



Encore Proposal

The McConnell Group/CEO Resources

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Introduction

Companies today are faced with an increasingly competitive economy and a shortage of highly skilled workers to help meet the difficult challenges ahead. At the same time, a demographic revolution has led to earlier retirement and longer life expectancies. Extremely educated, skilled retirees represent a crucial resource that has yet to be successfully tapped.

Creating an innovative alliance between companies and retirees is the solution. Companies will benefit from the depth of experience and innovative thought that retirees bring, while retirees will take advantage of the opportunities for continued growth and development.

The McConnell Group, working together with its partner CEO Resources, can deliver the skills necessary to create this alliance. We have a long history of coalition building. We work collaboratively with our partners to solve the complex business needs of our clients.

A minority-owned company, The McConnell Group embraces diversity in people as well as in thought. Our “high touch” approach means that companies and retirees benefit from skilled, direct, face-to-face interaction. And our extensive experience – in R&D, business, engineering, science, and technology – means that we understand the needs of everyone involved.

Our partner, CEO Resources, is an authority in recruiting for innovative, emerging technology and life science companies. Experienced at managing and motivating a large group of highly skilled innovators, CEO Resources has worked with global industries across domains. With a wide professional and personal network of venture capitalist and referral sources, CEO broadens the scope of capabilities we can deliver.

Together, the McConnell Group and CEO Resources bring an entrepreneurial spirit and a proven ability to create start-up organizations to the Encore experience. We form a powerful, high-quality management team with both the people and scientific skills needed to create a successful, alliance-based company.

Most of all, we bring proof of the value that alliances can create.

The Situation:

- ◆ Increasingly competitive economy
- ◆ Shortage of highly skilled workers

The Solution:

- ◆ An alliance between retirees and companies

The Business Need

Market Opportunity

According to a study conducted by the Hudson Institute¹, five forces will reshape economic growth in America:

1. Rapid technological change
2. Further global integration of the US economy
3. Rapid economic growth in certain developing nations
4. Deregulation and liberalization, both nationally and globally
5. Demographic changes as the baby boomers retire

Operating together, these forces will alter the face of the American economy in the following ways:

- ▶ The market for products, services, and capital will become broader and deeper.
- ▶ Goods and services from local markets will expand.
- ▶ Competition will increase throughout the economy. The shift from goods production to service production will continue.

Opportunities for Corporate America

In short, companies must find innovative ways to survive and grow. Research and Development departments in many corporations are trying to streamline their infrastructures, reduce costs, and increase speed of production.

This requires the contribution of personnel with the depth of knowledge and experience necessary to support change.

Retired executives can provide the answer. Studies show that an experienced retiree can save companies both money and time. The broad areas in which companies have identified a need² for highly skilled retirees include:

- ▶ Prospecting
- ▶ Solving specific technological problems
- ▶ Developing networks for connections
- ▶ Hypotheses testing

Case Study #1

In May, 2003, a \$5 million contract was awarded to The McConnell Group, Inc. that provided only a 7-day start up to become fully operational.

The McConnell Group took over the contract, including a staff of 50 contractors, effective June 1, 2003. The services provided include research support with the Department of Defense located in San Antonio, Texas.

Case Study #2:

The Environmental Protection Agency awarded The McConnell Group with a 5-year contract in Cincinnati, Ohio. The actual transition time for the 5-person contract was three business days. The McConnell Group acquired the research staff on time and is in its third year of successfully managing the research facility.

¹ Richard W. Judy & Carol D'Amico. Workforce 2020. Hudson Institute: Indianapolis, IN.

²Procter & Gamble Presentation for [you]Encore, May 2003

Opportunities for Workers

The growing demand for highly skilled experts, coupled with a retiring workforce, has created a need for new and creative approaches to employer-employee relationships.

Today's retirees³:

- ▶ Have longer life expectancies
- ▶ Are highly educated and healthy
- ▶ Demonstrate a desire to stay active and involved
- ▶ Require social connections and friendships
- ▶ Manifest an inner drive to continue their achievements, retain their vitality, and seek intellectual challenge

Many of these retirees are open to new opportunities that allow them to continue contributing while still enjoying all they have gained in retirement from full-time employment. This suggests a niche market that can meet a new requirement for organizations. The new requirement is a network society built upon relationships between organizations and the individuals who worked for them. The relationships among the separate organizations must also be taken into account. The model for the network and its benefits is described below.

Benefits of the New Model

There are three classes of customers in this model:

- ▶ the individual companies
- ▶ a consortium of companies
- ▶ the retirees

The model can be viewed as a web in which companies link to form a consortium. The consortium is connected with individuals, who are in turn linked together by their community of interest.

Member companies benefit individually because they do not have to set up and manage the process themselves. They also gain access to a fully functional program that adds value to their human resource offerings.

Consortium Benefits

The consortium benefits through opportunities for the cross-fertilization of concepts and ideas as retirees contribute across member companies. Members

Case Study #3

A major pharmaceutical firm planned to outsource their research staff due to limited business development opportunity. The site was being considered for closure. The Head Veterinarian had moved to another position, leaving the Facility Manager and staff without direction or scientific support. The McConnell Group met with the Executive Vice President of the company and identified opportunities to bring in new business to the facility. Additionally, the McConnell Group provided research support personnel and training to complement the existing team. Over \$10MM in revenues have so far been generated from the new business opportunities.

³ Marc Freedman. 1999. Prime Time. Public Affairs Publishers, New York: NY

also gain access to complementary expertise and existing bodies of work that would otherwise consume too many resources to pursue internally.

Company Benefits

The R&D companies benefit by having the best and brightest help solve complex issues. The companies in the consortium will have access to experienced senior level individuals who can provide novel thinking to their processes. A by-product of companies sharing their complementary technologies, their capabilities, and their distinctive market access can be niches that develop into businesses never previously anticipated.

Retiree Benefits

The retirees benefit by taking on challenging, fulfilling assignments that enable them to continue their achievements. Experts will be able to connect with other experts who have shared interests and experience.

Other Benefits (Relationship Management)

- ▶ Ability to develop and maintain relationships with company project leaders, HR Managers, etc.
- ▶ Ability to move retirees across domains
- ▶ Face-to-face interactions with company and retirees
- ▶ Feedback mechanism to measure companies' satisfaction
- ▶ Mechanism to maintain high quality and talented retirees

Near Term Marketing Strategy

We will begin implementation by working with Procter & Gamble to beta test the concept and install processes. Additionally, we will initiate meeting with potential member companies who have expressed an interest to join the consortium in the first year.

Longer Term Markets (Years 2-5)

Encore will work with the consortium members and identify companies with complementary technologies. These markets will include the following industries:

- ▶ Pharmaceutical R&D
- ▶ Consumer Products Companies
- ▶ Biotechnology
- ▶ Electronics and Technology-Driven Organizations
- ▶ Packaging Companies
- ▶ Academia

Case Study #4

A major R&D institution developed a venture arm to spin out new technologies and create standalone companies. CEO Resources helped this company locate leaders for these new ventures and was retained to perform executive search for senior management.

- ▶ Federal Government Agencies such as NASA and Department of Defense

Summary

Current economic conditions, along with today's rapid technological advances and the loss of skilled experts from the workforce, provide an opportunity to establish a new business model that meets the developing need for retaining expertise and value. We propose to build a consortium of complementary companies who will refer highly skilled retirees to the network. These retirees will be available for assignments across the consortium. Companies will benefit from this pool of expert workers, while retirees will benefit from the opportunity to continue their achievements and interact with their peers.

Case Study #5

The University of Pennsylvania Technology Transfer Department and an investor partnered with CEO Resources to recruit a CEO for a university-grown technology. CEO Resources provided the appropriate leader, producing a major return on investment to all parties.

Services

Encore will provide high quality relationships to support our customers, including the individual companies, the consortium of companies, and the retirees. With the extensive experience in R&D and new service/company development that our alliance brings, we can tailor Encore to meet the complex needs of all participants.

We will deliver a combination of the best practices of human resources outsourcing, executive search consulting, and project management. The result – high touch relationships with a high technology underpinning – will support a new class of “retired” talent that consists of extremely skilled and sophisticated workers. Companies will be able utilize these “wisdom workers” for problem solving, research, and project advancement.

For Retirees:

Assumptions:

- ▶ Retirees want to receive VIP treatment
- ▶ Retirees would prefer to be in an “exclusive” expert group
- ▶ Retirees are accustomed to being part of “premier” companies
- ▶ Retirees will benefit from additive service

Phase	Services
Pilot period	<p>Hold meetings for retirees/pre-retirees at each member facility (co-sponsored by employer and Encore) to introduce Encore, carry out individual assessments, and register retirees into Encore system.</p> <p>Orientation sessions would be customized to the individual’s current employment situation. We assume there are three types of employment:</p> <ul style="list-style-type: none"> ▶ Currently retired ▶ Contracted retiree on assignment at company ▶ Employee within 12 months of retirement <p>Topics to be covered at orientation sessions would include:</p> <ul style="list-style-type: none"> ▶ Description of Encore’s programs and services ▶ Explanation of legal agreements and limitations ▶ Distribute introductory materials, such as a brochure, guide to retirement, etc. ▶ Distribute application to enroll in Encore

Retiree Benefits:

- ◆ Smooth transition
- ◆ Accurate and clear understanding of the needs of the retiree
- ◆ One-on-one relationship with an Encore representative
- ◆ Assessments of the skills and interest of the individual
- ◆ Individual learns about services to be provided and the process
- ◆ Transition meeting at facility with co-sponsorship helps facilitate the process
- ◆ Retiree will have access to a network of professionals
- ◆ Compensation questions addressed
- ◆ Opportunity for intellectually challenging projects across a spectrum of corporations

	<p>Enrollment Sessions will be follow-up the orientation. These sessions will occur in person, over the telephone or via the Internet, as determined by the preference of the retiree.</p> <ul style="list-style-type: none"> ▶ Contracted retirees will be enrolled at their locations ▶ Currently, retirees will either come to their former locations or will receive a telephone interview ▶ All retirees that show interest in the program will be contacted one month after retirement (Encore materials will be distributed by their company at retirement) ▶ Determine retiree's interests, skills and expertise as well as expectations regarding assignments, availability, compensation and entry into Encore database <p>Provide to retirees:</p> <ul style="list-style-type: none"> ▶ Contact information for retiree's Encore liaison ▶ Web site access, with chat rooms ▶ Member help-line ▶ Personalized Encore business cards ▶ One "lunch and learn" program at each site ▶ Guidebooks on topics such as "Working after Retirement" ▶ Other documents and materials relating to Encore's programs and services ▶ Finder's fee for referring "requested" scientist not enrolled in Encore <ul style="list-style-type: none"> - Match retiree with assignment - Awards program at each site for significant achievements
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Member Company Benefits:

- ◆ Clear understanding of the technology and skills required by the member company
- ◆ Easier access to a pool of expert retirees
- ◆ Encore representatives are principals in the company
- ◆ Established relationship with the project leader to assure continuity
- ◆ Third party management for support on human resources and legal issues
- ◆ Services to be provided are outlined clearly and the process works
- ◆ Agreement regarding expectations and performance requirements
- ◆ Knowledge about the restrictions placed on member's retiree population
- ◆ Infusion of non-company retirees

For Member Companies:

Phase	Services
Pilot	<p>Meet with HR and on-site liaison to assess potential Encore enrollees:</p> <ul style="list-style-type: none"> ▶ Identify current population of individuals who will be retiring and who qualify for the service, as well as any retirees currently under contract ▶ Develop logistics for meeting with the retiree population ▶ Identify the intellectual property restrictions imposed on the retirees based on type and level of their position with the company and the time limit on the restrictions. <p>Meet and consult with company managers identified to describe the type of needs required with respect to:</p> <ul style="list-style-type: none"> ▶ Technology interest ▶ Projects requiring services and the project scope ▶ Mutual agreement on which assignment are priorities ▶ Agreement of the criteria used for selecting an individual or group of individuals ▶ Assembling "innovation teams", with diverse backgrounds to address specific or general needs or as advisory members ▶ Timeline for the assignment and expectations for the assigned individual

	<ul style="list-style-type: none"> ▶ Create in-depth criteria on engagements and outcomes ▶ Feedback process to include the point of contact for measuring performance <p>Match retiree and company</p> <ul style="list-style-type: none"> ▶ Provide profiles of retirees targeted as matches for company assignments ▶ Work with company managers and on-site liaison to evaluate targeted retirees and select appropriate candidate for assignment ▶ Perform “due-diligence” on final candidates, which could include personality and emotional intelligence assessments ▶ Make arrangements for background screens and physicals, as necessary ▶ Monitor performance and outcomes from perspectives of company and retirees on pre-determined schedule with the liaisons
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For Consortium Of Companies:

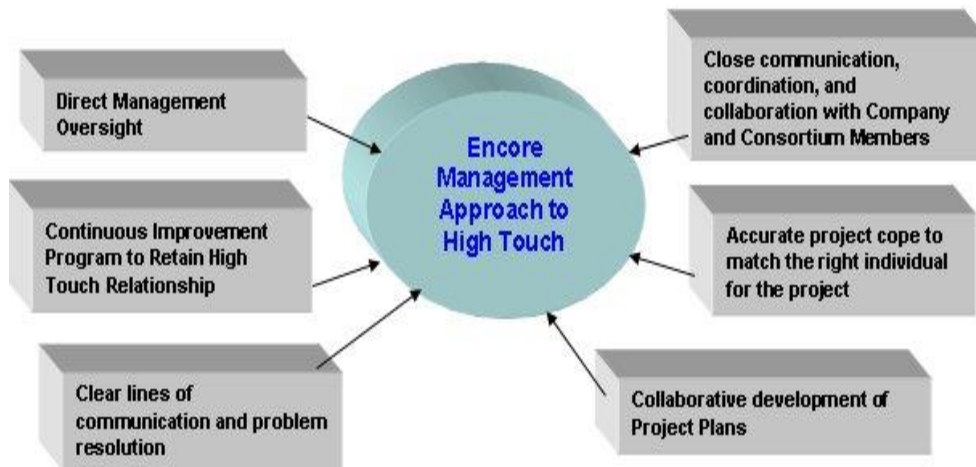
Phase	Services
Pilot	<p>Access to an up-to-date and constantly expanding database of executive retirees from across member companies giving you:</p> <ul style="list-style-type: none"> ▶ Prequalified, skilled candidates ▶ Assessments of capabilities and interests ▶ Information on availability and compensation ▶ Completed and signed disclosure documents on file <p>- Cross-fertilization of ideas to expand product development</p> <p>- Additional potential to lead to other deals, joint ventures, and joint developments</p>

The High Touch Relationship Map

The illustration below shows how working closely with a Consortium Member to develop comprehensive and responsive Project Plans will provide clear direction and effective management.

Consortium of Companies Benefits:

- ◆ Opportunities for cross-fertilization and new thinking
- ◆ Ability for prospecting and finding new ideas
- ◆ Resources for solving a technology-defined problem
- ◆ Opportunity to make new connections via having access to leading experts in the field
- ◆ Ability to advance projects



Additional Encore Services to be Provided after Pilot Phase

To Retirees:

- ▶ Additional “lunch and learn” sessions on a variety of topics related to employment and post-retirement issues outside of the initial orientation
- ▶ Conferences and symposia from Encore retirees
- ▶ Membership cards offering discounts on targeted services
- ▶ Opportunity to buy into group benefits such as financial and insurance services, etc.

To Consortium Members:

- ▶ Innovation Pod
 - Facilitate innovation teams, with the member company serving as the project leader and the executive retiree serving as the advisory team member. The purpose of these teams is to develop novel ways of approaching technology/scientific problems.
- ▶ Creation of Technology Communities
 - Identify core community practices across the member company or domains to share knowledge
- ▶ Organization consulting services
- ▶ Formalized “user-group” that not only evaluates the Encore services, but helps to design elements and fosters increased cooperation and collaboration
- ▶ Become spokespersons for Encore services at conferences and with the press

Additional Services are provided to retirees and consortium members after the pilot phase.

Management

Company Background

The McConnell Group, Inc. (TMG) has a seven-year history of successfully supporting biomedical research operations at government agencies, pharmaceutical firms, research farms, and universities. Building on over twenty-two years experience of Dr. McConnell, our founder and President, we deliver services such as:

- ▶ Operation and management of laboratory facilities
- ▶ Supporting biomedical research with animal models
- ▶ Providing the care and maintenance of laboratory research animals
- ▶ Scientific consulting
- ▶ Recruiting scientists and technicians
- ▶ Training

The Management Team

The quality of a company's management team is the difference between success and failure. The best idea or technology will fail if a management team cannot execute the plan. The mantra that venture capitalists live by when appraising potential investments is: "Our evaluation is based on three things – management, management, management." TMG also lives by that belief – which is why our enterprises are successful.

The McConnell Group, Inc. has designed a management team to include an alliance partnership with a highly successful executive search firm, **CEO Resource Services, Inc.** CEO Resources has served over 300 emerging technology clients. Key to this company's success is expert management consulting, business development, and relationship management.

Working with venture capitalists, CEO Resources pioneered in building the management teams of fast-growth companies – including their own. The CEO team members include a mixture of senior business executives and scientific and technical management. CEO has vast experience in scaling up to meet quickly emerging opportunities.

Together, McDonnell and CEO form a powerful, high-quality management team with both the people and scientific skills needed to create a successful, alliance-based company.

The McConnell Group, Inc. provides consulting services in the life sciences and human resource practices to biomedical research companies such as:

- ◆ The U.S. Environmental Protection Agency
- ◆ The Centers for Disease Control
- ◆ J&J Consumer Products
- ◆ Ellegaard Minipigs USA
The University of Delaware
- ◆ Lampire Biologicals
- ◆ R.W. Johnson
Pharmaceutical Institute
(Johnson & Johnson)
- ◆ SmithKline Beecham
Charles River
Laboratories
- ◆ Bristol Myers Squibb
Schering-Plough
- ◆ Tuskegee University

Helene Rodriguez, EdD

Ms. Rodriguez has over twenty years of human resources experience in the biomedical research field supporting the pre-clinical staff, including laboratory animal science staff for a wide variety of organizations. Her work includes consulting with senior managers and their staff on human resource issues. These issues include recruitment, training and development, career and management development, managing diversity, and employee relations.

Helene has worked for SmithKline Beecham Pharmaceuticals, Wyeth, at the National Cancer Institute, and the Department of Defense. She holds a Bachelor's degree in the Natural Sciences from Fordham University and a Master's degree in Health Care Administration from New York University. She also holds a Doctorate in Education from NOVA Southeastern University.

Ms. Rodriguez is on the faculty of Rosemont College Accelerated Degree Program, where she teaches working adults ages 25-60 the following courses: Diversity Management, Career Planning, Human Resources Development, Performance Improvement, and Workplace Redesign. Ms. Rodriguez is currently the Executive Vice President of The McConnell Group, Inc.

R. Linda Resnick

A lifelong innovator, Linda established CEO Resources in 1989, pioneering executive search in the high-tech and life science sectors. She has since led the firm in recruiting high-level executives for hundreds of technology and service-based companies in the region and is an early stage venture investor.

A natural advocate and spokesperson, Linda has lead services for women and children, spoken on critical career issues and entrepreneurial business, and contributed to the formation of economic development organizations.

With over 30 years of executive search, general management, and human resources experience, Linda speaks nationally on topics such as change management and entrepreneurial hiring. She authored *A Big Splash in a Small Pond* (Simon & Schuster), the first book to distinguish between finding a job in small and large companies.

Linda previously directed a business development and recruiting program at the University City Science Center. She's also held management positions in human resources and marketing at ARAMARK (ARA Services) and Unisys (Sperry) Corporation as well as a teaching position on a university faculty. Linda holds a Masters Degree in counseling from West Chester University and a BA from Wheelock College.

CEO Resource Services, Inc. provides high touch, consultative services for hundreds of innovative technology and service-based companies.

- ◆ Pioneer executive search firm in the high-tech and life science sectors
- ◆ In-house skills of business development, consulting, executive search, technology and network administration, and finance
- ◆ Broad professional and personal network of Venture Capitalist and referral sources
- ◆ Wide network of contacts in diverse businesses, and specific contacts in the R & D Departments of Rohm & Haas, DuPont, and Sunoco
- ◆ Advisory Board of 8 senior level retired executives
- ◆ Participated in the formation of other collaborative efforts, including the Institute of Electrical and Electronic Engineer's Consultants Network, Womens Way, BioAdvance, Bucks County Partnership, Pennsylvania Innovation Network, and 3E Institute
- ◆ Developed and maintain a candidate and sourcing database of over 20,000
- ◆ 100% women-owned corporation

The Pennsylvania Department of Community and Economic Development honored her among Pennsylvania's 50 Best Women in Business for 1998. Linda is actively involved as a member of the Executive and Development Committees of the Philadelphia Academies and co-sponsored the Information Technology Academy. She is a member of the advisory board of the Institute for Educational Excellence and Entrepreneurship at West Chester University and active in many international associations.

Ellie Cantor, Ph.D., MBA

Ellie has had a successful career in executive search since entering the field in 1990. After six years with Krow Associates/Ruderfer and Co., Ellie and her partner, Barry N. Jones, Ph.D., established CJ Resources in 1996 as a search and consulting firm serving the biopharmaceutical community.

Previously, she worked in the pharmaceutical industry, first as an assistant member of the Roche Institute of Molecular Biology and then as a biochemical pharmacologist for Berlex Laboratories, Inc. Ellie holds a B.A. in biochemistry from the University of PA, an M.S. in pharmacology from the University of the Sciences in Philadelphia for the Drexel University College of Medicine, and an MBA from Montclair State University. She has authored or contributed to many scientific publications as well as articles related to executive search and career development. She is a member of several professional societies, was President of the Philadelphia Chapter of Association for Women in Science, and currently serves as President of the Alumni Association of Drexel University college of Medicine.

David K. Johnson, DVM, ACLAM

David is a scientists' scientist. He has a broad understanding of diverse fields, along with a natural gift for building rapport.

His career includes the National Institutes of Health, academia, pharmaceutical R&D, and consultation. Academic appointments include Jefferson Medical College, the University of Pennsylvania School of Veterinary Medicine, and the Department of Comparative Medicine at the University of Washington. During his pharmaceutical experiences, he was Director of Laboratory Animal Resources, Director of Comparative Medicine, and Director of Safety Assessment.

His IACUC experiences range from the inception of IACUC committees, defining their function and responsibilities, right through implementing this process for the scientific staff and the laboratory animal staff. He continues to provide consistent input on the ethics of animal care and use.

The Alliance:

Together, McDonnell and CEO form a powerful, high-quality management team with both the people and scientific skills needed to create a successful, alliance-based company.

His current consulting experiences include major pharmaceutical companies, biotech companies, and academia. He is well experienced with IACUC responsibilities, AAALAC accreditation, GLP scientific studies, clinical care of laboratory animals, research facility design, comparative medicine, and animal model development.

He is the former President of the American College of Laboratory Animal Medicine, the American Association of Laboratory Animal Practitioners, and the District of Columbia Academy of Veterinary Medicine. He has over 130 publications and presentations.

David received his veterinary degree from Michigan State University and a Master of Science in laboratory animal medicine from Texas A&M University. He is a Diplomate of the American College of Laboratory Animal Medicine.

Encore Management Team's Roles and Responsibilities

Role	Major Responsibilities	Completed
Managing Partner (1) Provides leadership in the management of this venture, focusing on contracting, scientific project management, and infrastructure oversight.	<ul style="list-style-type: none"> Complete the Master Contract and initial legal systems/documentation Meet with company R&D and HR reps and close 2 company contracts Perform initial Dept. needs assessments for two companies Hold 3 types of retiree orientations and enrollments for two companies Hold Encore review meetings with each company Participate in business development activities Add 4 additional company members 	1 st Quarter 1 st Quarter 1 st Quarter 2 nd Quarter Quarterly End of Year 1 End of Year 2
Managing Partner (2) Provides leadership in the management of this venture, focusing on business development, recruitment and	<ul style="list-style-type: none"> Meet with R&D and HR reps and close 3 company contracts Perform initial Dept. needs assessments for three companies Hold 3 types of retiree orientations and enrollments Facilitate 2 Consortium meeting Develop marketing 	1 st Quarter 1 st Quarter 2 nd Quarter 4 th Quarter

The Management Team:

Helene Rodriguez, EdD

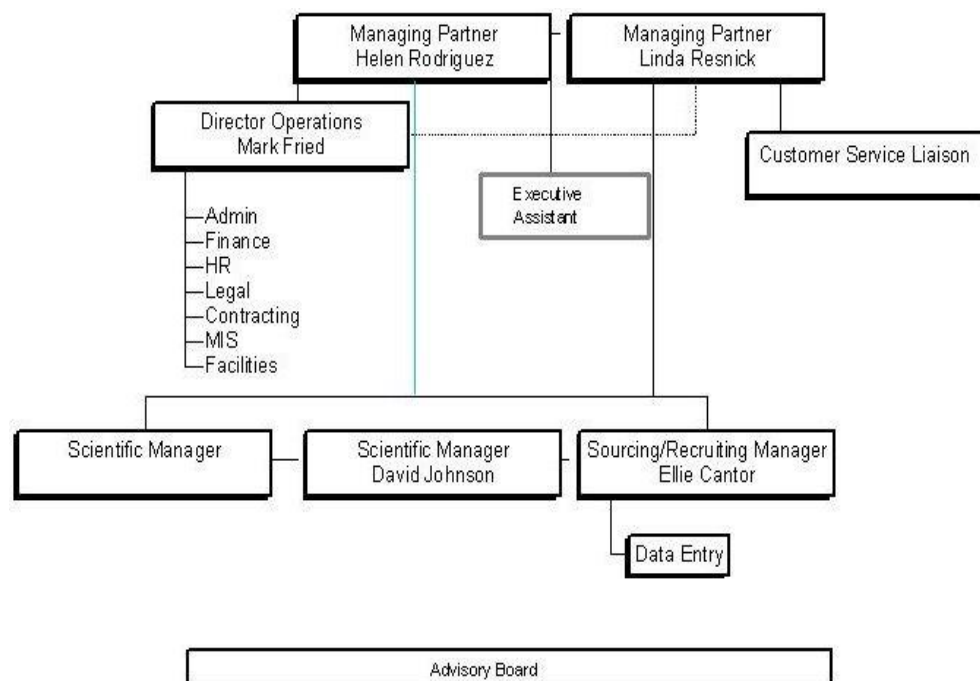
- ◆ 20 years of human resources experience in the biomedical research field, including SmithKline Beecham Pharmaceuticals, Wyeth, the National Cancer Institute, and the Department of Defense.

marketing.	<ul style="list-style-type: none"> campaign, materials and website ▶ Contact target list of companies by letter, phone and visit ▶ Add 4 additional company members 	2 nd Quarter End of Year 1 End of Year2
Manager, Sourcing & Recruiting Directs database customization and administration, enrollment of retirees, and sourcing/recruiting .	<ul style="list-style-type: none"> ▶ Customize Encore database ▶ Intake all current company retirees ▶ Assist in position/project specifications ▶ Intake all interested company retirees ▶ Recruit from outside the database ▶ Delivers qualified candidates to companies in agreed timetable 	1 st Quarter 1 st Quarter 2 nd Quarter 2 nd Quarter & Ongoing 3 rd Quarter Ongoing
Scientific Manager (s) Provides account management expertise for ascertaining specific scientific requirements and serves as the main interface with the R&D department.	<ul style="list-style-type: none"> ▶ Develop detailed requirements for retirees with Managing Partners ▶ Hold in-person enrollment with current retirees and local interested retirees ▶ Enroll additional retirees over the phone ▶ Perform department needs assessment in year two with new company members 	2 nd Quarter 2 nd Quarter Ongoing Year2
Director of Operations Directs all internal administrative, financial and operations functions, providing for efficient and integrated infrastructure and quality of services.	<ul style="list-style-type: none"> ▶ Review and upgrade present systems ▶ Develop three new processes and integrate with present systems ▶ Develop, negotiate and finalizes member company, retiree and sub-contractor contacts ▶ Established & monitors quality controls 	1 st Quarter 1 st Quarter 1 st Quarter & ongoing 2 nd Quarter & quarterly reviews

R. Linda Resnick

- ◆ Founder of CEO
- ◆ Over 30 years of executive search, general management, and human resources experience.
- ◆ Masters Degree in counseling from West Chester University.

Encore Organization Chart



Ellie Cantor, Ph.D., MBA

- ◆ Co-owner of search and consulting firm serving the biopharmaceutical community; extensive pharmaceutical industry experience.

David K. Johnson, DVM, ACLAM

- ◆ Career includes the National Institutes of Health, academia, pharmaceutical R&D, and consultation

Marketing/Relationship Management

Encore is a combination of the following best practices:

- ▶ Administrative outsourcing/employee leasing
- ▶ Executive search: consulting, business development, client relations and candidate (retire) management
- ▶ Consortium Membership management: forging coalitions, network building, management managing “users groups”
- ▶ Project management
- ▶ High tech and high touch
- ▶ Issue-related branding and advocacy
- ▶ Scientific, R&D expertise

The company network includes consortium partners and member partners.

Selling Methods

Encore senior partners will personally perform the direct sales and business development function during the pilot period. Experienced in business development, the partners will develop a detailed plan to secure a minimum of six clients in the first year. The plan will include a clear selling proposition, promotional material and pricing structure. In order to accomplish that goal, we will leverage P&G’s research and relationships to create a seamless transition.

A. Direct Selling:

Partners will perform *one-on-one selling*:

- ▶ Review and expand upon the target list that P&G created.
- ▶ Initially target the 4 pilot company’s CTOs or representatives that P&G contacted (warm leads) to introduce our program, potentially conducting a joint visit with the P&G liaison.
- ▶ In order of company interest (as indicated by P&G), schedule personal meetings with 19 companies that P&G used to test the business model. Begin this business development process after the initial start-up phase in the second quarter.
- ▶ Qualified prospects will receive follow-up meetings as necessary to complete the negotiation and close the deal.
- ▶ Initiate post sales follow up conversations or meetings on an agreed upon schedule.

Selling Methods:

- ◆ Direct Selling
- ◆ Referral Program

B. Referral Program:

Encore coalition partners will identify target companies with ideal retirees. Working with Encore partners, we will make introductory calls on those companies and further expand our target list and partners to better serve the Coalition. The appropriate representative for the Coalition Partners will be asked to accompany an Encore representative on these introductory meeting.

Company Membership Pricing:

- ▶ **Founding Members** pay a \$50,000 initiation fee and \$25,000 annual renewal fee.
- ▶ **Supporting Members** pay a \$75,000 initiation fee and \$25,000 annual renewal fee.
- ▶ **Affiliated Members** (small companies, venture firms, etc.) pay a \$5,000 initiation fee and \$2,000 annually for access to the retirees on a contingency basis.
- ▶ **Association Members** (Scientific and Engineering Associations, such as Chemical Association, IEEE) will support this program *pro bono*, by offering discounts to conferences for retirees, fee advertisements in their newsletters and websites, etc.
- ▶ **Founding and Supporting Members** will commit to a retainer of \$300,000 for initial pool of retirees (billed at retiree's last compensation of approximately \$250,000 – 30% of which is retained by Encore (cost + 30%, with a minimum total compensation of \$200,000).

Other fees:

Some additive services are not included in the Initiation Fee and Annual renewal. Encore will add and test the fee structure after the initial 6 months.

- ▶ Excluding the retirees that are transferred to Encore's payroll, \$1,000 will be charged for each RFR (request for retiree) that falls outside of the initial contract. That fee includes a needs assessment, creating a customized requirement statement, and ascertaining required results.
- ▶ Tool box of screening tools: TBD
- ▶ Verification of credit, criminal record, and education: \$80/candidate
- ▶ Additional retiree workshops, not included in the basic package.

Fees:

- ◆ Initiation
- ◆ Annual Renewal
- ◆ Annual Access
- ◆ Retainers
- ◆ Miscellaneous

Retiree Fees:

Retirees transferred from a company payroll will not be charged a fee. During the pilot, all retirees will not pay for Encore; the member companies will support it. However, similar to the association model, as the organization becomes more prestigious and provides additional benefits to the retiree, we will consider charging a modest fee and offer ancillary services.

For those candidates who come from outside the network, we will consider charging a small registration fee, so we eliminate “tire-kickers” and increases in administrative costs. The membership fee could range from \$75.00 to \$100.00 to initiate, and a reduced fee for renewals.

Retiree Member Services can be developed for the retirees, such as:

High touch services to support the network (other than employment)

- ▶ Conferences and symposiums
- ▶ Discounts to affiliated scientific and engineering associations meeting
- ▶ Member “help line”
- ▶ Incentive finder’s fee or gift (less than \$100) to refer retirees that are needed by the Coalition, but not registered in Encore’s database.

High Tech and other services

- ▶ Internet “chat” rooms through our website
- ▶ Guidebooks to download on topics such as *Working after Retirement*
- ▶ Membership cards that offer discounts on targeted services
- ▶ Encore business cards

Developing a Brand:

We will develop an Encore Branding campaign. The campaign mission is to make our service premier in post retirement employment for R&D professionals.

Encore Career Services has three customers—individual companies, network of companies (USERS) and the retirees. In order to serve all constituents well, Encore will design programs to market and sell to each.

Utilizing an Integrated Marketing Firm (TBD), we want the Encore brand to represent the following:

Encore Branding

Our service will be premier in post retirement employment for R&D professionals.

- ▶ Innovative Service
- ▶ Lead by senior level executives and entrepreneurs
- ▶ Access to top tier of R & D talented retirees
- ▶ Personal service
- ▶ Culture emulating an alumni association
- ▶ Fostering partnership, innovation, and collaboration
- ▶ Trusted and respected by all stakeholders

Retirees Marketing Program

Encore will replicate the activities of an alumni association. It will provide customized services and communication.

- ▶ Encore's senior team will present group introductory meetings for currently employed retirees. These meetings will be scheduled to assure comfort and smooth transition into Encore.
- ▶ Comprehensive retiree registration through optional scheduling of face-to-face meetings, telephone interviews, or online registration.
- ▶ Each retiree will be given a specific person as his/her Encore representative. (Not just a name, but a face!) More than just customer service, the individuals who staff Encore's telephones will have employee relations, consulting, and counseling skills. They will know all the facts, but also be able to listen to concerns and determine how to help.
- ▶ Membership cards will be issued and individuals will have an identification number for special access to confidential aspects of the website. We will consider Encore business cards for the retiree, if necessary.
- ▶ Diverse retiree communication program will include: website, brochures, email alerts, and newsletter mailing. These will tell stories of what the retirees are doing and other useful information.
- ▶ Retirees will receive a telephone and/or written feedback form to assess their engagement and uncover any issues from their standpoint.
- ▶ At the conclusion of the first year, Encore will hold an "all hands" retiree meeting at each location. Topical meetings on technology, professional and personal growth issues will be presented.
- ▶ Encore will partner with major scientific associations to inform their membership of our services.

Retirees Marketing Program

Encore will replicate the activities of an alumni association, providing customized services and communication.

Company Marketing:

The founders of Encore will be the liaison to the company, utilizing a combination of one-on-one marketing and materials for the Human Resources, R&D, and Communications Representatives. Encore founders will:

- ▶ Meet with the clients on a company-by-company basis and review the program plan, address concerns, and complete contracting.
- ▶ Conduct the initial kick-off with the R&D representatives.
- ▶ Perform comprehensive needs assessment for each company, which will develop a template for the requirements.
- ▶ Provide retiree “order” forms and evaluation forms.
- ▶ Become partners with the company, so that there is a seamless approach.
- ▶ Provide success stories for the company to publicize internally and with the press.

Network of Companies:

The only way to make the network develop and prosper is to provide real value. If this program is to succeed, each company must benefit from it. Benefit must be more than just putting their retirees on the Encore system. Attention must be given to potential conflicts of interest and Encore must be seen as the most professional of service providers. The initial members can vote on the Master Contract and Governance.

Kick off Meeting of Founding Members:

- ▶ To assure each company’s cooperation, Encore will hold a network kick-off meeting after the induction of the individual companies.
- ▶ Topics to be discussed will surface from the individual meetings and will be addressed.
- ▶ To assure the cross-fertilization from other company’s retirees, there must be clear guidelines and legal assurances.
- ▶ Other topics such as “wish lists” of retiree skills will be introduced.

Six month Review Meeting:

- ▶ Discuss learning, results, and other issues that arise.
- ▶ Identify other companies for the network
- ▶ Review and approved Encore’s external marketing campaign.

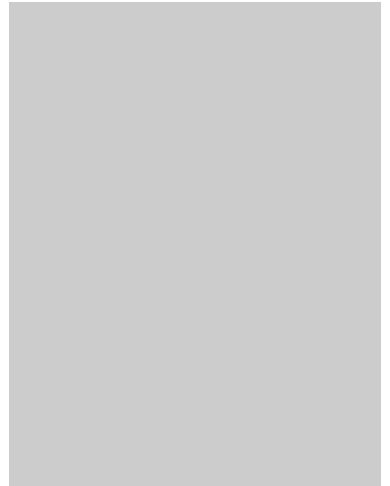
Company Marketing:

The founders of Encore will be the liaison to the company, utilizing a combination of one-on-one marketing and materials for the Human Resources, R&D, and Communications Representatives.

External Publication and Promotion.

Develop a campaign that includes:

- ▶ Press releases and “pitch-stories”
- ▶ Public speaking
- ▶ Advertisements in AARP and other association publications or job-boards
- ▶ Create publications, such as: *Resource guide to Working After Retirement*, and/or *Ways to Cope with Returning to your Former Company*



Encore Web Site

Encore will develop and implement an Internet Web Site that includes a variety of informational and interactive pages. Following is a discussion of the different pages that will be available both for consortium company members and retirees.

Home Page

The Home Page will discuss Encore as a company, including history, objectives, and achievements.

Pages for Retirees

There will be a series of pages for retirees, some freely accessible and others requiring a password.

- ▶ A page will explain the benefits that retirees receive by membership.
- ▶ Retirees will be able to fill out a form online to begin their network registration. They will then be contacted either personally or by e-mail and told of the next step in membership processing.
- ▶ There will be a secure section listing possible assignments and how to apply.
- ▶ Other possibilities for supplying benefits to retirees include a chat-room, where retirees can meet to discuss technical or non-technical topics.

Pages for Companies

Similar to the Retirees pages, some Company pages will be freely accessible while others will require a password.

- ▶ A page will explain the benefits of the network from the point of view of the consortium companies.
- ▶ A list of consortium companies could be made available.
- ▶ A secure page could be available so that a company can quickly initiate a search for a specific talent or capability. It is possible that a reduced database could be available, so that a consortium company could do the search and determine what capabilities are available. However, details of the individual, such as name, address, etc., would not be available on line.

Encore Web Site

- ◆ Informational and interactive pages.
- ◆ Pages for retirees and pages for companies.
- ◆ Chat room capabilities
- ◆ Search capabilities

Operations

General Operating Principles

Encore will perform all operations while keeping the “high touch” concept – i.e., face-to-face contact with appropriate people in the member companies – in mind. Encore will also coordinate communication between Encore personnel, the member companies, the retirees, and the consortium network.

Although face-to-face contact will be emphasized, email and phone will complement direct contact. In line with high touch contact, it is important that all contacts from the member companies or retirees be responded to or at least answered within less than 24 hours. Response time will be monitored and be part of the quality assessment program.

The objectives of the Encore organization are to:

- ▶ Meet with potential member companies.
- ▶ Sell them on the concept of joining the consortium and making their retirees available.
- ▶ Meet with technical leadership in the client organization and determine their specific engagement needs.
- ▶ Meet with the retirees and sell them on the concept of joining the retiree network.
- ▶ Maintain communication with the member companies, the retirees, and the consortium network.

Signing Up Member Companies

Below is an overview of the organizational positions within Encore and the process used to sign up member companies:

1. The Managing Partner (MP) and/or the Scientific Manager (SM) identify potential member companies that could join the consortium.
2. An MP negotiates with the company about the benefits, and presents the contract to become a member company.
3. The MP and the company sign the contract, thus joining the consortium.
4. The SM and /or the Sourcing/Recruiting Manager (SRM) meet with appropriate technical personnel in the member company to determine their specific engagement needs.

High touch, face-to-face contact

Process is:

- ◆ Signing up member companies
- ◆ Determination of company needs
- ◆ Quality assurance

5. As part of the contract signed with the member company, a list of existing and near future retirees is given to Encore.
6. Encore signs up retirees through a variety of methods, including brochures, letters, email, web site, direct communication, etc.
7. Retirees submit a resume and receive an enrollment form and/or a telephonic intake by Encore.
8. Upon acceptance, retiree capabilities and other pertinent information is entered into a secure database.

Determination of Consortium Company Needs

Once companies have joined the consortium and entered some number of their retirees in the database, Encore will use the following process to satisfy the specific needs of member companies.

1. A member company communicates with an SM or SRM on a specific need for an engagement.
2. The member company and the SM determine the specification for the engagement.
3. The SM communicates the specification to the SRM, who initiates a search of the retiree database.
4. The SRM identifies three potential retirees that satisfy the specification.
5. The SRM confirms their immediate availability and sends a response to the member company. The response is a customized form developed by Encore that clearly relates the appropriate capabilities of the retirees.
6. The member company selects the appropriate retiree.
7. The SRM handles all paperwork between the member company and the retiree so that the engagement starts off with minimum effort on the parts of the member company and the retiree.
8. The SM and the SRM check after two weeks to ensure the engagement is proceeding satisfactorily.
9. On long engagements, the SM and/or the SRM continue to insure the engagement is proceeding satisfactorily.
10. At the conclusion of the engagement, the member company and the retiree both fill out quality review forms which are reviewed by Encore and placed in the database.
11. Engagements are reviewed by Encore and Consortium company liaison on a monthly basis.

Determine specific needs of each consortium company.

Quality Assurance

Encore will set-up a quality control and assurance program that continually monitors and improves the operation. The quality system will be based on ISO 9000. It will include the following key items:

- ▶ A Quality Manual
- ▶ Position description for all positions
- ▶ Procedures for all key processes
- ▶ Feedback forms from member companies and retirees for all engagements and other appropriate events
- ▶ Review of results of reviews by the SM or SRM when they check up on engagements
- ▶ Regular meetings by the encore organization where quality is reviewed

Risks

This proposal presents the best thinking based on the facts available. However, some risk factors remain. The following table describes these risk factors:

Risk	Potential Solutions
Financial planning factors outlined in the RFP and other P&G documentation might not be validated, such as number of companies who expressed interest, initiation fee, retiree salaries, etc.	<ol style="list-style-type: none">1. Implementation of the business plan will be modified.2. Encore organization has elasticity and can adjust to the needs of the emerging service.
Scale up of Encore may need to progress faster than anticipated	Encore has a pool of identified resources (full time, part time, consultants and retirees) available.
Scientist requested unavailable in retiree database	<ol style="list-style-type: none">1. Take no further action and notify the company.2. Go outside the original retiree database and identify retiree candidates.3. Utilize alliance partner's services and provide an "out-of- network" fee for service recruitment option.
Legal complexities could hold up the cross-fertilization – desired retirees from one company may not work at another because of non-compete documents	<ol style="list-style-type: none">1. Encore will include these items in the initial contracts signed with member companies.2. Encore will provide legal guidance and help to place limits on the work that can be done.3. The engagement might not take place.

Implement quality control program that monitors and improves the operation.

Finance

Business Model

We have modified the Business Model that P&G included in their RFP and other descriptions of Encore. We have kept some factors and reduced the impact of others, generating a business model with the following objectives:

- ▶ High touch, close communications, strong management, and high relationship management will be emphasized immediately.
- ▶ Planning factors proposed by P&G, such as the 30% Encore margin, salaries of retirees, and the initiation fee will not be part of the model for the initial period. Rather, data and experience will be captured to determine what these factors should be.

The business factors of the model being proposed which satisfies these objectives are:

- ▶ During the first year, the five founding companies will be quickly signed up.
- ▶ The first 5 companies will pay an initiation service fee of \$425k each at sign up.
- ▶ For the first 5 companies, Encore will commit to a maximum of 15 engagements (with no 30% margin for Encore). (For company planning purposes, they should estimate \$300k for retiree fees.)
- ▶ During this early period, Encore will quickly startup with a 9-person team to assure “high touch” service. High touch services require seasoned personnel with consulting skills and additional professional services support.
- ▶ For planning purposes, companies that sign up after the first year will revert to the P&G proposed financing model and require an initiation fee of \$75k and commit to \$75k per quarter. Encore will take a 30% fee on salaries paid to retirees.
- ▶ There will also be a \$30k yearly renewal fee for all member companies

Key benefits of this model are:

- ▶ Encore will evaluate the effort in signing up a company and working with their CTO and technology managers to determine needs for retirees. The result will be a better determination of what the proper initiation fee should be.

- ▶ This pilot will compare fixed fee for service in comparison to variable model.
- ▶ By initially eliminating the 30% margin on retirees' engagement fees, Encore will better determine what retirees will accept in compensation and will not be in a position to be incentivized to increase retiree compensation. Encore will be true partners to the member companies and work on designing the optimal business mode.
- ▶ In contracting with future companies and retirees, the pilot period will determine the true impediments to the model (such as non-compete agreements), as well as whether the impediments can be overcome.

Figures 1, 2, and 3 are the Profit and Loss Statement, the Balance Sheet and the Cash Flow for the McConnell Encore Division (referred to as ENCORE) forecasted out for 5 years. Included in the business plan is an investment of \$1.5 million that will be supplied by the founding companies. This is based upon ENCORE breaking even in Quarter 4 of the second year of operation.

The planning factors used for these financial statements are discussed as follows.

Revenue Planning Factors:

- ▶ Each company that signs up will commit to \$300K per year, or \$75K per quarter. In addition, for the first 18 months (the pilot period), the initiation fee will be \$50K. After 18 months, the initiation fee will be raised to \$75K. There will be an additional annual renewal fee of a minimum of \$25K.
- ▶ Gross profit is calculated by taking 30% of the \$300K per year and 100% of the initiation and renewal fee.
- ▶ There is a 5% per year increase in all revenue factors years 3, 4, and 5.

First Year Full Time Employees:

- ▶ The two Managing Partners who will devote full time to this venture
- ▶ A Search/Recruiting Manager who is responsible for translating company needs into retirees from the database
- ▶ A Scientific Manager is responsible for working with the Partners in adding companies to the Consortium and in working with the technical leaders in Consortium partner companies to help determine their needs
- ▶ A Data Entry individual who will input and maintain the database of retirees
- ▶ An Administrative Assistant who will coordinate all office activities, schedule trips, and arrange the meetings

Other functions will be filled by consultants. During the second year, some of these positions will be filled by permanent employees.

- ▶ **Human Resource Manager** – necessary to set up proper procedures for interfacing with the retirees, and handling employee benefits
- ▶ **Law firm** – legal consultation is required to help write the contracts that will be developed between ENCORE, the consortium companies, and the retirees
- ▶ **Accounting firm** – for routine audits and taxes
- ▶ **Public Relations/Advertising firm** – responsible for developing the identity package, logo, stationery, brochures, web site, and general branding image

For the first six to nine months, Encore will use the existing infrastructures of the joint venture partners, which includes:

- ▶ Office space and supplies
- ▶ Client Server computer systems
- ▶ Desktop computers
- ▶ Contact Management Databases
- ▶ Financial and payroll systems

After the first six to nine months, a separate secure infrastructure will be developed for Encore. This will include:

- ▶ Office space
- ▶ Secure client server systems
- ▶ Secure customized database for keeping track of the consortium companies, the retirees, and the consulting assignments

Glossary

- ▶ **Beta client** – P&G.
- ▶ **CFO** –Chief Financial Officer.
- ▶ **Consortium** – The network of member companies.
- ▶ **Director of Operations** – A position that will manage the home office.
- ▶ **Encore** – The new entity that will satisfy the RFP, a part of the McConnell Group.
- ▶ **Engagement** – A temporary work effort taking place between a retiree and a member company, which might or might not be the same company where the retiree previously worked.
- ▶ **Founding Companies** – Those companies that sign up in the first 18 months.
- ▶ **Founding Partners** – Those member companies that, in addition to their initiation fee and their yearly commitment, also supply startup funds to Encore.
- ▶ **Managing Partners** – Linda Resnick and Helene Rodriguez.
- ▶ **Member Company** – A company that is a member of the consortium.
- ▶ **MIS** – A computer expert.
- ▶ **Retirees** – The retirees of member companies who will work on engagements.
- ▶ **Scientific Manager** - The Encore account manager who works with member companies and the consortium.
- ▶ **Sourcing/Recruiting Manager** – The Encore person who controls the database and searches the database for retirees.
- ▶ **Trial Period** – The first 18 months.