

# Investment Job Prospects

The job market was hot; it may be cooling but certain niches could get hotter. **By Chidem Kurdas**

**L**ike financial markets, the investment job market is in flux. HedgeWorld asked the Gerson Group's chief executive Russ Gerson and founding partner Deborah Markus to discuss the trends they see in hedge fund and other investment management hiring.

Mr. Gerson has been doing executive searches for more than 20 years. Before launching the Gerson Group, he developed the financial markets practice at A.T. Kearney. Ms. Markus was at Russell Reynolds Associates prior to joining the Gerson Group and has also worked at JP Morgan Asset Management.

**HedgeWorld:** In the past year hedge funds and other asset managers hired large numbers of people. Is it your impression that this has been an exceptionally hot market?

**Russ Gerson:** The past year has been one of the most active hiring environments in my 20-plus years in the securities industry. We have witnessed incredible activity. What drove it? The growing number of hedge funds, private equity funds and investment banks created by the huge flow of capital into this sector.

**HW:** Is it easy to place people in hedge funds?

**Deborah Markus:** I would not use the word "easy." Hedge funds represent a broad category of firms, and it is not easy to generalize. We spend a lot of time conducting due diligence on professionals before we introduce them to a fund. Hedge funds do a lot of their own due diligence on the



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>> CONTINUED ON PAGE 39

## INVESTMENT JOB PROSPECTS

<< CONTINUED FROM PAGE 17

people they hire; it tends to be a long interview process.

**HW:** What do the funds look for?

**DM:** The focus is on the depth of one's skill set as well as the cultural fit within the organization. How strong are their analytical skills? Have they proven themselves? What kind of track record do they have? Do they come from a known organization? Do they have a good reputation in the industry? Are they driven? Employers want someone who has talent, technical skills and vision.

**HW:** What specific skills are in strong demand?

**RG:** There is a lot of demand right now in high-yield and distressed investing strategies. People are building up their arsenal in preparation for the fallout from the credit crunch. They're also adding senior research talent on the equity side. Both traditional managers and hedge funds are doing this. A strong analyst with seven to 10 years' experience is in high demand, particularly below the portfolio manager level. There's more need for analysts than portfolio managers.

**HW:** How do you know a particular person is right for a certain firm?

**DM:** There has to be a cultural fit. Each firm has a unique culture. Besides having the skill set, it is just as important for the new person to fit that culture. In order to assess the culture, we spend time at the firm's offices interviewing people at all levels, from junior profes-

sionals to senior executives. We look at the firm's products, their performance and their structure. We speak to numerous employees, both past and present, to get a sense of the culture.

**HW:** There's been much talk of people leaving hedge funds and moving back to traditional management. What's fueling that trend?

**DM:** Initially everybody wanted to move into hedge funds—it was like the Internet bubble! That is still going strong; however, some individuals complain of the lack of stability in hedge funds. A handful of junior professionals, say from the class of 2002, already want to exit the hedge fund space. But more often in that age group people want to get a job at a hedge fund. Yes, you do hear, "Get me out of this hedge fund!" But just as many say, "I want to go to a hedge fund."

**HW:** What do you see coming in the employment arena?

**RG:** We are just beginning to see a slowdown in hiring decisions because of the correction in the markets. Mortgage defaults, hedge fund failures, equity market—it's a normal correction and firms must remain competitive by bringing on new talent. The markets' performance at year-end will determine how much demand will increase. As for specific hiring needs, there is still a lot of demand for credit and distressed specialists.

**DM:** In addition, many traditional firms are trying to hire professionals who have had a few years at a hedge fund and are ready to come back to a traditional asset manager. These are the professionals who



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can help build out a platform. Traditional managers want to establish more competitive alternative investment platforms, what we call a strategic build-out. People who will play this strategic role have to be well-rounded. They must be able to communicate investment strategy to clients and potential investors, have the drive to develop a business and the people skills to build an investment team. [ai](#)