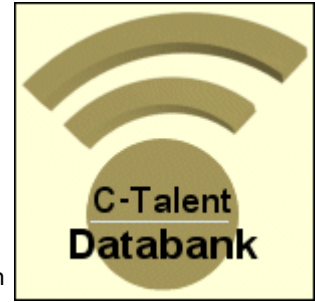


## Human Capital News Update

**INTERVIEW: PEDERSEN & PARTNERS FOUNDER FORECASTS STABILIZING RECRUITMENT MARKET AS COMPANIES INVEST IN HUMAN CAPITAL FOR THE LONG TERM**  
10/16/2009

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Pedersen & Partners was founded in 2001 and currently operates 37 wholly owned offices across the globe. Poul Pedersen is the founder and managing partner of the firm and oversees the firm's private equity and venture capital practice. Mr. Pedersen has conducted executive search assignments since 1995 and has completed over 400 searches in his 14 year career. In the following interview, Mr. Pedersen discusses the executive search market in Central and Eastern Europe as well as his firm breaking into new regions.

*How has Pedersen & Partners performed this past year and how is the firm positioned for the upcoming six months or so?*

In the fourth quarter of 2008 Pedersen & Partners lost money for the first time since the firm was founded in 2001. In November 2008 we reduced costs, which involved decreasing head count and consolidating our office space. Since then, however, we have not done cost reductions, and already in the second quarter of 2009 started to selectively hire consultants. In the first half of the year we have been profitable, with autumn also looking positive, as we will again show profit in the third quarter. We feel well prepared and optimistic that we are able to take advantage of the great opportunities that this crisis is giving us.

*What regions are performing the best and which are struggling?*

Middle East and Africa, except Dubai, are doing well. In Central and Eastern Europe markets like Poland and Czech Republic are much less impacted than some other countries, while Ukraine and the Baltics have been adversely impacted. The countries which in the past have had lots of growth and lots of leverage were also among the first ones to go down.

*Has your firm been adding consultants, expanding into new regions or adding any new practice areas during the year?*

The flexibility of our business model enables our consultants to work not only in the country where they are based, but in any market where we operate in order to provide the necessary expertise and support to our clients. Since the second quarter of 2009 we have selectively been adding new consultants in the offices and practice groups where it was beneficial to our clients. In December 2008 we also opened Johannesburg as our first of several offices to follow in Africa.

*What are some trends in the CEE recruitment markets and how were these markets affected by the global economic downturn?*

Some countries like Ukraine and the Baltics were probably the worst hit in the world. Recruitments and salaries have been down significantly. In general, the beginning of 2009 was characterized by a slowdown and hiring freezes across the majority of industries and markets. This happened due to companies either not willing to make the necessary changes in their top management to adjust to the new realities, or companies not willing to take the risk to attract high quality managers in the future in the uncertain business environment. The markets are stabilizing, however, and we see much more activity in the recruitment of senior executives as companies are now actively getting back on track and considering their future strategies. This is where excellent executive teams will make a difference and will navigate the organizations through the crisis.

*What industries suffered the most and which have remained recession-proof?*

As expected, the financial services industry has experienced significant decline, however in the CEE region the most impacted industry was real estate and construction. Real estate has been experiencing a real boom in many of the CEE countries, however due to uncalculated risks, shortage of experienced managers and lack of financing, many of the projects have come to a stop and many of the players

have disappeared from the market. The decline has not affected all of the industries however -- consumer products and pharma & healthcare still remain strong.

*How are companies responding to the market changes and what solutions can the recruitment firms offer to help them?*

In tough economic times companies must be able to keep in sight their long-term goals of bringing value to shareholders and stakeholders. Therefore, outplacement is the obvious service -- the demand for which has significantly increased lately. There is also a lot of real executive search needs as many of the companies are realizing the changes they need to make within their top management teams and attract the executives who are able to handle the crisis.

*What are some new realities for the executive search industry and employers?*

Executive search firms with loans have gone down or are in the process of doing so. It just proves that funding growth based on debt instead of equity is high risk in this sector. As for the employers, the current tough conditions caused them to think harder about investment in human capital, as well as to refocus and realign their strategies. More candidates in the market does not mean higher quality candidates, and this is especially true for the executive sector as there continues to be a shortage of qualified experienced managers in many business sectors.

*What lessons is the recession teaching search firms and executives?*

Executive search firms are learning that quality and strong relationships with clients prove of value now. In a boom market everyone can be successful, but now many of the smaller firms that entered the market at the peak of economic development are closing down. Executives must concentrate on developing the skills of managing a crisis, as experience gained in the developing and expansion phases is not so relevant at the moment. Those who took a sabbatical brake before the crisis started found it very difficult to get back in.

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