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## A Message from Keith Pearson, Vice Chairman and President

Finally, some good news on the economic front: It appears that the tight reins on business capital are finally loosening. At our March breakfast series event that focused on the private equity market, it was clear that financiers are open for business and ready to make deals.



However, you won't see the same "take the money and run with it" attitude that characterized the dot-com boom and precipitated an epic recession. Private equity firms, banks, and other lenders are being very careful about who they lend to and have high expectations for return on their investments.

With good reason, investors are looking to fund only the best and the brightest in any given market segment, and are more hands-on than ever. Many are increasingly involved in risk management, strategic decision-making, and staffing of key positions, ensuring that the recipe is right for growth and long-term success of the companies they choose to support.

It's good to feel the wave of consumer and investor confidence growing, and we look forward to seeing where the year takes us and our valued clients.

Sincerely,

A handwritten signature in cursive script that reads "Keith Pearson".

Keith Pearson



# Private Equity 2011: Its Role in the Recovery

Finally, it seems that the financial floodgates are once again open. After a long, slow period in which lenders' purse strings were tightly closed to many businesses, banks and private equity firms are lending again—but without the reckless urgency that preceded the recession. Before a deal can be done, both the lender and the business must carefully evaluate whether they're a good fit for each other, and strategies must be put into place in an effort to ensure positive outcomes for both parties.

This Spotlight Series event highlighted the current state of the capital markets and what lenders are looking for in the businesses they back.

Our esteemed panel members include:

- ❑ **John W. Madden**, Managing Partner, Sequel Holdings, L.P.
- ❑ **Whitney Johns Martin**, Co-chair and Managing Director, Texas Women Ventures Fund
- ❑ **Patrick K. McGee**, Partner, Brazos Private Equity Partners, L.L.C.
- ❑ **Jeffrey A. Stern**, Managing Director, JP Morgan Chase & Co.
- ❑ **Amir Yoffe**, Principal, CIC Partners L.P.

## Who's Lending to Whom?

A recent survey of the private equity community found that 80 percent of private equity professionals feel that the credit crisis has ended<sup>1</sup>. Banks' portfolios and balances are at an all-time low, and they are looking for assets to get money out the door. From traditional banks to private equity companies, venture capital firms and mezzanine financiers, many capital sources are ready for brisk business.

Who are the best candidates to benefit from newly liberated capital? Companies with a track record of strong performance should have no problems getting the money they need, particularly if they turn to the mezzanine market, which has plenty of available capital for existing businesses seeking cash infusion. However, even larger lenders are considering smaller transactions and startups that fit their current profiles.

Lenders are seeking to fund businesses in many sectors, including healthcare, energy, food, media, education, plastics, oil and gas, business services, and consumer goods. But they're not just focusing on specific market segments, and they're not lending to just anyone. Ideally, they're looking for the "alpha" businesses within each segment—those with demonstrated growth potential and a smart, hard-working management team that is in control and aligned with where the company is in its lifecycle.



From L to R: John Madden, Patrick McGee, Whitney Johns Martin, Jeffrey Stern, Amir Yoffe

Although they may review 300 to 500 deals annually, many private equity lenders actually fund only 1 percent to 2 percent of those each year. Intermediaries can play an important role by convincing an operator that it's time to sell, helping to put the financials in order, then bringing the deal to the right people for consideration.

## Worth the Investment

For investors, cash-on-cash returns are important, and inflation's impact on the debt cost structure must be taken into account. To protect their investments, private equity firms and other lenders are working with the entrepreneurs they're funding to evaluate risks—such as the impact of inflation on the business's consumers—and establish programs to mitigate them. They're also seeking to boost productivity by placing highly paid, relationship-driven people that can drive rapid growth.

In the last 10 years, valuation multiples have averaged 7.1 times for businesses with revenues of less than \$500 million, but that number fell considerably during 2009 and 2010. However, at the end of 2010 and into 2011, multiples have shot up to 8 times, indicating a surge in confidence in the economy. It's a good time for selling a business.

In general, there's an overall increasing sense of confidence in the economic recovery, and in businesses, their leaders, and their capacity for growth.

<sup>1</sup>Rothstein Kass

We appreciate your feedback.  
Please let us know how we  
may improve the quarterly  
*Searchlight* newsletter  
or our service to you.

## Save the Date – Q2 2011

Mark your calendars now for our next Breakfast Spotlight Series scheduled for June 7, 2011. Details and invitations will be extended in April.

## 10 Ways to Win the Job

### Tips from the Career Coach

*I am often asked what makes the difference between winning the job and being an "also interviewed." Over the years, I have given plenty of thought to this question when coaching senior-level executives on making a career transition. Here are some of the things that I think make a difference:*

- 1. Research** the company and the people conducting the interviews. It makes a huge difference when the job candidate is prepared with knowledge of the company and the competitive market. The level of research and the depth of intelligence should go beyond reviewing the website. Researching an interviewer helps you prepare for the types of questions you may be asked. It also provides a way for you to connect with him or her over things you have in common that may not be covered in bios and profiles, such as schools, community involvement, former jobs and companies, or geographical similarities.
- 2. Practicing for the interview** is like a rehearsal for the real thing. Your time is well-spent going over your elevator speech and preparing for potential interview questions. I have never had anyone say that they regretted the time spent practicing for an interview. If anything, they felt it gave them the winning edge because they thought through answers in advance and knew what they wanted to convey with their responses.
- 3. The interview is still in progress.** Often, the interviewer will give the impression that the meeting will be "casual" or "just a discussion." Never forget that you are being judged and evaluated at all times. Even if the meeting is over a burger and fries, it is still an interview and needs to be treated as an important opportunity to make a professional impression.
- 4. Getting the chemistry right** is the first goal of any interview. Decisions made about candidates in the first few minutes are not likely to change. Being able to read the interviewer's body language and quickly adapt is a critical skill to learn. If you are genuine and likable, you will be given a pass, or at least the benefit of the doubt, in other areas. It is assumed that you are technically qualified when you pass the resume screening, then the importance of personality and style takes over during the interview.
- 5. Acting enthusiastic** is not to be ignored as a tactic for getting the job. Companies are interested in candidates that are interested in them. If you are too analytical and coy in the interview process, you may be misinterpreted as indifferent or not worth pursuing. Remember, you cannot accept or decline an offer you have not yet received.
- 6. Highlighting best plays** helps win you the next interview or the job. Go prepared with stories that can demonstrate what you have achieved in your career. Review job descriptions, and make sure you have examples of your work that you can discuss, with quantifiable results to back up your results for all the key areas listed.
- 7. Know your value proposition** as it relates to the job, and the company will differentiate you as a candidate. Look for the company's points of pain, and connect how your experience and expertise can be utilized to make a difference. For example, if the company is looking to expand or change direction, make sure you are crystal clear on how you can help achieve this goal.

- 8. Address your weaknesses** that you anticipate based on the job specs, interview, or research. If you know you are not a perfect fit, or you can tell that there is an area of concern in the interview, don't wait for the interviewer to bring it up. Make sure you are prepared to address any area of perceived weakness with a strong response. If you walk away with unanswered questions, you will probably not have another chance to redirect or correct the impression.
- 9. Asking for the job** can make a difference. Before leaving the interview, let it be known that you are intrigued by the job and would welcome the opportunity. Let them know you are receptive to an offer, and ask if they have any questions or concerns about your candidacy. This also gives you a chance to address any weaknesses or misperceptions before they have a chance to take root.
- 10. Following up** after the interview with a note or email to thank the interviewer(s) provides another opportunity to highlight your strengths as they relate to the job and to show enthusiasm for the role. Make sure you have a clear understanding of the next steps and timeline for filling the position, and ask if it is okay for you to check back with them within the agreed-upon time. Stay in touch with the key decision makers by sharing information, articles, quick emails, or calls related to things they have shared in the interview. Always ask if it is okay to follow up, and get a feel for their appetite for contact. I have often heard of candidates getting the job because of their persistent and thoughtful follow up.

It is still a tough job market out there, but a well-prepared candidate stands out. Approach each job opportunity with the same energy and enthusiasm that you would give a job. Remember: While you are in transition, your job search is your job.

– Lisa Thompson,  
Director, Professional Services

## Upcoming DFW HR Roundtable: "Brain Health"



April 5th, 2011, 11:30a.m.–1:00p.m. CDT

Pearson Partners International,  
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Suite 1200,  
Dallas, Texas 75206

Did you know that you can train your brain for better reasoning, critical skills, and productivity? Please join us for our next DFW HR Roundtable lunch meeting as Mike Gelhausen, president of BrainHealth Strategies, explains how you can use top-down brain training strategies to be more effective in your personal and professional life:

- Improve your on-the-job mental edge
- Enhance productivity
- Focus and stay on task
- Increase flexibility in thinking
- Decrease habits that drain the brain
- Identify areas of strong mental reserve and areas of vulnerability
- Enhance brain fitness over a longer lifespan

A light lunch will be served. Seating is limited, so please reserve your spot by sending a message to [info@dfwhr.org](mailto:info@dfwhr.org).

## Q&A: Executives in Action

Founded in 2009, Executives in Action (EIA) is a nonprofit organization that leverages the talent and expertise of executives in transition, engaging them to serve as pro bono consultants to improve charitable organizations' productivity, efficiency, and impact.

We spoke with Chris Kleinert, co-founder of EIA with his wife, Ashlee, and president and chief executive officer of Hunt Consolidated Investments, a subsidiary of Hunt Consolidated, Inc. Joining Mr. Kleinert in the discussion was Jennifer Baxter, associate executive director of EIA, who previously spent 25 years as a senior-level executive focusing on strategic growth and financially sound operational management for various entrepreneurial ventures.

### What is the overall mission of Executives in Action?

Our mission is to match the skills of senior-level transitioning executives with the needs of nonprofit organizations. Nonprofits are often shorthanded, and often can't afford the kind of talent that we have among our members. So while our executive members are in transition looking for their next opportunity, they take the time to join our group and offer their expertise to these nonprofits.

### What types of skill sets do your executive members have, and what do you look for in potential new members?

We target senior-level executives who have held a position of vice president or above, with a minimum of 15 years of management experience. They encompass a variety of skill sets, including chief executive officers, chief technology officers and chief marketing officers. Our members include experts in strategy, technology, human resources, finance, operations, marketing, and overall senior-level management. It is important to note that our executives were not let go because of underperformance. These are executives who got caught up in a reduction in workforce.

### What types of things do your executives typically help with for the nonprofits?

Usually most nonprofits can benefit from marketing and technology help, so we do a lot of marketing plans and tech audits. We do quite a few very high-level strategic plans, where our execs go in and work with the nonprofit employees and their board members. Some of these projects are as long as four to six months in duration.

### What is the history of the organization? How did you form it?

We formed Executives in Action around Thanksgiving 2008. The country was in a dire mood at that time, given the financial condition of trusted banking institutions and everything seemingly on the verge of collapse. We were seeing a huge increase in the number of executive resumes crossing my desk. Candidly, it was breaking my heart. These were really talented people, people I knew. I knew their families and their kids. They were not going to find a job anytime soon, and the longer these people were out of a job, the deeper their depression. At the same time, we were seeing a tremendous impact on nonprofits, both in terms of a decline in giving and in their inability to continue to deliver the same quality and quantity of services—at a time when the need had never been higher.



Chris Kleinert



Jennifer Baxter

So we decided to try to match these talented executives, who really could use a sense of fulfillment, and put them in a position of making a dramatic impact on an agency and their beneficiaries at a time when the need on both sides was great. I think we have done a really good job at making an impact on these agencies by providing them with attainable top-level talent, and on our executives by empowering them to do something great.

### What have been the overall results so far, and can you give some examples?

We have many examples of tangible results for agencies on a wide variety of projects. We did a recent project with the Teaching Trust that's dedicated to improving academic success in Dallas-area schools. We have worked with Girls Inc., which provides young women in economically challenged neighborhoods a place to go after school that is a safe haven.

One particularly touching story is our recent work with Genesis Women's Shelter. One of the little boys in their shelter was given a brand new pair of shoes, which I believe was his first new pair of shoes ever. When he put them on, he was able to walk backwards up a slide, and he felt those shoes were magical. Jan Langbein, Executive Director, had the idea for a children's book called "Noah's Magic Shoes." We had an executive in our ranks, Rob Kietzman, with a publishing background. Rob worked with Jan and her staff and took the project from an idea to complete fruition. The books are selling like hotcakes and should result in at least \$200,000 directly to Genesis' bottom line.

Likewise, the impact on the executives is incredible. We hear stories from many of our executives who have driven hard to get to their corporate level, and they've never slowed down long enough to walk into a nonprofit and feel the impact that they could make.

I cannot begin to tell you how enriching it's been to hear story after story after story—200 plus—from individuals who have been placed, the lives that have been touched, the enthusiasm with which they embrace the projects, the feeling of value and worth, and the dramatic impact they've had. We think of it in terms of return on investment. We pay our executives a small honorarium, typically capped because it's not meant to be a job but rather to facilitate some income and purpose while they're seeking a job. But the outcome for the nonprofits is a multiple of that cost. For example, on the "Noah's Magic Shoes" project, we're estimating a minimum return of \$200,000 on what cost Executives in Action \$5,000. It's pretty amazing.

(Executives in Action, continued on page 5)

## Executives in Action

(continued from page 4)

### What types of nonprofits do you look for?

Our executives are all individual and unique, and so are our nonprofits. We have helped all sizes, from startups—helping with securing 501(c)(3) designations, business plans and financing—to large organizations like the Salvation Army, the American Red Cross, and St. Vincent de Paul. There's really no typical project.

### How do you prioritize the projects, and how do you assign executives to them?

We do site visits with our nonprofits, getting to know the staff that we and our executives are going to be working with. We list the projects on an electronic bulletin board on our portal, and the executives apply for them. We try to work on projects where the nonprofit is very motivated to have the project completed. Referrals often lead to better projects, as does repeat business.

### What are your plans for growth and rolling this out to other cities in the future?

We are currently focused on the Dallas/Fort Worth area. I think we are almost there with respect to the policies, the procedures, and the way to consistently deliver a first-class product. I would be hesitant to try to do anything anywhere else until we did that properly. I think in a different market, if there were a champion who wanted to get this going, it's almost in the box ready to deliver. If there's someone in another part of the country who identifies a need and wants to do this, then we'd like to talk to that person.

### What are the factors limiting EIA in terms of its ability to do more for our community?

Our biggest limitation is donations. We commit at least \$3,000 before we open a project. So we have projects on hold that are currently limited by donations. Funding doesn't have to be a lot of money.

While \$3,200 is our cap per placement, on average what we actually pay out to an individual executive tends to be less. A donor may have a real passion for something, such as elderly care, education, or abuse prevention. We'll allocate those dollars specifically to those types of projects.

A distant No. 2 is the need for quality projects to assign to our executives. And while we have plenty of quality executives, we can always use more. So if your readers know of a nonprofit that could use the expertise of our executives, or a first-rate individual that would be perfect in this kind of role, please contact us.

### How can our readers help you?

If you're involved with a nonprofit, or if you're aware of a nonprofit that you believe could benefit from the program, tell the executive director or a board member about us.

We would like to see Executives in Action become in essence a stamp of approval for our executives that says *these are really talented people who want to make a difference*. They work hard and they go above and beyond. We have seen this firsthand with our executives who have found jobs already.

Nonprofits and individual executives can visit our website, [www.ExecutivesInAction.org](http://www.ExecutivesInAction.org), to learn more or apply for the programs.



## a vote for growth in Dallas

In less than two months, Dallas voters will be electing a new mayor. Pearson Partners International believes that candidate Mike Rawlings is the right person for the job. With a track record of building successful businesses, Mike has the proven leadership skills to bring economic growth and harmony to our city. His background includes experience as CEO of several major corporations including Pizza Hut and TracyLocke, a marketing agency representing some of the most respected brands in America. He is currently the Managing Partner of CIC Partners, where through private investments, he helps small businesses grow and prosper.

Mike has also been a tireless volunteer for Dallas, serving as President of the Dallas Park and Recreation Board and Chair of the Dallas Convention and Visitors Bureau. Most recently Mike served as the "Homeless Czar" for the City of Dallas, where he led efforts that reduced the number of chronic homeless by 57% and reduced crime in the city.

For both his business leadership and commitment to our community, we're proud to support Mike in his mayoral bid. Learn more at [www.mikerawlingsfordallas.com](http://www.mikerawlingsfordallas.com). We encourage all Dallas residents to exercise your right to vote on May 14th.

## Pearson Partners' Profile:

Robyne Petersen, Director of Research/Search Consultant



### What was your first job, and what was it like?

My first job was as a sports intern for a Clear Channel radio station in Bryan/College Station. I learned to be very persistent because there were a large number of males at A&M who were trying out as well. I think I had to work much harder to get a fair shot. It was a really fun job, and I got great seats at all the games.

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

It was my first day back to work in 2000. I became interested in the industry when my brother joined a search firm. He and I have very similar personalities, and after doing some research, I decided I wanted to try it out myself.

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

I found that providing a change and improving others' careers, and ultimately their lifestyles, was very rewarding. Also of course, being very competitive, I have always worked hard at outperforming my competition.

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

I love a good challenge. I feel a sense of accomplishment when multiple search firms have already taken on the challenge and failed. One client I am working with now has worked with five firms prior to Pearson that were unsuccessful. Since we have taken over, my client and I both feel extremely positive about the candidates we have delivered to date. They hired one person at the end of last year, and we are well on our way to additional hires. Again, being persistent has really paid off.

### Describe your leadership style.

Very hands-off. To have success in this field, you have to be naturally inquisitive. I provide the information necessary for someone to be successful and let them hear about my daily routine—what has been effective and what has been ineffective. Someone can listen to the way I and others talk to people on the phone or in meetings on a daily basis, and incorporate their own style of developing relationships. You can't teach someone motivation. You can only empower them with information.

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

Very simply put, I treat people the way I would want to be treated if the situation were reversed and I were the client. I have high expectations, and I would want constant dialogue regarding progress. Partnering with companies as a true partner in the search process, and keeping clients informed, are instrumental in developing and maintaining client relationships.

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

PPI has grown and continues to grow. We have added staff, and in fact, as I write this, we have construction crews working around the clock to more than double our office space. The culture as a whole hasn't changed, though. With new additions, it still seems to be one firm I have experienced that really puts an emphasis on teamwork. The only real change among the staff is having people within the company become industry experts in given areas, such as healthcare, finance and information technology to name a few.

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

I have found us to be concentrating on other markets since private equity started to slow down back in '08, with a shift to include more middle-market clients. Obviously, we have maintained our relationships in the private equity world, and I see us returning to that segment increasingly as the economy improves.

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

Attention to detail and performance. The search consultants at Pearson Partners manage our searches directly, without a big staff of research, administrative, and account management people, so we really get to know our clients. We work hard for them because not only is the reputation of our firm on the line, but our own business and personal reputations are also at stake.

### What do you like to do outside of the office? Hobbies or passions?

I love hot yoga and spending time watching SMU football.

### What motto do you live by?

I really try to live by the Golden Rule: Do unto others as you would have them do unto you.

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

I would have to say a college or professional football coach's wife and stay-at-home mom. With a salary.

## Search Spotlight

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

- VP, Business Development—Turkey, Viking Services
- VP Foodservice, Distributor to Sales, CH Guenther & Son
- Chief Information Officer, MillerCoors
- President and CEO, American Royal
- VP of Asset Protection, The Comex Group
- Director of Environmental Health & Safety, The Gas Company—Honolulu
- Director of Portfolio Environmental and Risk Management, Natural Gas Partners
- VP Accounting, Transatlantic

## Welcome to Our New Advisory Board Members

Pearson Partners is pleased to announce the addition of four new members to our advisory board of leading thinkers:

- ❑ James (Jim) Flynn, Chief Executive Officer, Wingstop Restaurants, Inc., Richardson, Texas
- ❑ Greg Langston, Founding Partner, CresaPartners, Dallas and Birmingham, Alabama
- ❑ Rosalyn T. (Roz) Mallet, Chief Executive Officer and President, PhaseNext Hospitality, Dallas, Texas
- ❑ Warren Strickland, Owner, Ranger Ventures, Dallas, Texas

Our advisory board members provide us with their business insight and industry-specific acumen, as well as assistance in making introductions and forging business relationships. We believe that gaining strong, external insights helps us run the most effective, efficient, and profitable organization, and we look forward to the contributions of our newest advisory board members over the coming years. For an overview of all of our advisory board members, please visit our website at [www.PearsonPartnersIntl.com/board-of-advisors.php](http://www.PearsonPartnersIntl.com/board-of-advisors.php).

## News & Events

Keith Pearson was recently featured in a CBS 11 news segment entitled 'Recruiters Giving Job Seekers Hope.' View the video at <http://bit.ly/ejbtck>.

## 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.

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#### Offices:

**Asia Pacific:** Hong Kong, Shanghai

**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



Pearson Partners International, Inc.

## Featured Open Position

We are pleased to announce that Pearson Partners has been selected to conduct the CEO search for the Dallas Women's Foundation (DWF). Founded in 1985, this nonprofit invests in programs that help build stronger communities through empowerment of women and girls. One of the largest foundations of its kind, the DWF has invested over \$13 million in 950 organizations in the Dallas/Fort Worth area. With the pending retirement of its longtime CEO Becky Sykes, the DWF is seeking a collaborative and strategic executive who has a passion for the organization's mission. The next CEO will be a proven fundraiser, exceptional communicator and inspiring leader. For more information, please contact Renee Arrington or Lisa Thompson in our Dallas office.