

SPOTLIGHT

The Financial 50: Shifting Focus to Strategic Hiring and Specialization

Recruiting in the financial services sector is once again at a crossroads. As financial institutions emerged from the great meltdown eight years ago, heady times existed for search firms focused on any number of specialized areas within the field. But in the last year to 18 months signs have been emerging of slowing activity, and this has led recruiters to jockey for competitive position with fewer clients. Innovative talent management offerings have sprung up as a result and headhunters are going deeper into targeted market segments. The good news – there will always demand for high impact financial talent. Here's what a few search specialists are reporting:

"Clearly we are continuing to look for candidates who have real performance history," said Sandy Gross, CEO of **Pinetum Partners**, which specializes in finding leaders for hedge funds, investment banks and other securities firms. "In the hedge fund sector our clients are moving away from a focus on younger candidates to those with certain levels of maturity and history on Wall Street," she added. While the hedge fund market continues to be strong, Ms. Gross is beginning to see it flatten – and senior executives with market cycle experience are gaining an edge over millennials who were once its mainstay.

Streamlining Costs

According to Richard Stein, chief growth officer at Options Group in New York, there has been a noticeable slowdown on the sell-side in global markets, specifically in fixed income. "Central bank monetary policy, European risk (Grexit/Brexit) and China's slowing economy are negative forces impacting hiring," said Mr. Stein.

Linda Mack, president of Chicago-based Mack International, also sees some shifting due to the slowdown. "Financial services firms are focused on streamlining costs. Personnel and infrastructure costs are very high relative to prospective revenues and this is a key factor driving a flatter hiring cycle." Ms. Mack is seeing the relocation of non-revenue producing personnel from high cost locations (i.e., money centers) to lower cost regional areas.

Signs of a Slowdown

According to data compiled by The Association of Executive Search Consultants (AESC) there was zero growth in financial services among its member firms in the third quarter of 2015, the trade organization's last reported filing. Still, financial services remained the second largest sector of activity. Nevertheless, executive recruiters see signs of a hiring slowdown. Bank of America announced job cuts last month, and

that comes on the heels of other money center banks and regional lenders that are doing the same. Investment banking groups are most vulnerable, said financial services concern Green Key Resources. "Structural challenges – tougher regulations and a shift toward electronic trading – have combined with a cyclical downturn as choppy financial markets have made clients less likely to trade."

While investment banks and private equity firms experienced robust staff build-outs in 2014 and partially into 2015, the M&A activity driving that expansion has all but dried up. "In 2016, the banks and buy-side firms want to absorb all their new hires and observe where the world economy is going," said Holly McCarthy, managing partner at Opus Advisors in New York. "Hiring is now more prudent than it is aggressive," she added.

The financial services sector continues to be the engine that drives much of the U.S. economy. Hunt Scanlon Media has identified 50 search firms that specialize in the field – covering every area imaginable, including asset and wealth management, capital markets, fintech, hedge funds, private equity, alternative investments, commercial and investment banking, risk & compliance, investment management, family office and venture capital (see accompanying table).

A Silver Lining

So where's the growth going to come from in financial services? Recruiters report that demand for executive level, 'high impact' investing talent is on the rise – and that demand is expected to soar in coming years. But these same search professionals say these roles can be difficult to develop and ultimately recruit for clients, given their multi-disciplinary and evolving nature. In fact, impact investing roles are new to many organizations, they report.

Financial institutions are also facing intense pressure under the current regulatory environment, a result of the Dodd Frank legislation. Leaders who are equipped to deal with risk management and who can foster close collaboration between compliance and other corporate functions (and who can effectively communicate to a more complex and sophisticated set of stakeholders), will be in most need.

"The cost of compliance has ballooned so much that institutions focused on expense control have significantly cut back on third party talent acquisition vendors, and have instead moved to building internal recruiting staff," said Patrick Prout, financial services practice leader at Diversified Search.

Prime Hunting Ground

Quantitative strategy development, which straddles both the buy and sell-side of capital markets, is also seen as an exciting growth area, said Stephen Ozyck, partner of Fairfield, Conn.-based InSite Search, which focuses on the capital markets sector.

"It can take a significant amount of experience to gain the necessary knowledge to construct trading strategies that are profitable," he said. "This process is research intensive and requires specialized skills in finance, mathematics and software programming." The demand for professionals with this level of expertise continues to increase, he said. One sector Mr. Ozyck sees as prime hunting ground for

quantitative developers is in Silicon Valley where they are required to build and support these strategies. "We are now competing for talent against companies like Google, Facebook and Microsoft," he said.

So where does this leave search firms that specialize in the sector? "Despite some softness, financial services will remain strong in certain targeted areas," said Christopher W. Hunt, president of Hunt Scanlon. "Even at the largest recruiting firms, financial services is still king." At Heidrick & Struggles, he noted, 27 percent of the firm's annual revenue comes from financial services recruiting, leading all of its other practice areas. "That's a big number and not likely to change anytime soon," he added.

Hunt Scanlon Financial Fifty

ABERT Associates Type: Asset Management <i>Consultants:</i> 1	Janice Abert 914-646-5357	Jamesbeck Global Partners Type: Invest. Mgmt./Trad. & Alternative <i>Consultants:</i> 8	Ashton McFadden 212-616-7411
Allegis Partners Type: Multiple F.S. Practices <i>Consultants:</i> 11	Dimitri Mastrocola 212-201-3993	Robin Judson Partners Type: Hedge Funds/P.E./Invest. Banking <i>Consultants:</i> 4	Robin Judson 646-632-3750
David Barrett Partners Type: Asset and Wealth Management <i>Consultants:</i> 9	David Barrett 212-710-8840	Kaye/Bassman-Sanford Rose Type: Banking/Finance/Wealth Mgmt. <i>Consultants:</i> 6	Susan Fishlock 972-931-5242
Bay Street Advisors Type: Banking/Capt. Mkts./Alt. Asset Mgmt. <i>Consultants:</i> 22	Kevin P. Mahoney 646-278-4321	Michael Kelly Associates Type: Asset & Wealth Mgmt./P.E. <i>Consultants:</i> 4	Michael P. Kelly 917-363-4815
Boyden Type: Asset & Wealth Mgmt./FinTech/Insur. <i>Consultants:</i> 12	John Burr +44 7826 866413	Korn Ferry Type: Multiple F.S. Practices <i>Consultants:</i> 97	Michael Franzino 212-687-1834
BraddockMatthews Type: Asset Mgmt./Hedge Funds/P.E. <i>Consultants:</i> 5	D. Braddock & B. Matthews 212-257-4422	Lochlin Partners Type: Corp. Funct./Diversified F.S. <i>Consultants:</i> 3	Patrick Friel 703-584-3215
Caldwell Partners Type: Banking/Alt. Invest./Asset & Wealth Mgmt. <i>Consultants:</i> 10	Paul Heller 212-953-3220	Long Ridge Partners Type: Invest. Mgmt./Hedge Funds/P.E. <i>Consultants:</i> 15	Michael Goodman 212-366-6686
Chanko-Ward Ltd. Type: Multiple F.S. Practices <i>Consultants:</i> 1	Jim Chanko 212-869-4040	Mack International Type: Family Office/Wealth & Inv. Mgmt. <i>Consultants:</i> 3	Linda C. Mack 800-976-0014
Chartwell Partners Type: Banking/Investment Firms/Real Estate <i>Consultants:</i> 11	J. Scott Petty 214-269-1900	Ogders Berndtson Type: Banking/Asset Mgmt./Insurance <i>Consultants:</i> 8	Steven B. Potter 212-972-7287
Chrisman & Company Type: Banking/P.E./FinTech <i>Consultants:</i> 4	Timothy Chrisman 213-620-1192	Options Group Type: Finance/Quant/Tech./Global Mkts. <i>Consultants:</i> 72	Michael Karp 212-982-0900
Coleman & Company Type: Banking/Asset Mgmt./P.E. <i>Consultants:</i> 5	Carol Coleman 212-867-4678	Opus Advisors Type: Private Equity/Hedge Funds/Banking <i>Consultants:</i> 13	Holly McCarthy 203-454-1109
CPI Type: Private & Public Investment Firms <i>Consultants:</i> 22	Brian A. O'Callaghan 212-354-3933	Pinetum Partners Type: Hedge Funds/Asset Managers/Insur. <i>Consultants:</i> 3	Sandy Gross 203-625-9340
DHR International Type: Multiple F.S. Practices <i>Consultants:</i> 22	Carol Hartman 415-655-4484	The Prince Houston Group Type: Multiple F.S. Practices <i>Consultants:</i> 5	Marylin Prince 212-313-9891
Diversified Search Type: Banking/Retail/Wealth Mgmt. <i>Consultants:</i> 5	Patrick M. Prout 212-542-2586	Riotto-Jones & Company Type: Wealth Mgmt./Family Offices <i>Consultants:</i> 3	Anthony Riotto 917-855-7278
D.S. Wolf Group International Type: Banking/Asset Management <i>Consultants:</i> 7	David Wolf 212-692-9697	Russell Reynolds Associates Type: Asset & Wealth Mgmt./Global Banking <i>Consultants:</i> 32	Kurt Harrison 212-351-2000
Egon Zehnder Type: Multiple F.S. Practices <i>Consultants:</i> 18	Francisco J. Paret 212-519-6220	RSR Partners Type: Inv. Banking/Asset Mgmt./Compliance <i>Consultants:</i> 5	Graham E. Michener 212-661-5727
Fieldbrook Advisors Type: Invest. Banking/P.E./Asset Mgmt. <i>Consultants:</i> 2	Steven B. Ritchie 646-727-4810	Sage Search Advisors Type: Asset Mgmt./Family Offices <i>Consultants:</i> 4	Linda Petrone 203-622-4519
Jay Gaines & Company Type: Tech./Finance & Risk/Compliance <i>Consultants:</i> 4	Jay Gaines 212-308-9222	Seiden Krieger Associates Type: Multiple F.S. Practices <i>Consultants:</i> 2	Steven A. Seiden 212-688-8383
GF Parish Group Type: Investment Management <i>Consultants:</i> 4	Gabrielle Parish 952-541-0613	SG Partners Type: Multiple F.S. Practices <i>Consultants:</i> 12	Sheri Gellman 212-922-9544
Global Sage Type: Asset & Wealth Management (Buy Side) <i>Consultants:</i> 40	Louisa Wong 646-557-3000	Sheffield Haworth Type: Multiple F.S. Practices <i>Consultants:</i> 17	Mark Esposito 646-597-7408
Glocap Search Type: Inv. Mgmt./Digt. Media/Inv. Banking <i>Consultants:</i> 45	Adam D. Zoia 212-333-6400	Spencer Stuart Type: Multiple F.S. Practices <i>Consultants:</i> 41	Peter Simon 416-203-5587
Goldsmith & Company Type: Asset Mgmt./Hedge Funds/P.E./VC <i>Consultants:</i> 6	Joseph Goldsmith 212-419-1239	Third Street Partners Type: Asset & Wealth Mgmt. <i>Consultants:</i> 6	Laura K. Pollock 212-886-1095
Heidrick & Struggles Type: Multiple F.S. Practices <i>Consultants:</i> 57	Daniel Edwards 212-699-3103	Westwood Partners Type: Asset Mgmt./Hedge Funds/Capt. Mkts. <i>Consultants:</i> 12	Michael J. Flood 212-672-3350
Hudson Gate Partners Type: Hedge Funds/VC/Private Equity <i>Consultants:</i> 10	Ruthanne Roth 646-502-5228	Whitney Partners Type: Multiple F.S. Practices <i>Consultants:</i> 8	Gary S. Goldstein 212-508-3500
InSite Search Type: Quant/Hedge Funds/P.E./Tech. <i>Consultants:</i> 5	Stephen Ozyck 203-222-2222	ZRG Partners Type: Lending/Banking/FinTech <i>Consultants:</i> 5	Larry Hartmann 201-560-9900 x222