

# **KINCANNON & REED**

*International Executive Search Since 1981*

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INTERNATIONAL EXECUTIVE SEARCH

FOOD AGRIBUSINESS & LIFE SCIENCES  
WASHINGTON, DC  
SAN FRANCISCO  
LONDON  
BRUSSELS

**Proposal**

**To**

**California Institute for Regenerative Medicine**

**By**

**Jim Leslie  
Senior Vice President  
Kincannon & Reed**

**For Executive Search Services**

**To recruit a  
President**

**January 19, 2005**

## **1) MANAGEMENT SUMMARY**

### **Kincannon & Reed – since 1981:**

We are a retained executive search firm with global reach serving businesses, trade associations and non-profit organizations, with specialties in food, agribusiness and life sciences. In addition to our headquarters in suburban Washington DC, we have offices in San Francisco, Brussels and London. Our practice is national and international.

We specialize in identifying, evaluating and attracting leaders in all business and technical functions for senior executive positions and for boards of directors.

**“We recruit leaders for organizations that feed the people of the world and keep them healthy.”**

As a normal part of our search practice we have significant experience working with boards and search committees as they recruit leaders for companies, associations and other non-profit organizations. We are very comfortable assisting these groups as they work through the challenges of the search process.

### **CONSULTANTS**

If selected this search will be carried out by James K. Leslie, Senior Vice President.

Jim Leslie joined Kincannon & Reed in March 2000, bringing more than 15 years of experience as a senior executive managing businesses in the pharmaceutical and biotechnology industries. Prior to joining Kincannon & Reed, for more than four years he was President and CEO of PharmaKinetics Laboratories, a publicly traded, contract research organization providing clinical trial services to the worldwide pharmaceutical industry. He also served as President and CEO of BioFin, Inc., a venture capital funded biotech start-up firm and as President and COO of Ecogen, Inc., a publicly traded, agricultural biotechnology firm. He spent 15 years with FMC Corporation in progressively more responsible positions, including seven years as General Manager of a division which was a leading supplier of ingredients to the worldwide pharmaceutical industry. He has a B.Sc. in Chemical Engineering from the University of Edinburgh, Scotland and an MBA from Harvard Business School.

In addition to his business and search experience, Mr. Leslie has significant experience as a volunteer and board member of non-profit organizations. He is a board member and Chair of MdBio – a non-profit organization whose mission is to assist the development of the life sciences industry in Maryland, through funding educational opportunities and investing in early-stage biotechnology firms. He is also a member of the steering committee of the Maryland Bioscience Alliance, a membership organization including biotechnology firms, government research labs and other organizations with an interest in biotechnology.

## RECENT SUCCESSFUL SEARCHES

Mr. Leslie's search practice covers a broad range of general management and technical positions for businesses and for non-profit organizations. Recent successful searches completed by Mr. Leslie include recruitment of the:

- President and CEO of the North Carolina Biotechnology Center. The Center is the focus of economic development in biotechnology in the state and has a \$10 million budget. The successful candidate was recruited from the National Cancer Institute
- President Research & Development, Ranbaxy Laboratories, the largest Indian pharmaceutical firm. The successful candidate moved from Bristol-Myers Squibb in New Jersey to New Delhi, India
- President & CEO of EDEN Bioscience, an early-stage, publicly traded firm developing and marketing a novel biotechnology-based crop production/protection compound
- Vice President, Drug Discovery for GlycoMimetics – a venture capital funded, development stage biotechnology firm in Gaithersburg MD
- Vice President, Scientific Affairs - Perrigo Pharmaceuticals
- Vice President, Business Development – University of Maryland Biotechnology Institute (UMBI)
- Executive Director – BIO – the Biotechnology Industry Association
- Several senior Regulatory Affairs executives for PhRMA – the Pharmaceutical Research and Manufacturers of America
- Director, Clinical Affairs for VIRxSYS – a development stage biotechnology firm in Gaithersburg MD developing new drug products using gene therapy for HIV/AIDS

It is important to note that the specifications for each of these searches called for candidates with some or all of the following attributes and skills:

- Leadership
- Management/Administration
- Planning
- Spokesperson
- Big picture
- Detail
- Technical and/or industry understanding

And, above all, the ability to accomplish objectives.

**These are all requirements – to a greater or lesser degree - for the successful candidate for President of CIRM. At Kincannon & Reed, we have successfully demonstrated the ability to identify and recruit people with these qualifications for a**

**wide range of clients and are confident we could meet your requirements to find such candidates for this position.**

## **2) TECHNICAL SUMMARY**

### **OUR APPROACH**

The Kincannon & Reed approach is client-focused, objective, thorough and confidential. As a retained firm, Kincannon & Reed accepts only assignments for which it is the sole recruiter. To maintain a high level of partnership and communication with the client throughout the search and to assure timely success, Kincannon & Reed professionals follow a sequence of logical steps as each search assignment progresses:

- 1. Understanding the Assignment** - At an initial meeting, the client's business, organizational structure, business objectives, current needs and the responsibilities of the position being recruited are thoroughly and clearly detailed.
- 2. Developing the Profile and Sourcing Strategy** - After establishing the position's specific requirements, a complete profile of the ideal candidate is produced, including the requisite professional experience, managerial skills, education and personal characteristics. A strategy to identify all potential sources of qualified individuals also is agreed upon with the client.
- 3. Initiating the Search** - Supported by the Kincannon & Reed research staff utilizing KR\*WINS™ (Kincannon & Reed Worldwide Intelligence Network for Search), a continually updated, proprietary database of executives and technical specialists in the focus industries, the search is initiated. The database serves as merely one stepping-off point for the search effort. Personal contacts, basic research into target organizations etc are all used to ensure a comprehensive thorough search. Using all available sources a preliminary list of prospects, and sources is identified and prioritized. If desired, potential candidates nominated by the client are included at this stage.
- 4. Screening and Presentation** - Kincannon & Reed consultants identify, contact, screen, qualify and interview prospective candidates. Telephone interviews (typically lasting 45-60 minutes) are conducted with potential candidates. After confirming the candidate's academic credentials, resumes and notes summarizing the telephone interviews of candidates deemed to merit further consideration are presented to the client. After agreeing upon the priority candidates, face-to-face interviews (typically lasting 2-3 hours) are conducted by the consultant. Written reports, including resumes and detailed appraisals of fully qualified finalist candidates – “the slate” - are prepared and presented to the client. After consultation, client interviews are arranged with the finalists. The consultant is available to meet with the client throughout the search, but particularly can meet with the client to discuss the finalists and can attend the interview meetings, if desired.

5. **Timing** – the final slate detailing information on the finalist candidates is typically presented within 45-60 days of the initiation of the search.
6. **Selection and Follow-Up** - After the client makes the selection and an offer is prepared, detailed reference checks are conducted by the Kincannon & Reed consultant.
7. **Negotiation of the compensation package** - Typically the consultant also serves as the intermediary between the successful candidate and the client to work out the compensation package and other factors to ensure the search's successful conclusion.

## **Kincannon & Reed Mission and Values**

### **Mission**

”Kincannon & Reed recruits leaders for organizations that feed the people of the world and keep them healthy.”

### **Values**

- We adhere to the highest ethical standards.
- Every client and prospective candidate is treated fairly, with respect, dignity and discretion.
- We foster a supportive environment in which colleagues have the opportunity to grow personally and professionally.

## **Kincannon & Reed Governing Principles**

In striving for excellence and to assure clients of the value and integrity of our services, Kincannon & Reed:

- Accepts only those assignments within the firm's scope of competence.
- Acts in full compliance with all state and federal laws and regulations, such as the Equal Employment Opportunity and Americans with Disabilities Acts.
- Establishes written understanding of the objectives, scope and specifications of the services to be provided prior to accepting the assignment.
- Holds in strictest confidence all information concerning the business affairs of clients and all others with whom we interact during the course of an assignment
- Will not recruit nor cause to be recruited any person from a client organization for a period of two years after initiation of the most recent assignment.
- Will disclose to the client any and all limitations affecting the scope of the assignment arising through service to other clients.

Lastly, a critical part of our service offering is the **Kincannon & Reed Guarantee** - If for any reason the selected candidate leaves his or her position within twelve months of the date of hiring, Kincannon & Reed will conduct a new search for out-of-pocket expenses only. The firm has been required to perform on this guarantee **three times in 23 years**.

### **3) SPECIAL RESOURCES, SKILLS ETC.**

#### **Research Capabilities**

- An experienced in-house research staff
- KR\* WINS™ - Kincannon & Reed Worldwide Intelligence Network for Search, a proprietary database containing the names and contact information on over 40,000 executives and technical specialists.

#### **Professional Affiliation**

- Admitted in 1988 to the Association of Executive Search Consultants. The AESC is the premier organization recognizing outstanding executive search firms. Members must pass a stringent professional standards review process. Kincannon & Reed is one of only 170 executive search firms out of 5,000 in the United States to be admitted to the AESC.
- Member of numerous domestic and international professional, scientific and trade associations related to our practice areas.

#### **Experienced Consultants who actually conduct the search**

Kincannon & Reed's consultants are all experienced executives with either many years conducting searches, or many years as leaders in the kinds of organizations that are the firm's clients. One of the major advantages and strengths of our firm is that each of our consultants actually conducts the search personally from start to finish. For example, if Kincannon & Reed were selected, Jim Leslie assisted by a member of our research team would make all of the telephone contacts with sources and candidates and he would do all the in-depth telephone and person-to-person interviewing. This is the area where we differentiate ourselves from our competitors, where associates who are frequently quite inexperienced do the majority of the candidate development work.

### **4) PROPOSED SCHEDULE**

Typically the position description and final engagement letter can be finalized within several days of the meeting between the consultant and the client and the search can then be initiated. It is our objective to provide a "slate" of fully interviewed finalist candidates approximately 45 -60 days later. At that point control of timing largely moves to the client. Assuming reasonable availability of candidates and interviewers the search should be concluded within 90-120 days of the initiation of the assignment. i.e. the successful candidate will begin work in that time frame, assuming there are no unusual issues surrounding his/her leaving the current position.

**If selected Mr. Leslie can be available to meet with the search committee or their designee(s) at a time and place of their choosing.**

**5) CLIENT REFERENCES:**

Carl Feldbaum – President Emeritus, BIO

Hugh Grant, Ph.D. – President & CEO, Monsanto Company

Jennie Hunter-Cevera, Ph.D. – President, University of Maryland Biotechnology Institute

Rachel King, - CEO GlycoMimetics Inc.

Caroline Loew, Ph.D. – VP, Science and Regulatory Affairs, PhRMA

(Contact information will be provided upon request.)

**6) TERMS**

A copy of our Executive Search Policy is attached.

Kincannon & Reed's standard professional fee for service is one third of the estimated first year's cash compensation (salary, bonus and sign-on bonus, if any) payable in three installments 30 days apart. Receipt of the first installment and a signed engagement letter initiate the search.

At the beginning of the search a target compensation figure is estimated. Initial fees and installments are based on this figure. Subsequent to the successful placement of the selected candidate(s), the fee will be adjusted to reflect the actual compensation of the successful candidate.

**Once we have an understanding of the target compensation we will be prepared to make a proposal to conduct the search for a flat fee, if that would be preferred.**

Out-of-pocket expenses incurred in conducting the search are in addition and invoiced separately at cost with no mark up. Typically these expenses include communications costs (phone, FedEx etc.) and travel and other costs associated with candidate interviews. Any travel that would require significant out-of-pocket spending will only be undertaken with the client's prior approval.

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## EXECUTIVE SEARCH POLICY

1. The search will be conducted by Kincannon & Reed exclusively.
2. Our professional fee is one third of the first year's cash compensation, including base salary, annualized target bonus, plus sign-on bonus if any, payable in three equal installments 30 days apart. An adjusting invoice (or reimbursement) will be presented upon completion of the search to account for the actual compensation package of the successful candidate. Invoices are due and payable upon receipt. Late fees and expenses will incur an interest charge of 1.5% monthly compounded monthly. Our minimum fee for any assignment is \$40,000.
3. Out-of-pocket expenses are billed monthly at cost. Typically these include communications, travel and other necessary expenses related to the specific search assignment.
4. Fees and expenses are not contingent upon placement of an executive with the client organization. The term of the executive search shall not exceed six (6) months, beginning on the date of the confirmation of the assignment. If the executive search has not been concluded by the end of that term, the client and Kincannon & Reed mutually will reassess the status of the search assignment.
5. Either party may cancel the search at any time. The initial installment is a minimum retainer and will not be prorated. In the unlikely event of cancellation, the client will be obligated for fees and expenses to the date of termination from the most recent professional fee billing. In such event, the daily rate will be determined by dividing the total fee by 100. Retainers are not transferable from one search to another in the event of cancellation.
6. In the event the client hires any candidate who has been presented by Kincannon & Reed for another position in the organization, this will be considered a new assignment and a fee of 30% of the first year's estimated cash compensation will be due.
7. The search will be conducted in compliance with all applicable laws, regulations and guidelines. If the client is unable to comply, Kincannon & Reed has the right to cancel the search and collect the fee and expenses due.
8. Upon completion of the search, Kincannon & Reed will have the right to publicize the fact that the firm successfully completed the assignment. Such publicity may be included in the course of Kincannon & Reed's regular promotional programs and may be displayed on its web site.
9. Kincannon & Reed will not attempt to recruit any candidates from the client organization for a minimum of two years following the initiation of the latest search with that organization. Any candidate placed by Kincannon & Reed into the client organization will be off limits for as long as they are employed by the organization.
10. If the successful candidate leaves the organization for any reason within one year of the date of employment, Kincannon & Reed will conduct the search again for out-of-pocket expenses only.