

[TALENT FUSION]

Personal Memo to Recruiting Professionals in 2009
David Pollard, President and CEO of TalentFusion

On September 30, 2000 I was Vice President of Recruiting for Keane, a \$1B IT services company in Boston. The next day I was CEO and Founder of TalentFusion.

At the time, many people told me I was nuts! Why would you leave a high flying executive job running a world class recruiting organization to start a company with nothing but an idea? This was before there even was an acronym RPO (Recruitment Process Outsourcing). You must be nuts!

Well, off I went with a buddy of mine from Keane, who was crazier than I, having left Keane two years earlier to start Augustine, Inc. (Pre-RPO Recruitment Outsourcing Firm), which we quickly transformed into TalentFusion. He became my COO and business partner as well as the best friend a man can possibly have. That friendship paid lot's of dividends later in the story.

The first six months were great. Having come out of IT Services at a time of rapid growth in that sector, I was able to quickly build a portfolio of IT clients that were really more like a bunch of friends from back in the day. That was great until like March of 2001 when the IT space went into nuclear winter. Nice. In six months I had taken my new company through the full business life cycle: Start-up, rapid growth, crash.

More importantly, I had taken my six figure steady income and magically transformed it into zero figure steady income. Furthermore, while the first six months were really fun ramping up, hiring lots of people, picking out office space, and generally spending like a drunken sailor, it really sucked to unravel all that as the meltdown in IT brought us into the abyss. I got a crash course, so to speak, in scalable business models. Clients stop hiring...Clients stop buying services...Clients stop sending checks. Pretty simple economics that they somehow failed to teach me in college.

So, TalentFusion limped along through the summer of 2001 leveraging our rapidly growing knowledge of scalable solutions. We figured we had maximized our domain expertise on the topic by early fall. At that point, we decided to hit the road to sell this new found recruiting capability to new clients in new vertical markets. So my COO and I found ourselves in Chicago engaged in deep discussions with an exciting new customer that would break us into new markets and get us back on a growth track.

We were just about to sign contracts that exciting morning when someone knocked on the conference room door. That was September 11th, 2001.

A week later, we learned that our Big Guns Wall Street backed ATS provider, who shall remain nameless, was suing us because we refused to accept delivery of their technology that did about a quarter of what it should do, and none of it the part that counts. Great. Your stuff sucks. It is like September 18th, 2001, you've got deep pockets, and you are suing us. Did you not read the newspaper today?

On top of that, we finally got around to reading the fine print in our office lease contracts. You know, the five year deals with major build-out complete with frosted glass on the CEO's corner

suite. We learned that office real estate guys don't understand scalable business models either. They also don't like to be educated on new fangled business models after they have spent a quarter of a million bucks building New Fangled Company, Inc. a state of the art office complex on two entire floors of their freshly constructed grade A high rise.

Right about the time the negotiations with the real estate firm started getting interesting, someone whispered in my ear that we had maxed out our credit line from the bank. This became the PhD of educational programs on scalable business models. We learned that bank guys have even less of a sense of humor than real estate guys. We also learned, to our great surprise, that bank guy knows real estate guy. Go figure.

What could be more fun than tag team wrestling with secured lenders to whom I owed more money than I had in the entire world?

The only thing better would be if you and your spouse had also just decided that she should leave her powerhouse six figure plus IT executive job to stay home and raise recently arrived baby number three. That would better, wouldn't it?

So, we celebrated our one year anniversary of the opening of TalentFusion with some mixed emotions. What a mixed up year it had been. Six months up...Six months down. Done.

In college it had taken four years to teach me what in only one year I could completely dispel. What a thrill.

In October, we sat down with our accountants and lawyers and learned the final cost of our education. I was \$1.5 million under water.

This was way more than my 401k.

Attorney guy says, "It's simple. Sign here and your troubles go away."

Attorneys have about as much of a conscience as real estate guys, banker guys and unscrupulous ATS software guys.

Problem was I am none of the above.

Furthermore, I am blessed with a very strong spouse and life partner, who was becoming increasingly interested in what we were doing with her lifesavings. With perfect clarity, she looked at the group of confused and depressed TalentFusion executives and the salivating Armani suit wearing attorneys and raised her voice:

"Did you forget who you are? You're a handshake guy. You shook hands. We ain't signing no stinking papers. Now you, Mr. CEO-man, snap out of it and go fix your company."

Her moment of clarity turned into a rallying cry which turned into a mission statement which changed my life and forever my view of what business is all about.

Attorney guy looks over at me and tells me I am as nuts as my friends told me I was when I started TalentFusion twelve months before. I found that ironically interesting and a bit perplexing.

We walked out of the attorney's conference room shaking like a leaf. We looked back just in time to see attorney guy shaking his head like a leaf as he closed the door on us.

Now what do we do? We have negative cash flow. We owe more money than we can ever repay. We have no deals in the pipeline. It is October, 2001 and the world is just a little pre-occupied to worry about TalentFusion. We are on our own.

But.

But.

We did the right thing. Scared to death with nothing but difficulty ahead, but we did the right thing. We are going to make it right with each and every company and person that did business with TalentFusion during that memorable year. That was our oath. We really did not even know if the business would survive or not, but we were going to honor each and every commitment.

So, we sat down with the real estate guys, the banking guys and all the vendors with whom we had done business. We acted honorably and openly with all of them and restructured and made arrangements to begin making payments against all obligations. They all knew we could have bailed, but didn't. They respected what we were doing and that helped greatly in shaping both their view of us as business people and in shaping the flexible terms they now were willing to extend. We ended up becoming very good friends with these guys. I go on a great baseball trip every summer with banker guy.

Amazing.

Plus we paid back every dime over the next two years.

A special recognition is warranted here. My buddy from Keane turned COO of TalentFusion was the driving force behind the operational clean-up action. His diligence and integrity paved the way for all that transpired with the aforementioned business relationships. Thanks amigo.

Furthermore, my very strong spouse and life partner spent nights on the internet learning phrases like 'estoppel' and 'affirmative defense' and convinced our just-out-of-law-school attorney that we had to hire, cause the case against us was in another state, that the suit against us was frivolous, wrongful, and what's more, they owed us ten million dollars in damages. Hm...I liked that.

In early November 2001, as we were beginning the first steps of this tough love plan to honor our obligations, I got a call.

It was from a good friend back at Keane. She informed me that Keane was in the process of buying a good sized publicly traded IT Services firm. I thought that was interesting.

She then told me that my name had come up as a possible choice to head the post-merger integration of all the combined recruiting organizations, systems, processes, etc. She said that the integration project would be awarded as a consulting contract at a rather lucrative bill rate and asked if I would be interested. Hm...let me think about it.

The Keane integration project lasted over a year. I plowed every penny of those billings back into TalentFusion to pay off our debts. Thanks to the generosity of Keane, which I will never forget, that money took a big dent out of our problem. On the flipside, I never worked so hard and it was the most successful project I have ever executed.

Then one day out of the blue, as I was working on the Keane project, our attorney called and said that the ATS company was dropping the lawsuit, A new CEO had been hired by the ATS firm to fix their shoddy systems, and he could not believe they were perusing litigation. Wow!! OK, we didn't get ten million dollars, but that scene from a Kafka novel was over. That was a happy day.

Over the next two years, we systematically paid off each and every obligation we had incurred. We also picked up a few new clients in new industries and really learned who our friends were.

A special note of thanks is appropriate here to my dear friends over at BearingPoint who really came through with some much needed work at pivotal moments over those tough years and became the best of business partners to me and TalentFusion. Hang in there you guys. All will be well.

The story of that tough year and the decision to plow ahead as opposed to pitching it in is really a preamble to the core message I want to convey.

Over the past 4-5 years since we emerged from that tough time, TalentFusion has flourished. We are a small, but successful boutique RPO consultancy that enjoys a good track record with numerous reference-able client case studies. I believe the core values that drive our delivery and client commitment were established late in 2001 in our decision to hang in there at a time when many others told us we were nuts.

This is not to say that we have not taken a hit due to the current economic conditions. Like everyone else, we are not immune to the ebbs and flows of the marketplace.

What I am saying is that the experience of 2001-2003 prepared me for the next tough time, which is now. I now know that this too shall pass and that really brighter days are ahead for all of us in recruiting and the RPO profession.

I also believe that when times are tough, it is really important to do the right things. I am not sure and will never really know if there was a connection between our decisions in late 2001 and the good things that happened to us over the subsequent years. I do tend to think that when decent people do the right things that may not be the easy things, good things eventually happen to them.

There is no doubt that 2009 is a tough year. 2001 was a tough year. 1993 was a tough year. 1981 was a tough year. In between those years, we enjoyed incredible growth and prosperity the likes of which the world has never seen.

2009 will pass. Glimmers of growth have already started to appear. The next upswing will be tremendous for recruiting professionals. The underlying fundamental trends remain heavily in our favor. Hard to find skills will become more scarce, the baby boomers are retiring, technology continues to amaze and will suck up all available talent required to innovate and compete, etc., etc.

Your profession, our profession will thrive. Whether you are a corporate recruiter or an RPO service provider, better days are on the way. It is only a matter of time.

The real question is what will we learn and how will we act during this downturn?

My experience tells me that recruiting professionals that re-tool or upgrade their skills will emerge with a competitive advantage. The world of recruiting is changing rapidly. We need to lead the change and come out the stronger for having done that.

That is what TalentFusion is doing during this downturn. We are investing in technology, improved processes and pursuing just about any idea for a best practice that might give us a competitive advantage once we get out of the woods.

The question is not will we weather the storm, but rather how we weather the storm. In my view, we must elevate our profession and ourselves as professionals. We must act honorably and do the things we say we will do. Every day. Not just on the good days. I learned that from Mr. John Keane Sr., founder of Keane. Thank you, John. I will never forget.

If we do the right things that may not be easy, given the tough times, I believe we raise ourselves above our situation, no matter how dire. We become stronger people for having done the right things and, fittingly, better equipped to fully enjoy the fruits of our labor in the next harvest, which is just right around the corner.

So, what will you do?

Best wishes,

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