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A Message from Bill Rowe, Vice Chairman and Managing Partner

Change. It is the word that helped propel our new administration into office, and it is the reality of what may soon happen to healthcare in the United States. While economies around the world manage through unprecedented financial times, the White House is at work significantly changing the way we pay for healthcare, who is covered, and how it all adds up for the American people.



No matter where one stands on the issue, we appear to be at a moment in history of substantial change. Our most recent Spotlight Series Breakfast featured a vibrant discussion on healthcare and life sciences, from both a political and economic perspective. The common denominator among panelists was the cost of impending change and who pays for it.

While we may be concerned about the challenges of healthcare reform and how to manage escalating costs, the quality of available information and care has never been better. People have an opportunity to live longer and healthier than ever before. As individuals, we have an important responsibility to take advantage of this through preventive medicine, nutrition and exercise, educating ourselves on disease, and maintaining comprehensive personal health records.

I hope you enjoy our latest newsletter and our panelists' insights on the changing healthcare world. On behalf of everyone at Pearson Partners International, thank you for your continued interest and support of our event series. We pride ourselves on serving our clients' needs and on creating a diverse reservoir of knowledge for all to share.

Respectfully,

Bill Rowe





From L to R: Dennis Cryer, John Frenzel,
Dan Waldmann, Hubert Zajicek, Darren Rodgers

Healthcare and Life Sciences: A Political and Economic Discussion

The second-quarter 2009 Breakfast Spotlight Series event, held May 19, 2009, featured the following esteemed panel members:

- ❑ Dennis R. Cryer, M.D., F.A.H.A., Chief Medical Officer, Cryer Health
- ❑ John Frenzel, Chief Financial Officer, Conifer Health Solutions
- ❑ J. Darren Rodgers, President, Blue Cross and Blue Shield of Texas
- ❑ Daniel R. Waldmann, Vice President Government Relations, Tenet Healthcare Corporation
- ❑ Hubert Zajicek, M.D., M.B.A., Director, NTEC

This quarter's presentation and panel discussion focused primarily on the opportunities for cost-reduction and performance improvement in healthcare, and the collaborative effort required of the various healthcare stakeholders to bring about that change.

Where does the money go?

Based on 2006 data from the Centers for Medicare and Medicaid Services, 31 percent of the American healthcare dollar goes to hospital care, while 21 percent goes to physician and clinical components. Another 10 percent pays for prescription drugs, 8 percent for home health and nursing home care, 7 percent for administrative expenses, and 23 percent for other costs, such as medical technologies. Because so many entities have a hand in the various components of healthcare provision, reducing costs in health care requires a great deal of collaboration in Washington and across business sectors nationally.

Change has begun in healthcare, including a shift from pay-per-service insurance reimbursement to an outcome-based reimbursement program that rewards providers for superior clinical and economic performance. At the same time, more health systems and care providers are investing in healthcare information technology and electronic medical records as a way to improve outcomes and reduce costs.

But these technologies aren't cheap, particularly for individual providers and small practices. The Obama administration has proposed a multi-billion-dollar government investment in electronic medical records and other technologies to streamline national healthcare delivery, improve the overall quality of care and reduce costs.

By electronically aggregating clinical outcome data across multiple providers, health systems would be able to track outcomes locally and nationally, and encourage physicians to make more economical clinical and product choices without negatively affecting the quality of patient care. At the same time, pharmaceutical companies may be able to use nationally compiled clinical outcome data to develop new drugs, while insurance companies can use the data to develop preventive care approaches for individuals identified as at-risk for specific health problems.

Another cause of healthcare cost inflation is litigation. Tort reform that limits liability for medical malpractice has helped to reduce

physician malpractice suits in some areas, but lawsuits are now proliferating in other sectors, such as hospitals, health plans and pharmaceutical companies, keeping costs high.

There are also many opportunities to reduce costs on the administrative side of healthcare. From coding and billing to privacy requirements, healthcare administration is growing ever more complex. The cost of keeping up with regulations is increasingly onerous, particularly for independent physicians.

The future is taking shape now

Things should get even more interesting as various government healthcare reform proposals take shape in Washington. No one is sure what the impact of a new health insurance system may have on traditional employer-sponsored health plans, which currently covers about 160 million people and about 85 to 88 percent of healthcare costs in this country.

While some employers worry about losing the ability to set their own benefit levels, others are hoping for a set price for insurance to cover their employees, many of whom are satisfied with their health insurance and fear losing those valuable benefits under a new system.

With the current and impending changes in the healthcare system and developments in Washington, it has become increasingly important for businesses, pharma, biotech, device companies, medical associations, patient advocacy organizations and federal agencies to work together, with patients' best interests at heart.

Search Spotlight

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

- Chief Administrative Officer, Dallas County Commissioners Court
- General Counsel, Multi-unit, multi-concept franchise company
- Research Director, Methods, Evidence & Coverage, National Pharmaceutical Council
- Vice President, Clinical & Scientific Affairs, National Pharmaceutical Council
- VP of Engineering, Zebra Technologies
- VP Quality Assurance, large multi-unit franchise company
- VP Investor Relations, ENSCO International
- VP Sales and Marketing, Zoria Farms



Professional Outlook for 2009: Making Strides Despite an Economic Downturn

By Deborah Coogan Seltzer, Vice President

At this juncture, it is unlikely anyone needs a re-cap of the overall challenges facing our economy and financial system, all of which are visiting unprecedented pressures on industry leaders. And these global issues are piled on top of those specific to healthcare with which we are already grappling.

With a new Administration in Washington, DC, can we doubt more changes are on the way?

This brings to mind a quote from 19th Century American politician John James Ingalls, "Opportunities are usually disguised as hard work, so most people don't recognize them."

Today, there has never been a greater need for talented individuals who can bring energy, dedication, tenacity and open-mindedness to organizations trying to effectively navigate these turbulent waters. There are opportunities for those who can help solve the challenges that face healthcare – particularly pharmaceutical/life sciences companies – even before the more recent economic meltdown.

Being a part of the solution, demonstrating the ability to see the horizon, to think "outside the box," to anticipate changes, to act nimbly – yes, these are clichéd traits that are increasingly in demand. They are attributes sorely in need of application to the challenges facing our industry: roadblocks to innovation and growth; increased regulatory/governmental scrutiny and involvement; negative public perception; pricing and reimbursement issues; demonstrating comparative effectiveness; the need to re-think the sales model in pharma, etc.

The search industry has seen a slowdown in all sectors, including healthcare. However, John T. Mitchell who heads the Life Sciences Practice for North and South America at SpencerStuart, one of the leading retained executive search firms in the world, believes there will be a continued appetite for professionals in the functional areas most closely related to the above-listed challenges – e.g., Regulatory, Business Development, Research, Clinical Development, Scientific Affairs, Pharmacovigilance, Health Technology Assessment -- as well as those who can think and operate strategically on the commercial side of the business. If you are well-positioned in one of these areas, now is not the time to become complacent. Continue to develop your skills, challenge your own perceptions and mental models and demonstrate an ongoing capability to contribute to the business, to the solutions.

Sometimes a lateral move – internally or externally – is exactly what you should do, especially if it will broaden your experience or increase your potential scope of influence due to the size or structure of the organization or functional area.

- ❑ "Big pharma" may be downsizing facing difficult times, but there will be opportunities, particularly in the areas just mentioned.

- ❑ Small and mid-sized companies have potentially greater growth prospects and can often offer more broadly-gauged roles that will add breadth and depth to your experience.
- ❑ Early-stage firms clearly bring their own risks, but one positive by-product of the current financial crisis is that private equity firms are holding onto their portfolio companies for a longer time horizon – and given that, they are more likely to recruit talent who can build and sustain the business. Indeed, Jay Kizer, Global Markets Managing Director, Life Sciences for international retained search firm KornFerry, related that the biotech sector has held up particularly well since private equity firms have resources and are investing them in building the management teams of their holdings. None of us has a crystal ball that can determine with any degree of certainty what the near future holds. Time for another cliché: the only constant, the only guarantee, is change. It also is a relative certainty that smooth sailing is not in the forecast for the foreseeable future. So, don't bury your head in the sand, even if you feel you are in a "safe" position. Sometimes there is as much danger in sitting still as there is in leaping capriciously. Be proactive and diligent as you evaluate current and future career opportunities. Carefully assess the risks as well as the rewards in any opportunity. And take every chance you get to learn something, to develop and hone your skills, to be a part of fixing things or determining the way ahead. These chances may come via internal training and development programs, through external education, consulting or even volunteering.

Now more than ever, guiding your career will require you to be proactive and to take care not to stumble over your pre-conceived notions as to what constitutes a "good" career move.

Think broadly. Be honest with yourself about your abilities and what's important to you. Take a risk, but one that is calculated. Embrace your current organization and dedicate yourself to its success if that's the best option. Those who are flexible, open and guardedly optimistic are most likely to survive – and even thrive in – these difficult times.

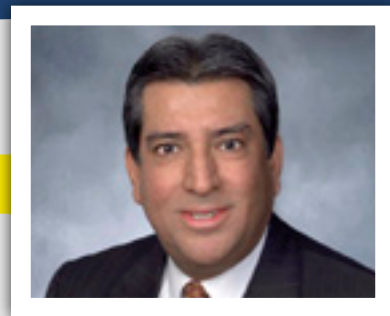
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Save the Date – Q3 2009 Spotlight Breakfast Series

Mark your calendars now for our next Breakfast Spotlight Series scheduled for September 1, 2009. Details and invitations will be extended in August.

Economic Recovery is Coming ... Slowly

A Q&A with Robert A. Estrada, Chairman, Estrada Hinojosa & Company



Mr. Estrada, an attorney at law, is Chairman of the Board of Estrada Hinojosa & Company, Inc., a Dallas-based investment banking firm he co-founded in 1992. A Pearson Partners Advisory Board member since 2007, Mr. Estrada also currently serves on the Board of Directors of the Federal Reserve Bank of Dallas and on the board of the Dallas Regional Chamber of Commerce, as well as numerous community and arts organizations. Mr. Estrada is a former member and Chairman of the Board of Directors of the Municipal Securities Rulemaking Board (MSRB), a self-regulatory organization which sets standards for the municipal securities industry. He is also past chairman of the Board of Trustees of the Municipal Advisory Council of Texas (the "MAC"). In 1989 and again in 2005, Hispanic Business magazine named Mr. Estrada among the 100 most influential Hispanics in America.

Robert A. Estrada: *Let me start by saying that despite my being a member of the Federal Reserve Bank of Dallas Board of Directors, none of my comments are meant to reflect the positions of the Federal Reserve Bank of Dallas or the Federal Reserve Board, and are strictly my own opinions based on publicly available information and market data. Furthermore, readers should not construe my comments as being investment advice or guidance from my own company, Estrada Hinojosa & Company.*

When do you anticipate that the current global economic situation will begin to turn – or has the turnaround already begun?

While there are going to be different opinions on what constitutes a turnaround, most global economic observers agree that we have seen the worst of this recessionary period and that there are clear signs that the downward trend is starting to turn around. When any given economic factor gets better than in the last week or last month, it may be recovering – but keep in mind, it may still be a negative number. It's hard to characterize that as being out of the woods, but it is a positive sign. During the fourth quarter of 2009 or first part of 2010, I think we will start seeing more positive numbers and gradually an economic recovery taking off.

Announcements, News and Events

- We are proud to announce the addition of Carol Maxwell as Vice President in our Dallas office. She brings an insider's view to building leadership teams in the health care services industry. Prior to joining Pearson Partners International, Carol spent seven years running talent management for Tenet Healthcare, which included executive recruiting, talent management and other high-touch services. Carol and her team conducted over 400 executive searches including CEO, COO, CFO and CNO roles for Tenet's academic and community hospitals of all sizes. As she returns to the executive search business where she started her career, Carol will build the health care services practice for our firm.

How different will banking and investing be after the economic recovery?

We will see much more involvement of regulatory authorities in how business is conducted. That's not all bad, but it will raise the cost of doing business, and some of that may be passed on to consumers, who may pay higher rates for mortgages and other loans. From the business and high finance side, we have already seen dramatic changes on Wall Street in what were private investment banks that are now reinvented as highly regulated commercial banks. We've had firms merge and prominent firms go out of business. It will be a new landscape that will create opportunities for regional companies that were not top-tier in the past.

What do you think the banking industry could do to prevent a repeat of the situation we've witnessed in the last few months?

We need more accountability. The regulatory reforms we're seeing proposed in Congress are going to create accountability and transparency at different levels that was not there before. That will be a positive thing for investors, as they can make a more intelligent decision on where to invest their money. There will be a better understanding of where the money is coming from and where it's going.

What do you think are some of the most important lessons that Americans should take away from the current economic crisis?

No. 1, always have a little money set aside for a rainy day. That's old-fashioned investment advice your parents and grandparents told you. In the last two or three generations of Americans, we've seen record-low savings levels and record-high credit card receivables. It took something like this to bring back the old-fashioned virtue of putting money away in case you're laid off and it takes six months to find a new job.

The other big lesson is, no matter how many smart people you find to take care of your investments, it doesn't replace your obligation to stay involved and personally monitor your own investments and wealth. We're all learning good lessons at the expense of people who have lost their fortunes.

As individuals and business leaders, what do we need to keep in mind now?

Patience is going to be hard to come by, but it's a very important requisite for the recovery period. None of the reforms are going to change the way we live overnight. Americans will have to be patient and give things a chance and time to take hold. And for all the problems and challenges we've faced in America over the last two years, we're still so much better off than most of the rest of the world. It's important to be thankful that we are going through this difficult recovery in a country that's capable of dealing with it and getting the ship right again and sailing smoothly.



Pearson Partners' Profile: Carol Maxwell, Vice President

What was your first job?

Starting at 14, I was the "make ready girl" in my father's Oldsmobile/Cadillac dealership in the summers, between eighth grade and my sophomore year in high school.

My first job out of college was in the research department of Ray & Berndtson, a mid-sized executive search firm, where I met Renee Arrington, and then later Bill Rowe and Deb Seltzer.

How and when did you get started in the executive search business?

I fell into a role in the research department just out of college. It was varied enough to hold my interest, and I stayed in that department for more than three years. I was with Ray & Berndtson for 10-and-a-half years, and worked in the Fort Worth, New York, Dallas and Chicago offices before I was recruited to the Chicago office of Korn/Ferry.

Why did you feel this was the right field for you?

I believe in connections, between people and between company strategies. I am inquisitive about people, companies and governments, and I like to take what I discover about people and organizations, add it in with goals, and make a connection.

I enjoy deepening relationships, and I am a self starter and a take-action type of person. I get impatient with generalities. I like to find out what makes each person, company or strategy unique. And I am focused – kind of like a border collie. If I don't have a goal or strategy, I'm sort of lost. I certainly don't function at my highest.

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

What makes me most proud is watching my placements succeed and over-achieve what they were hired to do.

Describe your leadership style.

I strive to provide impeccable customer service and have extremely high standards and expectations. I'm a strategic, hands-on leader who operates in a lead-by-example mindset, realizing that if I don't hold myself accountable, others will not be compelled to keep the same standard. I'm trusting until proven otherwise, and I expect others to use their own judgment. I try to be inclusive and mentoring, and not micromanage. I think I read people well and try to adapt my leadership style to that which is most effective for each person.

I want to understand how all the pieces fit together and believe it is important to the organization for all levels to get the big picture. Everyone needs to buy into the strategy and find a way to develop goals to incorporate the organization's strategy into their own. This is most easily done by setting personal learning goals supporting the bigger organization's strategy or goal.

What is your philosophy or approach when it comes to client relationships?

I look at both the client organization and candidates as clients – they both deserve attention.

How have you seen PPI grow and change over your tenure?

I just joined Pearson Partners International in May 2009, but I have been a "friend of the firm" since it was founded. I have watched it grow in size, in offices and volume, and in type of business.

How has today's challenging job market affected PPI's business? How has the company adapted?

Organizations are nervous and are more reluctant to spend money on both search firms and on hiring new executives, as there is a possibility they might tighten their belts more. Candidates are more reluctant to move because they're seeing the job market tighten up.

In some ways, it is good for us, because we are willing to be flexible in pricing. In times like these, clients want to see the firms they partner with be willing to invest in them and the process, and we are willing to have our final fee payable upon success.

What do you think is the key to PPI's repeat business with top companies? What do we do better than anyone else?

The keys are listening, being truthful, delivering, focusing on our client's bottom line, and understanding what keeps our clients up at night.

What do you like to do outside of the office?

I enjoy spending time with my husband of 17 years, Mike, and Gabby Maxwell, our border collie. Being a relationship person, I enjoy spending time with friends. I like to read, and I have really gotten into working out. I was taking piano lessons for a while, but life got too busy to keep it up. I enjoy music and the arts, and we have season tickets for the symphony. At home, we watch the History Channel a lot. Since I've been married, I've even learned to enjoy watching football.

What motto do you live by?

We took my father-in-law to the BMW Performance Driving School for his 70th birthday, and they taught us to "look where you want the car to go." If you apply that to your life and other goals, it is always true. If you are weaving around cones and focus on the cone, you will drive the car to the cone. But if you focus on the open space between the cones, you can weave between the cones with ease.

If you had to make a career change tomorrow, what job would you choose, and why?

I think I'd enjoy doing financial development in a nonprofit, or business development in health care, or economic development for a city. Or, maybe being a Starbucks barista.

Case Study: Deloitte & Touche L.L.P.



The Right Candidate for a Tough-to-Fill Position

Pearson Partners International has earned a reputation as the search firm to call when you have a tough job to fill. When Deloitte & Touche Partner Randy Wright needed an experienced senior manager for the company's private client advisor group, which handles the personal accounts of high-net-worth individuals, it was a tall order.

The company needed a manager with a minimum of six years experience, a background with a similar Big Four company or second-tier national firm, and the right accounting degrees and certifications.

"I have done a lot of things over my career, and I find that recruiting for this particular function within a Big Four accounting firm is one of the harder positions to fill," Wright says. "I have used different recruiters over the years, and it's just a really tough market."

Previously, Wright had worked with recruiters, who would locate candidates for Deloitte & Touche positions but then refer those same candidates to multiple companies at the same time. Several times, Wright made offers to such candidates, only to lose them to competing companies that the search firm was engaged with.

For this particular job, Wright hired Pearson Partners for a retained search. Pearson presented several qualified and exclusive candidates

for consideration. Today, a well-suited candidate is onboard in the senior manager job.

"Pearson is working for you and takes the time to know you," Wright says. "Pearson Partners Vice President Stephen Konstans came out and met with my people, got to know them and the personalities of key players in the group, and tried to find someone with not just the skill set but also the personality to fit the group."

After receiving little beyond resumes from recruiters over the years, Wright was impressed that Pearson prescreened candidates, performed background checks and psychological profiling, and provided an extensive written report on each candidate. "It's a very thorough approach," Wright says.

Wright was so pleased with Pearson Partners' service he plans to use the firm again for his next highly specific job search.

"I feel that Pearson Partners has our interests at heart," he says. "It's not just about getting a candidate. It's about developing longer-term relationships."

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 assessment and coaching practice to ensure executives reach their highest possible performance.

Headquarters:

Pearson Partners International, Inc.
8080 North Central Expressway, Suite 1200
Dallas, Texas 75206
P: 214.292.4130
E: Dallas@PearsonPartnersIntl.com
W: www.pearsonpartnersintl.com

Offices:

Americas: Atlanta, Dallas, Calgary, Denver, Edmonton, Fort Lauderdale
Europe and other key locations: Austria, Bulgaria, Croatia, Czech Republic, France, Germany, Italy, Hungary, Poland, Romania, Russia, Serbia, Spain, Switzerland, Turkey, United Kingdom
Asia Pacific: Hong Kong, Shanghai

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



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