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CLARKSTON CONSULTING'S

# News & Views

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COLLEAGUES ♦ CLIENTS ♦ COMMUNITY

## Relevance as a Keystone to Competitive Advantage

Each year, a new cadre of young professionals joins our “bootcamp.” Every group brings fresh enthusiasm, ideas, skills, perspectives, and passion. One of the greatest opportunities I have to learn and grow comes from fielding their questions.

A recent question that caused me to reflect on our business strategy was, “Are companies getting so advanced that they won’t need consultants anymore?” The truthful answer—in some ways, yes.

We are fortunate to work with some of the best companies in the world. In order for them to develop and sustain their leadership positions, they are constantly applying new methods and techniques to improve their business operations. Initially, this requires consulting expertise to help them develop the requisite skills to execute these transformational efforts. The workforce rapidly assimilates this knowledge, and thus their reliance on outsiders for this expertise dissipates over time.

Many companies will continue to hire outside consulting as catalysts for change or to help their teams overcome a particular peak in workload brought on by large initiatives. This phenomenon holds for skills that are more common or that have been commoditized over time. As we know, there is significantly more competition in this case than the first scenario.

Our business strategy seeks to capitalize on both of these market needs. However, the first

scenario creates the most long-term value for our clients, professionals, and the firm. Our opportunity is to anticipate future market needs and to develop unique business solutions for those problems. Identifying these areas and developing the consulting expertise to remain ahead of the trends facing our clients is one of the biggest challenges of any leading consulting firm. At Clarkston, we are constantly investing in learning our clients’ industries and developing new methods to help them achieve new levels of performance and competitive advantage. The theory of natural selection applies to our clients and to us. For our clients to achieve long-term competitive advantage, they must evolve antiquated business processes, information, methods, and technologies. For Clarkston, that necessitates our evolution and reinvention of our skills.

We have a long history of hiring the best and brightest. Several, over the years, have been promoted to partner. Their ability to adapt their skills to changing market conditions is one of the keys to their success. Proactively considering the challenges facing our clients, coupled with investing in professional training and development, ensures that we remain relevant today and in the future.

I look forward to seeing this new group of associates enter the workforce and join our current team in bringing fresh perspectives to form new solutions for our clients’ needs.▼

—Tom Smith

“Organizations used to have stable industries, predictable customers, and five and ten year strategic plans. Today whole industries are being turned completely upside down in two years. Seemingly healthy companies that can’t recognize and respond quickly to change may be dead but just don’t know it yet. Why are companies blindsided? The speed of change—driven by new technology, mergers, competition coming out of left field, all mean the business landscape is more chaotic, confusing and complex than ever before. And the speed of this change is accelerating.”

—Jim Harris, *Blindsided*



At our September 16th company meeting, Jim Harris (author of *Blindsided* and *The Learning Paradox*) will facilitate a dynamic session on staying relevant today and in the future.

# From the Four Corners

## South | *Measuring Professional Growth*



When my kids were younger, they delighted in backing themselves against a wall in front of a giraffe-height chart to measure how much they had grown. Not only did they enjoy seeing their own progress but I, often times, was amazed at the growth spurts. Seeing them daily hindered me from recognizing how much they were growing until I looked at their last mark on the giraffe chart.

So, how are you measuring your professional growth? Our “Goals & Objectives” form is a good tool to help with these measurements. Unfortunately, my experience has shown that there’s often not enough detail provided in the documents or not enough time spent *periodically* reviewing, editing, and measuring your growth. Given the dynamic nature of our profession and our own ever-changing interests, we must revisit and re-establish our targets and our measures frequently.

I challenge each of you to revisit your giraffe chart at least quarterly, mark some measurements, note specific target lines, and schedule a meeting with your partner advisor to discuss.

Take a moment to delight in your professional growth and refocus next steps. ▼

—Monty Hattis

## North | *The Little Engine That Could*



After closing out the first half of 2006, the North Region is roughly \$1M ahead of plan for the year. Between recognized and contracted work, we have also surpassed 2005 revenues and stand at over 80% of our target for the year. This is a major accomplishment and directly attributable to your individual contributions.

Our ability to be successful as a firm starts with the people. Whether working independently on an assignment or as a member of a team, it is critically important to have fun, seek new challenges, and inspire and motivate those around you through actions and results.

Motivated people create the best working environments, and companies where those working environments exist deliver long-term consistent results. Because of Clarkston’s size and because of the nature of professional services, the importance of the motivated individual contribution cannot be overstated.

The efforts and results of the “can do” professionals at all levels and roles across the firm is what made the first half of 2006 such a success. These results are proof that if we continue to focus on making Clarkston a great place to build a career and on developing ourselves and others, the financial results will follow.

Thanks for your dedication and motivation. ▼

—Joe Dougherty

## West | *Who Do You Know?*



Everyone is responsible for developing new business for Clarkston. But what can individuals really do? How can one person really have an impact? One means is to maintain contact with your network of colleagues, clients, and past clients, etc. Not only does this provide a strong pipeline to help fill open positions at Clarkston, but by referring an expert from your network you could also help discover a business need for a new, current, or past client.

Examples demonstrating consultants’ influence at clients leading to new business are pervasive. Recently, a new relationship with **Company** was fostered by Ramesh Subramaniam and has led to a new logo win for the West. Wylene Lengel leveraged her influence at Cardinal Manufacturing to recognize an opportunity with Cardinal’s customer, **Company**. She leveraged her relationship and knowledge by writing a letter recommending Clarkston as a solution provider for an upcoming business initiative. Congratulations to these proactive employees.

Business development is more than just the responsibility of a select group of people in the firm. We can all contribute by tapping into our personal network—big or small. Please contact any partner to discuss the best approach. ▼

—Mark Gallant

## Extrinsic | *The Momentum is Building*



Founded in October 2004, Extrinsic is a wholly owned subsidiary of Clarkston Consulting that provides staffing augmentation, direct hire recruiting, and payrolling services for Clarkston, Clarkston’s clients, and direct Extrinsic clients. Extrinsic specializes in providing clients with ERP technology, validation, and engineering professionals.

Extrinsic’s unique relationship with Clarkston creates a winning partnership for both firms and our clients. Recently, Eisai Pharmaceuticals engaged Clarkston for its SAP implementation project. Before the project could start, Eisai needed to staff several internal positions left void by the new project team. Extrinsic worked directly with Eisai and quickly provided resources for the vacant positions. In addition, Extrinsic was able to supplement Clarkston’s project team with the right contractors to achieve the highest level of service to Eisai.

Extrinsic’s fast-paced growth strategy has revenue goals of \$3M in 2005, \$6M in 2006, \$12M in 2007, and \$18M in 2008. Extrinsic surpassed its revenue goal in 2005 and will exceed its 2006 goal by providing resources to over 25 corporations throughout the United States, Mexico, South America, and Europe.

To learn more about Extrinsic’s services, please call (919) 926-2916 or contact Michael Miller (mmiller@extrinsicllc.com). ▼

—Michael Jones



# Career Corner

## Building the Clarkston Brand

A “brand” is a promise, a pledge of quality and value, a reputation, an image with results to match. It is a combination of tangible and intangible results that makes a brand unique.

### How can you help build the Clarkston Consulting brand and strengthen our name in the market?

- 1 **Be prepared to articulate who we are, what we do, and how we have helped our clients.** Understand our vertical industries, business solutions, and centers of excellence. You never know where you will meet the next potential client or Clarkston employee—at external training courses, at the family barbeque, or in the seat beside you at the bar.
- 2 **Keep your eyes and ears open for client issues and opportunities** and pass on the information to your project manager, client service partner, or regional managing partner.
- 3 **Participate in marketing initiatives.** Speak at industry events. Write a white paper or case study. Get involved in the sales process. Join a local association and network. Help with a proposal.
- 4 **Get to know our clients on a personal level,** ask questions, and determine what problems they face in their jobs. Remember that business development in professional services is about relationships—people work with people.
- 5 **Be the brand.** As a professional services firm, we are the brand. Believe in our core values and demonstrate them in your daily work. Be professional and respectful of everyone in an organization from the CEO to the mailroom delivery person.

The best way to build our brand is to take care of our clients and each other. Consider brilliant client service as a daily habit in everything you do. Always look for ways to improve yourself and your team and to contribute the most to your client engagements. ▼

—Lisa Engleson

## Do you think of yourself as a Brand Ambassador?

You should. But what does that mean, really?

Consider Apple, Starbucks, Disney, or Wal-Mart. What adjectives would you use to describe those organizations? If for Disney you picked “family-friendly, entertaining, fun, wholesome,” you are not alone. Disney has built a successful brand.



A brand essentially sets forth a promise between the buyer and the seller. A successful brand is believable, is well defined, and delivers the same consistent experience time after time. A brand should encompass a company’s core values and reflect them outward through the customer experience.

Since Clarkston doesn’t sell coffee or iPods, you may be wondering how “brand” is important to us. However, regardless of product or intangible service, the principles are still the same. “Brand success is critical in the professional services firm where the people are the product and the brand must be lived to ensure that the promise is fulfilled” (“Five Steps for Branding Professional Service Firms,” Charlene Willey, *Denver Business Journal*).

As a Clarkston brand ambassador, you are the main vehicle for communicating Clarkston’s brand to clients. Ms. Willey states, “The brand characterizes the professionalism, work style, and quality of service that the firm delivers. Ultimately, the brand determines the people who work there and the clients that they serve.”

Clarkston’s 2005 client satisfaction survey results revealed much about our brand. Our clients rank us as especially strong in four areas:

1. Integrity and reliability
2. Teamwork
3. Industry expertise
4. Delivery

I want to commend you on your contributions to the 99% overall satisfaction rate. As we prepare to disseminate the 2006 client survey this fall, remember that each of you holds the key to ensuring that our brand is believable and consistent. Keep up the good work! ▼

—Melissa McCollough



## Down the Stretch for the Triple Crown

We’re rounding the final turn and heading for the finish line in the race for the 2006 Brilliant Client Service awards! In addition to meeting stringent operational excellence requirements (revenues, margins, AR, etc.), registered projects are evaluated in the following award categories:

- Overall Client Satisfaction:** Has our client expressed an exemplary level of satisfaction via the Client Survey, SuccessChecks, and other communications or actions?
- Innovation:** Are the solution and results new to Clarkston and/or our client? Are they new to the consulting industry?
- Greatest Business Benefits:** Has our client experienced significant and measurable benefits as a result of the project?

At the Las Vegas Company Meeting, you’ll hear from each of the finalists (to be announced in August) throughout the meeting as they take a few minutes to summarize their work and qualifications. Award winners will be chosen by an external panel of industry executives and announced on Saturday, September 16th. Good luck!

## Fall 2006 Events

### August

- 25 Engagement Excellence (Durham, NC)

### September

- 4 Labor Day Holiday (US and Canada)
- 7 Services Strategy Committee Meeting (Atlanta, GA)
- 8 Core Values Committee Meeting (Atlanta, GA)
- 11-14 PDA/FDA 2006 Regulatory Conference (Washington, DC)
- 14-15 Business Consulting (Las Vegas, NV)
- 15 National Sales Meeting (Las Vegas, NV)
- 15 Building Quality Relationships: Valuing Diversity (Las Vegas, NV)
- 16 Company Meeting (Las Vegas, NV)
- 29 Quarterly Partner Meeting (TBD)

### October

- 4 Georgia Life Sciences Summit 2006 (Atlanta, GA)
- 9 Thanksgiving Day Holiday (Canada)
- 16-20 Manager Academy (Durham, NC)
- 19-20 National Association of Chain Drug Stores Conference: Biopharmaceuticals in Pharmacy Care—Positioning Community Pharmacy for Future Patient Service (Philadelphia, PA)
- 24-26 Consumer Goods Technology Conference (Orlando, FL)
- 26-29 Pharmaceutical Industry Association of Puerto Rico Annual Convention (San Juan, PR)

## What is Strategy?

The purpose of Clarkston's Strategy Center of Excellence is to continually improve our ability to assist clients in developing functional and operational strategies to achieve their business objectives.

The development of these strategies focuses on how to structure and execute:

- Functional activities such as human resources, finance, or information technology
- Operational activities such as supply chain and customer relationship management

This focus is different from corporate or business strategy, which involves the determination of what markets to serve or what businesses the company should operate. This distinction is very important to recognize as Clarkston builds its strategic portfolio.

Although a project may solve functional or operational issues for a client, not every engagement can be classified as strategic. For example, improving the Accounts Payable invoice and payment process to work more efficiently through an enterprise resource planning system may not be strategic. However, identifying a new cash management strategy that is enabled by electronic invoicing capability is. Accounts Payable processes are inherently improved as a result; yet, the real value lies in access to additional capital to support business strategic objectives.

Building a strong strategy foundation is extremely valuable to Clarkston's service and solution portfolio because it:

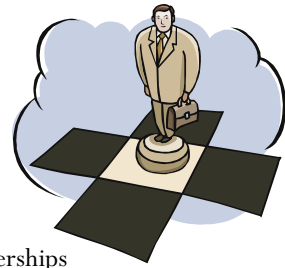
- Allows us to establish solid executive-level relationships
- Builds credibility
- Creates long-term partnerships
- Provides consultants a means to gain an in-depth understanding of how an organization functions holistically
- Helps identify other business challenges outside of a client's immediate needs where Clarkston has solution offerings

Recently, Clarkston has delivered solid results for clients in strategy efforts including an IT strategy for **Company Name**, a customer relationship strategy for **Company Name**, a change management strategy for **Name**, and critical project management office coordination for **Company**.

These strategic projects provided focus and value for our clients by helping them identify business-specific competencies and solutions and align the organization, systems, and processes.

To continue expanding our strategic depth and delivery capability, the development of proprietary knowledge is critical. Special value comes with unique understanding which is the fundamental long-term objective of strategy. Proprietary knowledge—in the form of enhanced toolsets, benchmarking capability, or leading edge concepts—provides a competitive advantage, enabling Clarkston to assist clients in developing functional and operational strategies to achieve their business objectives. ▼

—David Lindell



## Recruiting Update

Half way through 2006, we're well on our way to meeting our headcount goals for the year. We've hired 63 professionals to date, and are targeted to add an additional 15-20 consultants by year end. New Associate Bootcamp kicked off in mid-July with 12 new hires—just in time for us to embark on a new college-recruiting season. Thanks to all who have participated in recruiting so far this year. Please contact Maurita Benedict, Deana Branscom, Lesley Llewellyn, or Laurel Brock if you would like to get involved with recruiting activities. ▼

—Maurita Benedict



Kyle Montague and Deana Branscom attended the TechJournal South Deck Party, a recent networking and recruiting event for life sciences professionals.

# Vertical Update

## Deep Industry Expertise Starts with Current Events

Clarkston continues to receive strong recognition as one of the thought leading consultancies in the consumer products industry, as evidenced by excellent ratings in both *Consumer Goods Technology* magazine and the recent independent Kennedy Report.

In order to remain thought leaders, we must have keen awareness of industry drivers. A key component to the CP vertical's mission is sharing the trends we observe in the market. Are you seeing signs of these recent trends at your client sites and in your own personal consumer preferences?

1. Independent drug stores are at risk of being put out of business by Medicaid Part D; only massive chains that can execute these new government regulations will survive.
2. Mass customization is about offering unique products built off common platforms—consumers will pay more for unique products.
3. Private label products in brand-dominated markets such as those of Coke and Pepsi is the next major frontier.
4. Food service is one of the fastest growing areas of the consumer products industry.



**To remain thought leaders, we must understand industry drivers and how these trends connect to our clients.**

- More and more people are looking to alternatives for meals versus home preparation.
5. Electronic tracking is the industry's next technology frontier. This includes fully RFID-enabled shopping carts in all stores that constantly report movement, duration in an aisle, and location of shopping habits.
  6. Trade promotions are the last major marketing and sales tool that have gone untouched for the last 30 years. As with advertising, will these be completely transformed over the next few years?

## BioSimilar Part One: How much impact can they really have?

Biotechnology-derived products account for nearly 15% of the world's pharmaceutical market. In the United States alone, they make up more than \$30 billion, but over the next three years, \$10 billion will lose patent protection. This means no immunity to the threat of generic competition that has already had a significant impact on the traditional (small molecule) pharmaceutical market.

These products are called "biosimilars" (Follow On Protein Products), based on the complex molecular structure they have and the fact that they are derived from some cellular-based host. In the late spring of 2006, Novartis' generic division (Sandoz) was successful in winning approval in both Europe and the United States for Omnitrope (the generic version of Pfizer's Genotropin—human growth factor). There has been significant controversy over this within the biotechnology and the generic manufacturers community. Questions have

arisen around the transportability of clinical data, stability data, and other CMC-related information. Patient advocacy groups question whether new biosimilars will have the same significant cost savings to patients and insurance providers as traditional generic pharmaceuticals.

The great news is that there are opportunities for Clarkston to support clients on both sides of this equation. For the generic manufacturers who typically submit Abbreviated New Drug Applications (ANDAs), also known as 505(j)s, this new submission process 505(b)(2) relies on previous data submitted to the FDA and will require new data elements and additional demands for a more complex regulatory and quality systems strategy. There will also be a need for more detailed supply chain and distribution strategies with cold chain management due to the environmental restrictions of these products. The federal government will be closely monitoring how manufactur-

7. Only those consumer products companies that can really segment their customers and offer unique solutions to different customer groups will grow organically in the next 10 years.
8. Emerging markets continue to offer the best growth—Is China a bigger consumer products market than the United States?
9. The outsourcing question is not "if," but "when"—How is this phenomenon impacting the market place?

Thinking about and understanding the business drivers for these trends are important first steps. The key, however, is connecting them to your client and your project—and understanding how our services and COEs help tackle the business challenges.

Get smart on these trends (research, read, collaborate with your project team, reach out to subject matter experts, etc.) and then discuss them with your clients over lunch or coffee—your deep industry expertise will shine through and could uncover new opportunities even the client didn't even know to think about! ▼

—Thomas Buescher



**Biosimilars (Follow On Protein Products) have a complex molecular structure and are derived from a cellular-based host.**

ers commercialize these new products—pricing and contracting will be scrutinized to a much greater degree than traditional generic drugs.

My next article will cover the position the patent holders are trying to leverage to protect their franchises and what Clarkston can do to support them. ▼

—Paul Anders

## Join A Community Outreach Team and Make A Difference



Clarkston is committed to community service as an important part of our culture, which is cause for great celebration. Community service is another example of our win-win-win philosophy. Employees win because of the feelings gained by contributing positively to their community. Clients and their communities win as a direct result of these efforts. And, Clarkston wins because the firm can attract and hire good candidates who share our values.

In order to track and communicate all your contributions to community service, the Diversity committee elected regional representatives. Kyle Montgomery will represent South Central, Carrie Anderson will represent North Central, Melinda Boyd will represent the West, and Tammy West will represent Canada.

Please submit the Outlook form sent by the regional reps last month to identify your community service efforts. If you have any questions, contact your regional rep or Michelle Teller.

Keep making a difference. ▼  
—Michelle Teller

## How I Made A Difference

It is a cool morning, at least for Atlanta in May. I walk up the parking garage steps and work on pinning my crisp white race number to my shirt.

Today the streets, which are usually lined with sedans and SUVs, are packed with 14,000 people. It's amazing to look around and see all the survivors in pink shirts.

The Clarkston team—Monty Hamilton, Susan Flanagan, Amy Tenneman, Marie-Anne Rich, Bill and Sean Larsen, Ed Henry, and I, with pledged support from Carrie O'Donnell, Matt Wells, and Tish Pauls—mixes in at the starting line. The race starts and we join the thousands in walking and running from Atlantic Station through the streets of Midtown. Cars stop to let us pass; their drivers and passengers applaud.

By the second mile, what started as a cool morning now feels like summer. We move past signs, balloons, and people cheering racers from the sidewalks. As I round the final turn and see the finish line covered with arches of pink balloons, I pick up speed. I am not concerned with my race time displayed in neon digital numbers above. Instead, I turn around and cheer on the thousands of racers and my teammates.

It isn't about having the fastest time or winning. It is about the women: the survivors and

the fighters. It is about working as a team to find a cure. Year to date, Atlanta participants have raised over \$1.1 million dollars to help fund breast cancer research. I am proud to be part of the community and the Clarkston team that helped make that happen. ▼

—Aubrie MOSS

*We are still looking for race participants as well as team captain volunteers. Team captains are primarily responsible for recruiting participants in your city and coordinating race day logistics. If you are interested in becoming a team captain or participating in a city with no team captain identified, please contact Melinda Best (mbest@clarkstonconsulting.com).*

City	Date	Team Captain
Boston	9/10	Kelly Good
New York	9/10	TBD
Orange County	9/24	Melinda Boyd
San Francisco	9/24	Tony Stolis
Chicago	9/30	TBD
Houston	9/30	TBD
Phoenix	10/8	TBD
San Juan	10/15	TBD
Dallas	10/21	TBD
Princeton	10/29	TBD
San Diego	11/5	Janet Garrison



*The RDU Race for the Cure team stops for a quick picture before the 5K walk on June 10 in Raleigh, NC. Front (left to right) Pamela Anderson, Mona Hamilton, Tyler Wilder; Back (left to right) Jack Anderson, Tom Finley, Heather Parker, Josh Tuetle, Sarah Bailey*