

# The need for talent in a downturn

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For investment management firms that can offer long-term job security, today's market turmoil presents an opportunity to hire talented investors

There is no doubting that the investment management sector has been one of the hardest hit in the current market turmoil, with some tales of investment performance and redemptions making the horror stories faced by other sectors seem tame in comparison. For well-run businesses capable of surviving the downturn, however, there are some exciting and potentially lucrative opportunities for the brave and deserving.

In order to navigate these difficult times, management teams will be looking harder than ever for talented fund managers to deliver outperformance and to maximise profitability in a sustainable manner. On the fund manager's side, no longer is the best employer the one offering the greatest rewards. Investment professionals are looking for job security, the ability to operate business as usual and a robust employer likely to remain a going concern for the long run.

## Where is the value?

In due course certain sectors will provide some great investment opportunities, including both equities and property. Many of these assets are undervalued at present but the trick is in separating the wheat from the chaff with the consequences of bad investment decisions being disastrous in the current climate. This emphasises the point that genuine talent is in more demand now than in the recent bull market where the price of poor decision making was not nearly as severe.

Cash-rich, stable businesses are already sizing up opportunities for acquisitions with many competitors being valued at knock-down prices, either as a result of poor performance or a desire for cash-strapped shareholders to realise value. Fund teams and entire businesses are both under the microscope but, one of the biggest questions to be asked is does the value lie in the assets or the people?

If the answer is the people i.e. the talent, then culture comes into play. In this sector many firms take the stance of either supporting or suppressing the star fund manager culture and for two organisations at either end of the culture spectrum, integration may prove too difficult a challenge to even attempt.

Following from that argument, businesses that stress process over management capability may be less likely to see value in people with the real gold being in the asset books and contracts. While star fund managers are actively discouraged in this environment a different type of talent is valued, that of managing processes, delivering results and defining and delivering the business ethos.

## The retention conundrum

With collapses in the value of many share prices and business values, the retention value for many fund managers represented by the amount of money at risk or forfeitable (often linked to fund or business performance) is at a low point. This may mean that there is less potential to lock key talent in place and presents acquisitive businesses with a golden opportunity to poach the best in the market.

On the flip side, those fund managers secure in their jobs look to be less likely to risk moving to another employer. As a result the employment proposition can no longer be exclusively financial. Today, the best are likely to value the ability to operate as they choose, combined with the opportunity to make a good but stable living.



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