. The offering gets its name from the fact that the death benefit remains the same throughout a person's life. These programs consist of insurance protection and cash value, with the combined value of these two elements being equal to the face value, which is payable as a death benefit.

Because permanent life policies include both insurance and savings, they provide a level of safety because the face value, cash value, and the rate of interest earned on cash value are all guaranteed by the insurance company.

Short-Term Disability Insurance

Most workers don't have enough savings or additional income to fall back on should they become disabled. This is troubling, especially in light of the following:

- Every 10 minutes, 396 people suffer a disabling injury.
- Employees who miss work because of injury or illness are out an average of 17 weeks.
- Individuals under the age of 60 have a greater chance of becoming disabled than dying.

Short-term disability programs pay a percentage of the employee's salary if he or she becomes temporarily disabled. A typical policy provides the employee with a weekly portion of the employee's salary, usually 50 percent, 60 percent, or 66 2/3 percent for 13 to 26 weeks and even as long as five years. Most policies have a "cap," meaning that employees receive a maximum benefit amount.

About the Author

Rob Shestack, CES, is the voluntary benefits practice leader for Trion (www.trion.com), the nation's third-largest privately held employee

benefits firm. A 20-year veteran of the industry, Shestack is on the faculty at Lorman Education Services and is a Risk Management Capstone Course student

advisor at Temple University (Philadelphia). He serves as the Membership Committee Chair for the Benefits Marketing Association.

Announcing Our New Denver Office

Pearson Partners International is pleased to announce our most recent expansion as of September 2007, with the opening of an office in Denver, Colorado. Denver represents a vibrant business community comprised of multiple industries that continue to grow and expand. William D. Rowe II, Vice Chairman and Managing Partner, states: “We are most excited to expand our North American presence by opening an office in Denver. While we have served clients within this market from our Dallas headquarters in the past, the continued growth across multiple industry sectors and specifically the expanding private equity community resident within Denver, led to our decision to develop a permanent presence within this market.”

Leading our office as a Vice President with Pearson Partners International is Ms. Kristine Nelson. Ms. Nelson joined Pearson Partners International in 2007 and offers the firm 25 years of experience in the corporate world in management positions overseeing facilities, real estate administration, customer service, and human resources. For the past 10 years, she has held the position of Vice President of Human Resources and was on the executive leadership team with such restaurant chains as Quiznos Sub, Qdoba Mexican Grill, and Boston Market. Included in her role as Vice President, Human Resources, Ms. Nelson oversaw compensation and benefits, strategic planning, leadership development and employee relations, and was personally involved in the recruitment and acquisition of C-level and executive-level talent for corporate functions including CFO, SVP PR, COO, CMO, CIO, GC, along with numerous mid- to upper-level management positions.

Ms. Nelson is a member of the Women’s Foodservice Forum, Society of Human Resources Management, World at Work, Cherry Creek (Denver) Business and Professional Women’s Network, and holds the designations of Certified Professional in Human Resources (SPHR) and Certified Compensation Professional (CCP).

Our office is located in Denver at the address below and Ms. Nelson can be reached at the number listed to aid you with any retained executive search needs.

Pearson Partners International

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Media Spotlight

Renee Baker Arrington, vice president and leader of the firm’s technology and CIO practice, was recently quoted in the online publication CIO Leadership Network.

In the article by Joan Indiana Rigdon titled “Tough Love Lessons in CIO Succession Planning,” Arrington indicates that compensation may be a factor when recruiting talent into a CIO successor position.

Arrington also contributes to a monthly column for *CIO Decisions* magazine, where she offers career advice to reader questions.

You can subscribe to the publication at www.ciodecisions.com.

PPI Confidential

Bill Rowe II Profile

Each quarter we give our readers a glimpse into the personal background of one of our team members. For this edition, Bill Rowe II, Vice Chairman and Managing Partner, has been selected.

Bill Rowe II, Vice Chairman and Managing Partner, represents a unique background for a retained executive search consultant. While the retained executive search industry is primarily comprised of executives whose backgrounds include multiple industry and leadership experiences, Mr. Rowe represents the emergence of the career retained executive search consultant.

Upon graduating from Southern Methodist University in Dallas, Texas, Mr. Rowe chose to pursue a career in the retained executive search business. He has spent his entire professional career as a retained executive search professional.

Prior to becoming one of the founding partners of Pearson Partners International, Mr. Rowe served as the Managing Director of the Dallas practice of Foster Partners, a global retained executive search firm.

Mr. Rowe has conducted assignments for a broad range of industries including Technology, Energy, Retail, Consumer Products, Food Manufacturing/Foodservice, Professional Services, Communications, Entertainment, Not-for-Profit, Financial Services and both Light and Industrial Manufacturing.

While his industry experience runs across many industry sectors, Mr. Rowe spends approximately 50% of his time serving the leadership needs of portfolio companies of private equity firms.

Prior to joining Foster Partners in 1993, Mr. Rowe gained broad retained search

experience at a global level while working for Paul Ray Berndtson as a research analyst.

Mr. Rowe has served on the Board of Directors of the Dallas Chapter of YEO (Young Entrepreneurs Organization) and continues to be an active member of the Dallas Chapter of YEO. Additionally, he currently serves on the Board of Advisors of a startup human capital company based in Dallas, Texas, named RiseSmart Corporation. Outside of the office, he has coached and mentored the Southern Methodist University Lacrosse program since 1991.

He holds a B.A. in history from Southern Methodist University in Dallas, Texas.

Mr. Rowe is married to Theresa Rowe, originally of Corpus Christi, Texas, who has her own interior design business, ELSIE. Mr. and Mrs. Rowe are the proud

parents of two children, William (7) and Emma (5).

Additionally, he and his father operate a ranching operation in Western Colorado. For 24 years they have maintained the ranch as a cattle operation, and in recent years have transitioned the focus of this operation to the preservation and advancement of the natural elk and mule deer herds of Colorado's East Divide Valley. They are also working hard to reintroduce turkeys and pheasants to the property.

Mr. Rowe is a dedicated outdoorsman who enjoys hunting and fishing. He is a Life Member of the Dallas Safari Club, an organization dedicated to the protection of wildlife habitat, and encouraging and mentoring the youth of Texas on the enjoyment of the sports of hunting and fishing.

About Pearson Partners International

Pearson Partners has a long history of successful performance in the retained executive search industry across a multitude of industries and disciplines. Our partners share a common commitment to quality service, long-term client relationships and direct partner involvement.

The firm has an evolving global network of offices that affords the capability to serve clients' needs across all multinational markets in the Americas, Asia and Europe.

Pearson Partners focuses on providing retained executive recruiting services to clients on a global basis across all industries and disciplines, from the middle management level to the boardroom.

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