
THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

AnswerQUEST



PAUL SILITSKY, CEO, has over 20 years of sales, marketing and management experience in Fortune 500 companies, as well as early stage pre-IPO companies. His primary focus throughout his career has been the establishment of sales and marketing organizations, including hiring responsibility for over 250 sales professionals in the outsourcing, consulting, healthcare, technology and financial services fields. Paul earned his Bachelor of Science degree in business at Bernard M. Baruch College in New York City. After graduating, he began his career in sales with Automatic Data Processing (ADP), a \$6 billion data communication and information services company. Paul achieved numerous accolades including "Sales Executive of the Year," "Sales Manager of the Year" and "Highest-Performing Area Vice-President of Sales" and had responsibility for

over 75 sales and marketing professionals. After ADP, Paul took a senior leadership role as Division President for a pre-IPO healthcare services company, Star Multicare. Paul joined the southeast division when the company employed only five employees and was responsible directly or indirectly for the hiring of over 1000 employees. His primary responsibilities included growing and establishing the sales, marketing and strategic business development facets of the organization. Three years after going public, the company would achieve over 300% growth. Paul joined answerQUEST Executive Search in 1998 as CEO where he has continued to partner with key clients to hire the "best of the best" sales and marketing professionals in the consulting, technology, B2B, E-commerce and outsourcing space. His unwavering philosophy is that, "for the most part, people follow patterns of success, and or failure. Through their decision-making processes and examining their history of decisions, a pattern of future success or failure can be assured 90% of the time. It is this disciplined and simple process that is utilized to evaluate every candidate that we present to our clients.

(ABY106) TWST: We'd like to begin if you will with a brief historical sketch of the company and a picture of things as they are now.

Mr. Silitsky: AnswerQUEST is a Management Recruiters International affiliate. MRI has been in existence since the mid 1960s and is the largest executive search firm in the world. AnswerQUEST is a Franchise affiliate of Management Recruiters International. I purchased the franchise in 1998 and as we stand here today, there is now eleven of us in total in our office. We're focusing on three specific practices, retail, homeland security and professional consulting, technology and outsourcing services.

TWST: Which of these is the largest for you right now?

Mr. Silitsky: Professional services and consulting, specifically the identifying of 'A' players in sales, business development.

TWST: How do you identify 'A' players?

Mr. Silitsky: We go through a very specific process. We do behavioral based interviewing which is the art of asking questions in a way that you get answers with specific results and what exactly was the outcome of actions or behaviors. For example, Behavioral Based Interviewing eliminates the very general or vague answers to questions. In other words, if someone says I'm organized, that doesn't necessarily mean they're an organized person. You need to under-

stand how they organize their day and what is the process for them to do that and what happens when their day is not as organized and what do they do about correcting it for next time and getting them to give you a specific example of something similar that has occurred.

TWST: Now these techniques of yours, have you refined them over the years of your existence, have they changed somewhat?

Mr. Silitsky: It's like a living human being. There are always changes and there's always tweaks to it. I would say that we have refined it. For instance, there is a book that we are big proponents of, written by Jeff Smart, called "Top Grading". Jeff Smart did a study with GE, Jack Welch and Many other large companies to talk about what their hiring process is in bringing on those quality hires and how do you define an 'A' player. The whole premise of the book is it's all about talent and no company can succeed and beat the competition without having the best talent. It's very important but the second aspect of it is how do you define an 'A' player and how do you determine that that person you're talking to is truly an 'A' player and that's where behavioral based interviewing comes in as well as a lot of other factors.

TWST: How do you work with your clients? Do you typically just recommend one candidate to a client or more than one?

Mr. Silitsky: We work with our clients in first understanding their needs upfront which is very important. Some searches are on a pure contingent basis meaning they pay us a fee if we find the candidate that they hire and if we don't, they don't pay us a fee. Some of our other clients whom we've had relationships with for a number of years hire us on a retainer basis meaning that they know that we're going to be focused on the search with a specific timeline for results. They pay upfront for that commitment from us and our team and those searches may generally results in three to four candidates being presented and generally one candidate being hired. For a contingency search, we may only present one candidate or two candidates, it really depends.

TWST: How have you gone about building up your client list?

Mr. Silitsky: It's like anything else in business, you have to produce. For us, producing is identifying those employed, non-lookers, those 'A' players. They're happy, they're successful and for us our commodity is talent and if we can produce talent for our clients then we're produced results and they'll keep coming back to us as they have.

TWST: What's on your agenda for the next two years? What do you hope to accomplish during that time?

Mr. Silitsky: We've had steady growth over the last eight years. We grew by 29% last year. This year we're on track to grow revenues by about 30%. We want to continue to grow from somewhere in the 20% to 40% range each year as a minimum standard. We are also looking not only to expand and add additional talent to our own office in our various practices but we also want to add a contract staffing division which we actually have just started since the beginning of this year. For example, In a typical search, we make a

placement, we get paid, they hire the person and the fee is paid and it's over. If we're on a contract basis, we're providing talent on a weekly, monthly or even longer basis, then we continue to get paid by supplying that talent to our client.

TWST: What would be the main opportunities or challenges that might be in front of you?

Mr. Silitsky: The obvious challenge is what happens to the economy but that's something that we can't control so we really try not to focus on that. The other challenge that we face is the same challenge our clients face, identifying the 'A' players for our team and continuing to look for those 'A' players. That's probably our biggest challenge as it is for anyone.

TWST: Speaking of your team, perhaps you can tell us something about the backgrounds and the expertise of yourself and a couple of your key colleagues.

Mr. Silitsky: As far as me, I've been in sales for the last 22 years. I started my career with a company called ADP, Automatic Data Processing as an entry level sales person and I spent close to nine years with them. Ultimately I moved up to Vice President of Sales where I hired dozens and dozens of sales people over the years and that's why I decided to start the firm AnswerQUEST. My focus is on hiring sales people because that was something that I felt uniquely qualified to do.

After ADP, I joined a publicly traded home healthcare company as a Regional Vice president and spent seven years with them. I was fortunate to be part of the growth of that company, the sixth largest home healthcare company in Florida. Then at that point, I decided that I wanted to do my own thing and bought into the MRI franchise and that was in 1998. As far as my staff is concerned, Each VP brings a unique background to us, everything from an MBA student with a law degree who joined us right out of school to a 15 year retail senior buyer who runs our retail practice to our VP who runs our homeland security practice who is a former financial advisor.

TWST: What kind of people will you be looking to add?

Mr. Silitsky: It comes down to the same qualities that we look for in an candidate in terms of talent. The things that we look for are high drive, assertive, high sense of urgency, resiliency and generally risk taking type people but very organized and disciplined. They've got good communication skills and generally are very intelligent people.

TWST: Can you explain the relationship of your franchise operation to MRI?

Mr. Silitsky: MRI is the parent company. They're actually a subsidiary of CDI which is a billion dollar staffing company. MRI-Management Recruiters International has 1100 franchises across the globe. I think about 900 in the US and perhaps another 200 outside the United States. The 1100 offices are all individually owned franchises like my office here in Hollywood, Florida. The relationship is that we're franchises and we drive revenues and revenues result in a royalty being paid back to MRI.

TWST: Do you have complete autonomy with regard to how you run things?

Mr. Silitsky: Yes, pretty much. Whether I want two people in my office or I want 102 in my office, that's my decision. Who I decide to hire is my decision so yes we have complete autonomy with certain ethics and practices that we need to follow in terms of reporting and paying royalties. For the most part, we have complete autonomy.

TWST: What would you reasonably expect AnswerQUEST to look like in about two and a half to three years?

Mr. Silitsky: I see us having grown all three of our practices, retail, security practice and professional services and outsourcing, hopefully to the point of where we have at least \$1 million in revenue in those practices and they're very viable. Again, it all comes down to talent. I see contract staffing being a bigger part of our business. I see somewhere between 15 and 20 recruiters in our office.

TWST: Are there any emerging trends in the way our economy runs itself shall we say which will cause a sudden change in how you do things and what you emphasize?

Mr. Silitsky: I don't know that it's anything that earth shattering. I think probably the biggest trend is not short-term but more long-term, it's the retirement of the baby boomer population and how that affects the acquisition of individuals for our clients. Now that shortfall is going to change our whole industry in that the only way to make up that shortfall of talent and that's for those companies that are going to continue to compete, they're all fighting for the same 'A' players so they need every tool possible to get that 'A' player on their team as opposed to their competitors. I think it's just the demographic reality of what's happening with the retirement of the baby boomers, the largest population ever to leave the workforce over the next 15 years.

TWST: The baby boomers are retiring but also they're living longer and they're more active than older people used to be. Is it possible that more and more companies will take people on a temporary basis or part-time basis, in other words a baby boomer who might like to keep his hand in?

Mr. Silitsky: Yes, that's a great point. I think so. I think you hit on something that is very accurate. I think baby boomers aren't going to just retire and not work at all. I think you're going to see those who are special, the talented baby boomers working maybe two or three days a week on a temp basis or a part-time basis.

TWST: So the possibilities are wide. What would be the two or three best reasons for a company to want to work with you, to want to be a client of yours?

Mr. Silitsky: It comes down to the same things we talked about and that is, you cannot beat your competition, you cannot succeed and continue to grow without consistently top Grading your organization. The only way to do that is to add talent, whether you do that on your own or you do that through a recruiting firm such as ours. The days of the monster recruiting sites and the others delivering the talent that's needed is not reality. The problem is the quantity number that exists on the monster but not necessarily quality. There is quality but it is such a small percentage of the total population on the monster boards.

TWST: Is there anything you'd like to add particularly with regard to what makes your company distinctive?

Mr. Silitsky: I think we pretty much covered it. I think the way we have been able to separate ourselves from the competition is in the depth of our database. The speed to hire is critical, it's one thing to get an 'A' player, it's another thing to get an 'A' player within a realistic period of time. Generally we're able to complete a search in three to five weeks from commencement of the search. That is a major competitive difference along with our focus on specific niches. We don't want to be everything to everybody, we want to focus on specific areas like we have done and I think that gives us an edge.

TWST: Thank you.

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