



Hedge Funds Seek Back-Office Talent

By Scott Krady Apr 17 2006

As hedge funds mature into a \$1 trillion industry, funds are on the prowl for back-office specialists in compliance, accounting, marketing and technology.

There are simply more hedge funds out there today," observes Russ Gerson of the Gerson Group, which recruits and consults with financial companies on human resources issues. A chunk of their back-office roles are now being filled by managers at traditional asset management firms, law firms and accounting firms.

Costly blowups at funds such as Wood River and fraud at Bayou Group LLC, have caught the eye of regulators. One new rule requires hedge funds with more than 14 clients and \$30 million in assets to register themselves with the Securities and Exchange Commission. Facing such increased regulation, hedge funds are widening their infrastructures and courting top professionals at law firms, accounting firms and investment banks for their expertise. For example, D.E. Shaw and Joseph Perella's firm have lured executives from banks like Morgan Stanley.

In addition, as they add sales people, funds need experience in retirement and other benefits common to more traditional investment firms.

Salaries Move Up

On average, recruiters say that accountants and compliance officers have increased their pay by 40-50 percent while salespeople who move to hedge funds can share in ownership. Also, managers are jumping at the opportunity to work in a unique area that provides a wider spectrum of risk and returns.

"Each new hedge fund brings with it new complexities," says Carol Kaufman, president of Alternatives TLC, LLC, a Ridgewood, N.J., consulting firm for hedge funds. "There are so many different moving parts" to the hedge fund world, says Kaufman. The increased focus on back-office and operational support is indicative of market demands, in which hedge funds are now being accessed by a wider spectrum of investors.

"People who can do the calculations and understand the rules" are in the greatest demand, Kaufman says. "Demand is robust for professionals capable of managing financial accounting tasks and valuation of nontraditional assets that are managed by funds." Also, because of complex assets, structured finance and increased trading, funds feel a need for high-level accountants and risk managers.

Kaufman expects the trend in hiring on support levels at hedge funds to continue, as long as the number of funds continues to grow. More than 2,000 funds were launched in 2005, up over 40 percent from 2004.