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## Increase in Hiring Driven by Operations Side

The industry's weak showing last year may have put a dent in bonuses, but the overall job market for hedge fund professionals is stronger now than at any point since before the financial crisis, according to executive recruiters and outsourcing agents.

The stepped-up hiring activity that began in 2009 gained momentum over the past year largely because of strong demand for chief financial officers, chief operating officers and other experienced operations professionals. Even startups and boutiques, which in the past might have gone for years before hiring a chief operating officer, face increasing pressure from investors to pay more attention to accounting, compliance, reporting, risk management and other functions on the operations side.

While plenty of unemployed traders and portfolio managers are still looking for work, operations executives are having little trouble finding jobs. Fund managers are creating and filling operations roles not only to satisfy the due-diligence concerns of investors, but also out of a realization that they need to delegate those responsibilities in order to focus on investing.

"What they really need to focus on is alpha, making money," said **Jeff Glick**, who runs **Start U Up**, a Darien, Conn., firm that provides outsourced chief financial officer and chief operating officer services to fund operators. "They should be staring at the screen all day."

The challenge for smaller firms, especially startups, is funding the added positions. "They need a CFO in the company to raise money, but they need money in order to pay for the right CFO," said **Jodi Wechsler**, founder of **iFind Group**, a New York recruiting firm that mostly handles placements of chief financial officers and chief operating officers.

One solution: offering recruits an equity stake in the firm to

compensate for lower pay the first few years. That prospect can be appealing to operations professionals like **Edward Grinacoff**, a veteran chief financial officer who is currently out of work. "I have no problem coming in, doing what I've always done my whole career — which is help growing business — and then participate in the back end," he said.

The demand for operations staffers is why executive-search firms such as **Atlantic Group** now see placements approaching pre-crisis levels. The New York firm peaked at several hundred placements in 2007-2008, then saw the bottom fall out in 2009, when hedge fund recruiting fell by up to 75% industrywide. Atlantic founder **Richard Scardina** said business gradually has come back, with placements now approaching 75% of peak volume. "From where I sit, the job market is very healthy," said Scardina, whose business includes a high percentage of mandates for hedge fund accounting and other operations jobs.

Also in strong demand are marketing professionals with experience articulating complex investment strategies and junior analysts with good training and a willingness to start at entry-level salaries.

Across the industry, compensation is under pressure in the wake of generally weak 2011 returns. The broad-based HFRI Fund Weighted Composite Index fell 5% last year, while the S&P 500 eked out a 2.1% gain.

A November report from **Hedge Fund Research** and executive-search firm **Glocap** found 2011 compensation levels down about 10% on average across all specialties. But a more recent survey offers reason for hope. **Job Search Digest** found about half of industry professionals expect their 2012 compensation to rise 1-15%, while only 5% anticipate a drop in pay. ❖