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For Recruits, Firm Depends on 'Devine' Inspiration

*Headhunter Sniffs Out Talent In Skittish Dot-Com Market;
'Who's on Our Hot List?'*

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The Wall Street Journal

APTOS, Calif. -- As the sun slips below surrounding hills, a sweaty Rick Devine comes charging down a dusty running track near his home in this Santa Cruz suburb. He completes a mile in a cool five minutes and 14 seconds wearing not sneakers but rather Johnston & Murphy Italian leather dress shoes. "It's not a sub-five, but it's close," Mr. Devine exults breathlessly. "Did I look funny with the shoes?"

With his trademark bravado, the 42-year-old executive recruiter has accepted co-workers' dare to beat a five-minute mile in his dress shoes, an effort that means cutting 15 seconds from his practice time before a July 25 race he has scheduled. "It's a big risk," he concedes.

Big risks, it seems, are the currency Mr. Devine deals in these days. As head of management recruitment for Internet Capital Group Inc., he is tackling what could be one of the nation's toughest job assignments: simultaneously fill top spots for dozens of ICG online ventures, many of which are run by impatient entrepreneurs who want their searches completed, say, yesterday.

Mr. Devine, a rail-thin look-alike of actor Kevin Spacey, leads a global team of 35 internal recruiters during an especially tumultuous time for both ICG and the entire Internet industry. For starters, luring top talent to online ventures isn't the easy task it was just months ago before a round of dot-com layoffs cast a shadow on the industry and its promise of outlandish riches.

Now, with many Web upstarts struggling to survive, both Net veterans and bricks-and-mortar managers are increasingly skittish about plunging into unproven New Economy businesses.

"Unless you are a breakthrough Internet opportunity," it's difficult to lure seasoned executives, says James Citrin, who heads global Internet searches for executive recruiter Spencer Stuart. Indeed, the candidate shortage -- not to mention the firm's own staffing shortages -- are forcing Spencer Stuart to reject about 15 Internet assignments every week. "It would be challenging to be in Rick's shoes right now," he says of Mr. Devine.

ICG, a Wayne, Pa., holding company, operates 43 business-to-business electronic-commerce concerns, as well as 20 providers of software and services that help run those e-commerce outfits. On average, ICG owns about 36% of its affiliates, and its market cap soared to \$56 billion within four months of an August initial public offering.

But amid investors' shrinking faith in the online business marketplace, ICG shares lost \$49.6 billion in value between December and late May. Mr. Devine, formerly a millionaire partner at recruiting giant Heidrick & Struggles International Inc. until he joined ICG a year ago, has suffered sizable paper losses, too. His roughly two million stock options, valued at about \$417 million in late 1999, have plummeted in value to about \$61.7 million based on ICG's closing price of \$34.25 yesterday in Nasdaq trading. Meanwhile, he's struggling to retain recruiters he poached for his team at ICG, many

of whom now hold largely worthless ICG options.

Still, the hypercompetitive Mr. Devine remains unfazed. While he agrees that "people are more discriminating about whether to leave safe havens" for dot-coms these days, he maintains that Internet firms with depressed share prices create "some tremendous recruiting opportunities."

Moreover, if ICG's stock price revives, working for the company "could potentially be a \$1 billion opportunity for me," he says, referring to his stock-option stake. He notes that no business has ever created such a sizable in-house recruitment force. Between January and May, he and fellow recruiters filled more than 50 senior management posts for ICG and its "partner" companies -- including one with Mary Coleman, previously CEO of Baan Co., the once highflying Dutch business-software maker. ICG is unique because most companies typically hire external recruiters to snare high-level executives.

Despite his optimism, Mr. Devine is taking no chances. Last month, he hired an internal auditor and presented her with a 15-item checklist to closely monitor the progress of ICG's 50 pending searches. The checklist tracks everything from where compensation negotiations stand to how happy ICG internal clients are with Mr. Devine's staff recruiters. "A search cannot be conducted sloppily," he explains. "Our searches have to be 100% successful."

Given the scramble among all Internet firms to find seasoned talent, Mr. Devine also is pushing

his team harder to complete assignments fast. He encourages cold calls to officials of dot-coms with greater share-price indigestion than ICG. And he recently began requiring recruiter contributions to a weekly "hot list."

The list works like this: During Mr. Devine's 7 a.m. Monday global conference call, recruiters must now suggest two promising technology job seekers they have met but don't have the right position to offer. The move provoked some grumbling among staffers because headhunters typically don't swap leads. "I spend a lot of my time arbitrating over sharing," Mr. Devine frets. Yet he believes this process exposes candidates to additional ICG management opportunities.

His life at ICG has been intense from the get-go. Executives from ICG affiliates harassed Mr. Devine constantly during a Vail, Colo., retreat last August, not long after he began working for ICG in San Francisco. "We were trying to fill a number of key (management) roles," recalls Ron Bienvenue, founder and CEO of Sagemaker Inc., an e-commerce service supplier in which ICG holds a 22% stake.

"I walked right up to Rick, and I said, 'I need you,'" Mr. Bienvenue continues. "He said, 'Oh no, not another one!'" Then, three more partner-company leaders lined up behind Mr. Bienvenue to again disrupt the recruiting chief's lunch with equally desperate search demands. Mr. Devine says he largely "had to fend all that off" until he finished hiring his recruiters last fall.

On the job, Mr. Devine often has to hand-hold potential recruits, sometimes dangling multiple opportunities before he finds the right fit. For instance, last February he began courting Jeffrey T. Carr, a senior vice president of software maker PeopleSoft Inc. Mr. Carr already was weighing two offers to run Internet start-ups when Mr. Devine approached him about

becoming an ICG managing director or president of Bidcom Inc., a San Francisco affiliate. But neither ICG post "seemed like a good fit," Mr. Carr says.

Mr. Devine phoned him two weeks later and said, "I think we have something right for you." The "something" was the presidency of San Jose software producer RightWorks Corp. Mr. Carr accepted days after ICG's early March purchase of a majority stake in RightWorks for \$22 million in cash and about \$635 million in stock.

During a final negotiating call to Mr. Devine's home, where he works Mondays and Fridays, Mr. Carr heard the recruiter breathing hard. "I found it very strange, very bizarre," Mr. Carr says. "I figured it was part of his personality."

Actually, Mr. Devine was wearing a cell-phone earpiece while pounding the pedals of his \$2,300 elliptical trainer. It's part of his regimen for next month's oddball dress-shoe race, which evolved from a taunt by a 32-year-old colleague. Win or lose, he and co-workers will donate more than \$238,000 to multiple charities.

Mr. Devine the athlete is preparing for his leather-shoes run with the same high-intensity focus he brings to executive recruitment. As associates munched greasy, meat-and-vegetable-laden pizzas in his small ICG office one recent Thursday, the recruiting chief instead grabbed a slice of the low-fat, no-cheese pie he'd special-ordered. Moreover, he has given up meat and shed 10 pounds from his already slender frame. And last week, he flew to Canada for a scientific assessment from a sports-nutrition guru.

"I'm in the best shape I've been in since college," Mr. Devine boasts. Still, closing the gap between a 5:14 mile and a 4:59 one is "the difference between good and great. Great is a lot harder," he observes. Kind of like ICG? He nods. "For this company to become

what we have the potential to become will require something of this race's magnitude."