

[A LETTER FROM VAL]

Weathering the Economic Storm

Dear Friends:

During the last major economic downturn, the “Dot Bomb” era of 2001-2002, 90% of our competitors went out of business. Sounds like a dream come true—except that we at VF&Co were negatively impacted too. Clients suddenly canceled searches and started downsizing. Some filed for Chapter 11, and others shut their doors for good. Things were worse than I ever imagined they could be. I had always thought of our outplacement practice as risk management, the part of our business where revenue would grow as it was shrinking in other areas. But with many companies forgoing severance entirely, let alone offering outplacement assistance to their laid-off workers, that idea proved sadly mistaken. I had also thought that if companies were letting go of their in-house HR people, their HR contracting needs would increase—my Plan B for a bad economy. That one proved true for a while, until bored, unemployed HR people started offering their services for free to their friends who still had jobs, figuring it was better to work and not get paid than to fall out-of-touch with the latest labor laws and let their skills get rusty. We quickly found that it was hard to compete against free.

During this two-year period, our gross revenue dropped by nearly 60%. There was one quarter, the dreadful Q4 of '02, in which I might've been better off if I'd just paid the staff to stay home. But we managed to turn a profit, hung onto our key staff members, and came out the other side of the downturn stronger than ever. Over the next five years, our gross revenue jumped by 500%, to more than triple our high-water mark from the halcyon days of the dotcom bubble.

So what does this have to do with the price of transistors in China? Well, given that we're once again staring into the abyss, I wanted to share some thoughts that I hope will be of help in these difficult times. First, I've prepared a list of tactics and tips for surviving and thriving in a downturn. Some of them may seem obvious, and not all of them will apply to every company and every situation. But as a successful businesswoman who's ridden the ups and downs of Silicon Valley's wildly gyrating business cycles, I feel obliged to pass on the many important lessons I've learned along the way. For *The CEO Survival Guide: How to thrive in an economic downturn, by a woman who has beaten the odds*, my guide to weathering the downturn, [click here](#).

Next, I'd like to take this opportunity to let you know what we're doing to help ourselves and, more importantly, our clients stay strong in the current climate. We never forget that your success—and I mean both you as a part of a corporation and you as an individual—is our success, and that without you there would be no VF&Co. So here's the latest news you can use:

- Unlike the last downturn, this time we're seeing lots of companies going through multiple rounds of layoffs, but few actually shutting their doors. Which means that, unlike the last time, the need for strategic HR professionals is actually increasing rather than decreasing, as companies require more sophisticated HR executives to lead them through the minefields of reductions-in-force, employee retention strategies, underwater stocks options, and the integration of corporate acquisitions. So in response, we're improving our core service, our HR Retained Search practice, by cutting our lead times, guaranteeing our clients a qualified slate of candidates within 15 days—a level of responsiveness unheard of in our industry.

- Given today's razor-thin margin for error, board members for companies of all sizes are realizing that having the right CEO at the controls is crucial. Organizations are especially concerned about the personality fit, since CEOs must be so closely aligned with company founders, outside directors, and the rest of the executive team. Because we're known for nailing this aspect in our HR searches, our clients have asked us to re-open our [CEO Search](#) practice, which in fact was how we got our start. In the current market, the task is two-fold: helping companies find candidates who fit into their corporate culture, and convincing reluctant, risk-averse CEOs to take leaps of faith with emerging technologies and fledging startup teams. We're currently conducting two CEO searches (see listings below). Please forward them to any great CEOs (or promising wannabes) that might be interested.
- In the spirit of doing more with less, we've made a few other changes to help you stretch the dollars in your HR budget. First, we've refocused our HR Consulting and Contracting practice, making it easier for clients to get even small compensation and performance-management projects done quickly and inexpensively. We've also opened a Compensation and Equity Hotline, where we'll answer your questions about salary levels, stock options, RSUs, and the like in real time. Just call (650) 614-0220. Finally, we're offering our clients a free hour of Compensation consulting: For more information, please email us at contracting@vfandco.com.

This month, I'd like to thank Jennifer Troia at Comentis for her support and referrals.

Take care,
Valerie Frederickson

Ask Valerie

Dear Readers: This month's questions are so way out there that I feel compelled to confirm that, yes, I really did receive these questions this month—two by e-mail, the third over the phone. —Valerie

Dear Valerie:

I am a successful investment manager in the New York City area. I am also, I'm told, very good looking. But that's not really important. I have met a waitress in a restaurant we'll call "Bar on the Green." I think she initially was interested in me because I gave her some stock tips that made her a lot of money. Anyway, one thing led to another and now she's demanding I hire her or she'll turn me in to the SEC. If I hire her, I'll have to get rid of my current analyst, let's call him "Dug." Dug is very good and has made me lots of money. But I have no particular allegiance to him and, frankly, if I can him now I'll be able to keep his share of the year-end bonus. My questions are: Do I owe her any part of Dug's bonus? What is an appropriate salary for somebody coming in at her level? And do I tell my wife?

- Worried in NYC

Dear Worried:

Glad to know this is how you money guys have been spending your time. Regarding your second question: What, exactly, do you mean by "her level"?

Dear Valerie:

Hope all is well for you. These are crazy times. As you know, I run a national financial services firm. I am going to be making some cuts and will be letting a few people go tomorrow. I have about 15 people in

our LA office and am going to cut five. Would you recommend calling them out one at a time or just calling all five out together?

- Wielding the Ax

Dear Ax:

I always say, if you hired them separately, you should fire them separately.

Dear Valerie:

I'm thinking about going back inside after trying to build a consulting firm for the past few years. I just don't think I can get the revenue I need to support my family in this market, and I miss the sense of contribution (as you told me I would). What is the market like? Is this a good time for me to announce a move or should I wait?

- Outside Man

Dear Outside:

The market is not great, but look at the alternative: not making much money for another two or three years, not contributing very much, and not having much to show on your resume. You either pay now or pay later. I find it usually pays off to pay now.

- Valerie

[VF&Co HR On Demand](#)

Would you like to have access to an at-a-glance feature of HR professionals who are pre-screened, pre-interviewed, highly motivated, and ready to go? Check our website for updated profiles on a variety of candidates from Human Resource Managers and Vice Presidents of Human Resources to specialists in the areas of compensation, benefits, and M&A.

Featured Candidate of the Month

Candidate 172 – Senior HR Business Partner with 20+ years experience supporting diverse clients

- Well-rounded business partner with experience in the medical, telecommunications, and semiconductor industries
- Generalist background, with experience in organizational development, employee relations, and training and development
- Hands-on work attitude and the ability to work efficiently with a team as well as autonomously
- Planned and implemented multiple Reductions-in-Force

For more information on this candidate and to view the rest of this month's featured candidates, [click here](#).

[Human Resources Executive Searches](#)

Featured Search of the Month

Director of Global Benefits (San Francisco, CA)

Leading technology company is seeking a Director of Global Benefits. This person will work closely with executive management to ensure this global company's benefits offerings are cost-effective,

competitive, and aligned with the corporate strategy. Ideal candidate will have experience working with vendors and consultants and have managed all aspects of global benefits, including open enrollment, vendor management, government compliance and executive compensation. An understanding of international pooling and expatriate programs is preferred. The ideal candidate should possess 10+ years of benefits and leadership experience with sophisticated organizations to include strong experience in a complex, global corporation.

Chief Executive Officer (Mountain View, CA)
Human Resources Executive (East Bay, CA)
Head of Human Resources (San Francisco, CA)
Senior Director of Human Resources (Boston, MA or Philadelphia, PA)
Human Resources Business Partner (Sunnyvale or Irvine, CA)
Director of Environmental Health and Safety (San Carlos, CA)
Director of Compensation, Americas (San Jose, CA)
Compensation and HRIS Analyst (San Jose, CA)

For more information on this position and to view more information on the rest of this month's HR Executive Search opportunities, [click here](#).

Industry Events

Plus Global Executives Summit
November 13, 2008 – San Jose, California
Plus Relocation Services Inc., a global relocation services provider for nearly 40 years, is hosting their 4th Annual Global Executives Summit, an educational networking event for global relocation professionals. This full-day event is designed as a forum for intimate, open conversations on issues impacting the field of relocation services and expatriate issues.