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Disruption in Financial Services Presents Big Opportunities for Recruiters



The profile of modern financial services leaders continues to change amid the sector's renewed focus on customers for revenue growth, service digitalization, a renewed focus on risk management, and increasing investor and regulatory scrutiny, according to executive recruiters.

The COVID-19 crisis has only heightened the need for top talent that has the ability to pivot and steer businesses through hard times and onto firm ground. So it is that skilled leaders are being sought throughout financial services and across a myriad of functional disciplines. Diverse candidates are in particular demand. Digital and transformation experience is vital. For many, success will hinge on a leader's ability to integrate remote workers.

Some of the roles that recruiters are being asked to fill include CIO, CDO, CSO, big data, IT audit, customer experience and compliance positions across a number of financial services subsegments. Asset management roles in product and sales in illiquid-assets/alternative investments are also in demand. Financial services organizations are also seeking directors of cybersecurity, chief enterprise architects and chief revenue officers.

The market is highly competitive for top talent across the financial services sector, according to Michael Sarnoff, head of the financial services practice at **Diversified Search Group**. "This is true for leadership across lines of business and across functional areas such as boards, technology, operations, risk, finance, HR, and legal and compliance," he said. "In addition, we've seen an increased urgency to identify and attract diverse talent in to mid to senior levels across all of our clients in financial services platforms."

"The COVID pandemic has served as a great accelerator of trends, most notably on efforts around DEI at companies and around the move to a more flexible and virtual work environment," Mr. Sarnoff said. "Despite some headwinds through the middle part of 2020,

the sector has rebounded with real strength over the last 12 months and there are no signs of it slowing down."

"While we saw a brief pause in our senior executive recruitment processes early in the pandemic, there was a quick recovery as hiring teams acclimatized to the new virtual approach to hiring," said Lisa Newey, senior managing partner at **Newey & Co.** "Hiring managers, for the most part, seem to have gained full comfort with hiring and working with colleagues with whom they've never been in the same room. In terms of volume, we've seen a very steady flow of both recruitment assignments and enquiries across all functional areas of financial markets for almost the full span of the pandemic, and have been operating at full capacity."

BY THE NUMBERS

Onward & Upward

92.8% of executive search firms working in the financial services sector expect revenue growth in 2021...

...in 2020, **55%** of these firms missed revenue goals

In Ms. Newey's view, financial services firms have adjusted quickly and effectively to remote work throughout the pandemic, even in situations in which there is a need for constant interaction, such as on a trading desk. "A lot has been learned about how to best manage a remote workplace, and how to stay engaged and focused," she said. "The key challenge going forward will be to integrate this flexibility into work practices in the long run. Now that employees have had a taste of the flexibility and personal time saving that remote work can offer, the proverbial cat is out of the bag and expectations are that remote work or a hybrid arrangement will be the norm. Employers who don't continue to offer this type of flexibility for their teams will likely lose their best employees to those who do offer it, or not be competitive in hiring the best people."

Digital and Transformation

"We see an increasing demand for senior financial executives who have experience/expertise in both digital and transformation topics," said Joost Goudsmit, managing partner, Netherlands and global practice co-leader, financial services practice at **Boyden**. "Because of the pandemic, finance executives are under increased pressure to act fast to steer their company into a solid and stable business."

"Prior to COVID we encountered a drastic change of business with the financial services sector due

(cont'd. to page 2)

LEADERSHIP SEARCH

The Tolan Group Recruits CFO for Pharmalogic Holdings



The Tolan Group (TTG) recently placed Mark Attarian as the new CFO of Pharmalogic Holdings Inc. Managing partners Kaye Johnson and Rachel Gauthier and senior search consultant Jennifer Chee led the assignment. "We were honored to work with Steve Chilinski, CEO of Pharmalogic, and his team on this engagement," said Tim Russell, managing partner of The Tolan Group. "Due to Attarian's successful track record of financial and operational success, our team believes he was the foremost candidate to help lead Pharmalogic to their next level of growth and expansion."

Established in 2005, The Tolan Group provides executive search services for behavioral health, substance abuse, human services, healthcare software and services, health plans/payers, software and services vendors that support the healthcare continuum as well as life sciences and biopharma.

to digitization," said Carlos Dafaue, partner, Spain, and global practice co-leader, financial services practice at Boyden. "Traditional banks, for example, were pushed by new fintech start-up and scale-up companies to rapidly transform their structure, product offering, and their pace in innovation and decision making. Some of them are on their way to successfully transforming into a more digitized financial entity, but some of them will not make it due to a lack of investment capability and management potential. They will either cease to exist in the near future or will be taken over by more flexible and agile financial/technology firms."

"More and more technology firms will step into (or already have) the financial arena, like the Google's and Apple's of this world," Mr. Goudsmit said. Also fintech initiatives will continue to grow in the coming years. They will change the banking, insurance, asset management, etc. landscape enormously. We also see strong activity in payments and open banking where traditional players are investing in order to not lose pace with newcomers. Also PE firms are focusing more and more on new developments and initiatives in the financial services business."

"Our firm did reasonably well during the pandemic," said Mr. Dafaue. "Of course we had some loss in revenue but we managed to stabilize that and are trending upwards during 2021. In 2020 we monitored our costs very well and aligned our business on providing leadership solutions with the transformation and digitization needs of our clients," he said. "Our human capital services expanded with more digital solutions for our clients (e.g., online leadership services and assessments) and we also focused on technology finance positions. We also appointed fintech regional leaders to face the market challenges and worked together in close coordination with our technology practice given that boundaries in certain fields are blurred."

Mr. Goudsmit notes that in regards to positions and roles that are in demand, "We are seeing CIO, CDO, CSO, big data, IT audit, customer experience and compliance positions across the board of financial services subsegments; for asset management, product and sales positions in illiquid-assets/alternative investments; and

in payments, positions to transform traditional business to digital," he said. "Lastly, we are seeing other positions in the sector such as director cyber security, chief enterprise architect and CRO."

As we start to slowly move into a post COVID world, the job market for senior executives is extremely strong, according to Matt Shore, president of **StevenDouglas**. "While the need for executive leadership existed in 2020, many companies and individuals were hesitant to act," he said. "The inability to meet in person and the general fear of the unknown put these positions on pause, while we waited for additional information about the future. As we entered 2021, the landscape has started to clear and the pent up demand has required companies to start hiring. The delays from 2020, plus a robust economy, have led to one of the hottest job markets we have seen in our lifetime."

Uncertain Times

"Additionally, the flexibility to work remotely has opened up candidates to a greater number of opportunities leading to a true talent driven market," he said. "A previous generation of leaders, who relocated to a company's headquarters and traveled extensively, is being replaced by a new generation with a true home base and travel as needed."

Needless to say, the early days of the COVID pandemic was a very uncertain time for all companies but, the impact on the financial services sector was determined primarily by their size and area of focus. "The size of each institution played a major factor in their response and ability to thrive," said Mr. Shore. "The larger universal banks retrenched the most. The primary cause of this centered on their retail banking exposure to interest rates, their concerns over loan losses and their international reach. Conversely, regional and specialty firms were more nimble and in many cases experience employment growth. Whether it was a hedge fund increasing exposure to tech or crypto, or a region bank with a greater focus on PPP distributions, these firms saw opportunities and added talent to make the most of it."

The financial services sector also faces several challenges: the potential of increased government regulation, higher interest rates, and geo-political unrest. "Specific to the financial industry's ability to attract and retain talent, I believe a resistance to changing cultural norms could be the biggest threat," Mr. Shore said. "Even before COVID, the predominance of working for a major investment bank or hedge fund was being replaced by top talent looking to tech or fintech as the quintessential dream job. These other sectors' creativity and flexibility, coupled with cutting edge products, has only accelerated the movement of top talent into the space. Add to this the financial sectors' post COVID resumption of a four to five day per week office requirement and inflexible work habits, this trend will only continue."

"We recruit recruitment and executive search consultants with exposure to the financial services sector," said Nicholas Macdonald, managing principal and head of U.S. operations at **Tempting Talent**. "When speaking to consultants in this sector it seems that hiring across financial services – banking, alternatives and insurance – has become wildly compet-

(cont'd. to page 3)

itive for hires and a predominately candidate driven market for all major focus clients. The majority of search consultants we speak to who were traditionally focused in financial services have begun expanding into 'financial technology – payments systems, cryptocurrency, blockchain technology and quant' due to the increased investment and advancement within these spaces."

"The financial services industry has come out incredibly strong from the COVID-19 pandemic, with the majority of our clients' partners reporting record quarters and hiring aspirations," according to Mr. Macdonald. "COVID has forced technological advancement for many banks so all FS search firms are beginning to expand greatly into building technology practices for variety of reasons," he said. "Our clients say it is a battle between old vs. new. Traditional banking services are being altered greatly by the rising tide of financial technology – executive search consultants are working tooth and nail to keep up with these changes to stay ahead of the curve. For example, a couple of our search clients have begun building-out blockchain teams for some of the world's largest banks."

"For portfolio-level leadership, the stakes for making the right call have never been higher. New characteristics will be required including substantive patience, the capacity to impute the impact of paradox and polarity."

"Search2Search is the strongest its ever been, but has changed dramatically from a client-driven to candidate-driven market," Mr. Macdonald said. "We are finding that the most in-demand consultants are those that have exposure to emerging technology companies and can operate functionally as generalists for their client needs. These individuals traditionally have much more control over their clients due to the seed or series funding and lack of infrastructure so the ability to work on all roles offers these VC backed portfolio companies a talent-partner that can help build out functionally in all areas saving time and potentially lost resources."

A Rare Opportunity

These days, private equity and venture debt leadership also require greater nuance and precision than before the pandemic. "The capacity to discern the myriad ways that COVID and its concomitant disruptions are critical," said Eric Frickel, managing director for executive recruitment firm **BrainWorks**. "In the case of analysts and associates, in several industries and sectors, this may be the first time in their careers that tried and true models need to be revised, recalibrated and oriented to the current landscape at the current scale and depth. For portfolio-level leadership, the stakes for making the right call have never been higher. New characteristics will be required including substantive patience, the capacity to impute the impact of paradox and polarity, enhanced risk assessment capacities and a steady hand to keep those assessments in perspective together with a greater capacity to forecast and interpret market signals and activity together with traditional private equity skills."

LEADERSHIP SEARCH

Egon Zehnder Retained by American Equity Investment Life Holding Co. to Lead CFO Search



Immediate concerns around cash flow, liquidity and the bottom line are taking precedence at many companies due to continued fallout from the pandemic. But there are high-value lessons emerging from the current health and economic crisis that chief financial officers should bear

in mind, according to recruiters specializing in finding talent for finance functional roles.

American Equity Investment Life Holding Co. recently retained **Egon Zehnder** to lead its search for a new chief financial officer. American Equity Investment Life, through its wholly-owned subsidiaries, is a leading issuer of fixed index annuities through independent agents, banks and broker-dealers. The company is traded on the New York Stock Exchange and is headquartered in West Des Moines, IA.

While the search is being conducted CEO Anant Bhalla is taking on additional responsibilities as interim CFO. Ted Johnson will no longer serve as CFO effective immediately and will work on an orderly transition until later in 2021, when he will exit the company. "We thank Ted for his service and wish him well in his next opportunities," said Mr. Bhalla. "We are pleased he will remain with the company through the coming weeks to work on transition matters."

Egon Zehnder's global financial officers practice conducts searches for multinational companies at global, group, regional and division levels. The practice partners with the board and chief executives of all ownership structures — publicly and privately held companies, private equity portfolio companies and family-owned businesses — to help them identify, develop, and recruit the financial leaders. The practice also helps build entire finance leadership teams — including controllers, treasurers and heads of tax, investor relations, corporate development, and internal audit. Egon Zehnder also designs succession plans and build a pipeline of internal CFO candidates.

During disruption, said Mr. Frickel, the top one or two percent of private equity talent differentiate themselves even further. Polarity and disruption in the economy further accentuate and differentiate expertise in the industry from the high performing nature that industry lore is made of. "It is in these times that the delta on results between first and second tier talent can be measured in deciles rather than a handful of percentage points," he said. "Identifying and securing this talent will similarly separate the field. During disruption, some of this top talent will seek alpha by looking for those industry players that are prepared to make the investments necessary to capitalize on the moment. Savvy investors will recognize the rare opportunity to secure top talent that otherwise might be unavailable in the market."

The challenges of the past year have placed an even greater emphasis on the role of the portfolio chief financial officer. The pandemic requires businesses to have exceptional leaders at the CFO level to navigate the challenges the pandemic has created. "It tested whether there have been strong processes in place to allow companies to accurately forecast and have systems and tools that provide critical insights into operations and key value levers," said Mr. Frickel. "It has been critical that companies can pivot quickly when the data is suggesting that there are potential pitfalls and opportunities."

Hunt Scanlon Top 60

Financial Services Search Firms

Allegis Partners Type: Multiple Financial Services Practices	Dimitri Mastrocola (212) 201-3993	Leathwaite Type: Multiple Financial Services Practices	Paul Groce (646) 790-3185
Atlantic Group Type: Multiple Financial Services Practices	John Ricco (877) 717-1774	Lochlin Partners Type: Corp. Funct./Diversified Financial Services	Patrick Friel (703) 584-3215
August Leadership Type: Multiple Financial Services Practices	Kimberly Bishop (917) 472-7837	Long Ridge Partners Type: Invest. Mgmt./Hedge Funds/PE	Michael Goodman (212) 366-6686
Bay Street Advisors Type: Banking/Capital Mkts./Alt. Asset Management/PE	Kevin Mahoney (646) 278-4331	Loring Group Type: Multiple Financial Services Practices	Steve Caliger (415) 941-2530
Boyden Type: Multiple Financial Services Practices	Joost Goudsmit/Carlos Dafaue +31 206 611 799	Malin Hughes Type: Banking/Capital Mkts./Invest. Mgmt.	Brad Newpoff (312) 351-3098
BraddockMatthews Type: Asset Mgmt./Hedge Funds/PE	Derek Braddock/William R. Matthews (212) 257-4422	Michael Kelly Associates Type: Asset & Wealth Mgmt./PE	Michael Kelly (917) 363-4815
BrainWorks Type: Multiple Financial Services Practices	Andy Miller/Eric Frickel (908) 608-8850	N2Growth Type: Multiple Financial Services Practices	Mike Myatt (610) 714-0469
Caldwell Type: Multiple Financial Services Practices	Paul Heller/Glenn Buggy (212) 953-3220	Newey & Company Type: Multiple Financial Services Practices	Lisa Newey (416) 207-8824
Capitus Associates Type: Multiple Financial Services Practices	Burke St. John (646) 902-9036	Odgers Berndtson Type: Multiple Financial Services Practices	Steve Potter (212) 972-7287
Chartwell Partners Type: Banking/Investment Firms/Real Estate	J. Scott Petty (214) 269-1919	Options Group Type: Finance/Quant/Tech/Global Mkts.	Michael Karp (212) 982-0900
Coleman & Company Type: Banking/Asset Mgmt./PE	Carol Coleman (212) 867-4678	Opus Advisors Type: PE/Hedge Fund/Invest. Banking	Holly McCarthy (914) 672-8103
Comhar Partners Type: Real Estate/Banking/Insurance/Inv. Mgmt./Credit Unions	Scott Clark (312) 313-8457	PierceGray LLC Type: Private Equity	Matt Hamlin (678) 361-3310
D.S. Wolf Group Type: Banking/Asset Management	David Wolf (212) 692-9697	Pinetum Partners Type: Multiple Financial Services Practices	Sandy Gross (203) 625-9340
David Barrett Partners Type: Investment/Wealth Management	David Barrett (212) 710-8840	Prince Houston Group Type: Multiple Financial Services Practices	Marilyn Prince (212) 313-9891
DHR International Type: Multiple Financial Services Practices	Jeanne Branthover/James Schroeder (212) 883-6800	Right Executive Search Type: Fintech/Hedge Funds/PE/Buy Side/Sell Side	Elisa Sheftic (201) 788-7283
Diversified Search Group Type: Multiple Financial Services Practices	Michael Sarnoff (646) 270-6970	Robin Judson Partners Type: Asset Mgmt./Hedge Funds/Inv. Banking/PE	Robin Judson (646) 632-3750
EFL Associates Type: Multiple Financial Services Practices	Jay Meschke/Dan Cummings (816) 945-5401	RSR Partners Type: Multiple Financial Services Practices	Brett Stephens (203) 618-7022
Egon Zehnder Type: Multiple Financial Services Practices	Miranda Pode/Hans Horn/Francisco Paret +44 20 7943 1923	Russell Reynolds Associates Type: Multiple Financial Services Practices	Amanda Foster/Mary-Caroline Tillman (212) 351-2000
Global Sage Type: Asset & Wealth Management (Buy Side)	Douglas Brown (646) 557-3036	Sage Search Advisors Type: Asset Mgmt./Capt. Mkts./Inv. Banking	Linda Petrone (203) 622-4519
Glocap Type: Inv. Mgmt./Digit. Media/Inv.Banking	Adam D. Zoia (212) 333-6400	SG Partners Type: Multiple Financial Services Practices	Sheri Gellman (212) 922-9544
Goldsmith & Company Type: Asset Mgmt./Hedge Funds/PE/VC	Joseph Goldsmith (212) 419-1239	Sheffield Haworth Type: Multiple Financial Services Practices	Julian Bell (212) 593-7119
Hartman Group Consulting, LLC Type: Multiple Financial Services Practices	Carol Hartman (925) 360-2298	Solomon Page Group Type: Multiple Financial Services Practices	Scott Page/Lloyd Solomon (212) 219-0697
Heidrick & Struggles Type: Multiple Financial Services Practices	Todd Taylor (212) 867-9876	Spencer Stuart Type: Multiple Financial Services Practices	Alice Au/Peter Simon (416) 361-0311
Hudson Gate Partners Type: Traditional/Alt. Investment Mgmt.	Dana Feller (646) 502-5200	StevenDouglas Type: Multiple Financial Services Practices	Matt Shore (954) 385-8595
InSite Search Type: Multiple Financial Services Practices	Stephen Ozyck (203) 222-2222	Tatum Randstad Type: Multiple Financial Services Practices	Dominic Levesque (717) 232-5786
Jamesbeck Global Partners Type: Investment Mgmt./Trad. & Alternative	Melissa Norris/Beth Rustin (212) 616-7411	Third Street Partners Type: Asset & Wealth Management	Laura K. Pollock (212) 886-1095
Jensen Partners Type: Alternative Asset Management	Sasha Jensen (212) 457-0062	Tolan Group Type: Multiple Financial Services Practices	Tim Tolan (904) 875-4787
Kaye/Bassman - Sanford Rose Type: Banking/Finance/Wealth Mgmt.	Susan Fishlock (972) 931-5242	Wallstreet Options Type: Multiple Financial Services Practices	Steve Fleming (212) 937-1045
Korn Ferry Type: Multiple Financial Services Practices	Adam Wood + 44 2020 7024 9070	Ward Howell Type: Multiple Financial Services Practices	Bernd Prasuhn +49 (211) 864-080
Lapham Group Type: Insurance	Craig Lapham (212) 599-0645	ZRG Type: Multiple Financial Services Practices	Rahul Kapur (201) 345-3050

SPOTLIGHT

Recruiting Investment Executives and Adjusting to New Business Climate



*Michael Goodman began his career in executive search in 1993 and he's been recruiting for the alternative investment industry ever since. In April of 2004, he launched **Long Ridge Partners** with then colleague Adam L'Esperance. Mr. Goodman has an expertise in recruiting for a number of different*

disciplines including portfolio management, trading, research, risk management, marketing, investor relations, legal and finance. Over the years he has recruited for a number of different investment firms including hedge funds, fund of hedge funds, private equity firms, venture capital firms, family offices and investment banks.

Mr. Goodman recently sat down with Hunt Scanlon Media to discuss recruiting for investment management professionals and what how his firm has adjusted to the current business climate.

Michael, discuss the current climate for recruiting investment professionals across the investment management industry.

We are now in the 11th year of a bull market for recruiting across the investment management industry. This period began in 2010, post credit crisis and continues today. While many feel we are in the late stages of this growth, we do not see an end on the horizon. Recruiting for Investment and Fund-Raising roles at hedge funds, private equity firms and real estate investment firms continue at a torrid pace. The industry appears to have an insatiable appetite to hire high quality, experienced professionals. During this 11 year period, with the exception of 2020, each year outpaced the preceding year.

What impacts did the Covid pandemic have on recruiting for the investment management sector and how has the sector bounced back?

If you would have asked most search firms in March of 2020 where they would have finished the year, my guess is many of them would not have known if they would be in business at the end of a year. How could they have, after all, Recruiting is a business that is conducted in person. Over my 30 year career, I have been witness to many down turns including the Tech meltdown of the late 90's, 9/11 and the credit crisis. The effects of those events took years for many to recover from, Covid was different. By mid-spring our clients adapted to various work from home situations and many thrived. Zoom interviews became the norm and hiring individuals without physically meeting them and setting them up remotely was common place. Work from home and remote working situations meant candidates could speak to recruiters and take interviews almost any time of the day. All candidates needed to interview was a camera on their computer and a pressed shirt, they didn't even need to be wearing pants or a skirt.

What challenges face the investment management industry and what do you see moving forward?

The investment management industry will continue to face a shortage of qualified professionals. One source of talent for junior professionals continue to be bank training programs (investment banking, capital markets and private wealth). By nature of work from home, much of the talent in these programs has developed at a slower rate because they have not been in the office. Additionally, undergrads and grads have more opportunities than ever, going to work in the Tech industry may be perceived to have better appeal and be more rewarding than financial services. Greater pay, accelerated growth along with a broader range of opportunities are attracting people to Tech firms. Going forward we will continue to see wages rise across the industry. Flexible work schedules and remote work situations will also allow for one firm to have a competitive advantage over another. While most people do not plan on working from home forever, it's nice to have the option.

"The industry appears to have an insatiable appetite to hire high quality, experienced professionals."

What positions and types of roles have you found most in demand?

This is possibly the toughest question to answer because we are seeing a need across the board and across all asset classes from our clients. Investment roles at hedge funds including portfolio managers, investment analysts and traders are in demand. Associates, VP's and principals are highly sought after by private equity firms as are acquisition analysts and asset managers at real estate investment firms. Technology roles across all segments of the investment management industry are in big demand, those include developers, engineers and programmers.

How has your firm performed during and coming out of the pandemic?

Long Ridge Partners performed well during the pandemic. I wish I could take all the credit but it was honestly an amazing team effort. Our team mobilized quickly, utilized existing technologies and adopted new technologies and processes that allowed them to stay in constant communication with one another and execute on searches rapidly. We would not be where we are today if we did not have a great team in place, everyone at the firm played a vital role in navigating the firm through Covid and beyond. One of the challenges the recruiting industry or any industry will face going forward is firm culture and identity. It can take decades for a firm to develop and perfect their brand and identity, culture is often the one thing that can differentiate competitors. It will take a tremendous amount of effort and work on both sides to indoctrinate people who are hired to work to remotely so they can truly see and understand the firm's ethos.

SPOTLIGHT

Adaptation is Now Key When Recruiting Top Finance Executives



Jeanne Branthover is managing partner of the global financial services practice and North American executive committee member at DHR International. She closely partners with her global clients on senior level searches personally managing each assignment. Known for her hands-on approach she consults with

her clients on succession planning, organizational change, precision hiring and talent management. Ms. Branthover has recruited across industries and functions identifying boards, C-suite and senior level decision makers, with an emphasis on building diverse leadership.

Ms. Branthover recently sat down with Hunt Scanlon Media to discuss the current state of executive recruiting for senior-level finance executives, how the market has changed and what she sees going forward.

Jeanne, discuss the current climate for recruiting senior executives for the financial services sector.

We are busier than ever in the financial services sector, both domestically and globally. Companies are hiring as they are looking to take market share, build superior talent, create new innovative products, and refine their focus on client service and business development. Here are some examples of where DHR is seeing clients hiring:

- In the C-suite, to ensure they have leaders that fit today's world – specifically, chief revenue officers and chief commercial officers to mitigate risk and ensure compliance.
- In technology, to address historic cyber security issues, particularly with a remote work force.
- Foreign firms hiring CEOs of the Americas to expand into the U.S. across the sector.
- Diversity and inclusion has become an important focus and requirement for board searches and senior leadership roles.

What role has COVID played in all of this?

As with all industries, COVID hit and it took some time to adjust to all employees working remotely, not seeing clients in person and working productively in the new "Zoom world." It did not take financial services companies long to figure this out finding a new way of doing "business as usual." At first, all hiring was put on hold because no one was sure how long the pandemic would last. But once we realized the severity, clients jumped to make sure they had the talent needed to stay competitive, and began hiring without meeting candidates in person.

How have candidates adjusted?

Candidates adjusted well and began accepting offers without visiting offices, understanding the culture, or even meeting their bosses in person. The world changed and the industry quickly adapted. Now the question is how flexible will the industry be

in allowing employees to work remotely? Some are making it mandatory to come back full time in the office, while others are saying it is ok to work remotely. This decision will impact firms' ability to attract and retain talent, and may prove to be a competitive advantage for some firms.

"The world changed and the industry quickly adapted. Now the question is how flexible will the industry be in allowing employees to work remotely?"

Some are making it mandatory to come back full time in the office, while others are saying it is ok to work remotely. This decision will impact firms' ability to attract and retain talent, and may prove to be a competitive advantage for some firms."

What challenges does the financial services sector face and what do you see moving forward?

The financial services sector has changed drastically through technology – digitalization, artificial intelligence, machine learning, data science, data analytics, etc. We see a shift where technology touches all parts of financial services and candidates need to be tech savvy – not just in tech roles but in all functions. The skills needed to excel in every role have changed. And the need to hire the talent with these digital skills is critical to be competitive in the market.

How has DHR performed during and coming out of the pandemic?

DHR has worked closely with our clients throughout the pandemic to change our search process to meet their hiring needs through more video interviews, utilizing assessment tools, and thorough reference checking. Clients have trusted our process to ensure successful hiring without in person meetings. Throughout the pandemic and now coming out of it, leadership roles have continued to be the focus. Leaders who can motivate a remote team, who have exceptional communication skills, who can generate revenue are in high demand.

What positions and types of roles have you found most in demand?

Across the sector we have seen an increase in hiring from banks, investment firms, private equity, and insurance. Fintech has been a huge area of growth from startups to large firms that are hiring across functions, including: C-suite, technology, product marketing, data analytics, sales, finance, regulatory and compliance executives.

Forbes

#6 America's Best Executive Search Firms 2021

POWERED BY STATISTA

We're *different* —
and always have been

Diversified Search Group
is a new model in the
industry—our collective
firms each have deep and
specialized insights that
allow us to cultivate
new leadership for
a changing world.

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Pandemic Fallout: Sudden Surge In CFO Exits

The pressure on chief financial officers during the pandemic has been significant: Rewriting corporate budgets seemingly daily. Bargaining with banks over broken loan covenants. Answering constant calls from investors and board directors. And, in extreme cases, figuring out how to make payroll. All while working with no colleagues around.

A new **Korn Ferry** report, authored by Beau Lambert, senior client partner in the firm's financial officers practice, and practice leader Barry Toren, asks if it's any wonder that so many chief financial officers have recently decided that it's time to do something else.

The number of CFOs—usually the second in command at a corporation—who are leaving their current job or looking for something new surged over the summer. In just one week in early August, the high-profile CFOs at **General Motors**, **Cisco Systems** and **Avis Budget Group** announced they were departing. According to one survey, 80 finance chiefs of S&P 500- or Fortune 500-listed firms left their positions through the start of August, compared with 84 at this point last year—a remarkable figure, experts say, because there was a period of about six weeks during the spring when there were almost no CFO changes.

"Modern-day CFOs need to be as well or more skilled in business partnering as they are in financial engineering."

"It's a trend that experts believe will likely continue as the pandemic continues to disrupt the finances of organizations in every industry everywhere," said Mr. Lambert. "This crisis will create a demand for radical, creative thinking that has often been lacking from finance leaders."

Experts attribute the surge in movement to a variety of reasons. Some CFOs, after helping their companies get through the period where lockdowns crippled revenues, have decided they've had enough. "They're saying, 'I have an amazing career—I'm taking the chips off the table and going home,'" Mr. Lambert said.

The lockdown period was a time when CFOs were working non-stop just to keep their organizations afloat, or if that was impossible, guide them into bankruptcy. "Now these top finance leaders have had a chance to self-reflect, something they may have never done before because they've always been 'knee-deep in the mess,'" said Mr. Toren. "The process has left some energized and looking for a new challenge at a different organization."

That recent career decision hasn't always been in the CFO's hands, the Korn Ferry report said. Some company CEOs, recognizing that the financial road ahead is going to look different than it did before the pandemic, are looking for new financial talent they think is better suited to the task. "We see seasoned CFOs stepping down—of their own volition or otherwise—in order

(cont'd. to page 10)

to allow a new, perhaps better-equipped, generation of finance leaders to navigate through the uncertain present and future,” said Katie Gleber, an associate in Korn Ferry’s financial officers practice.

COVID-19’s Effect

Experts say the pandemic has accelerated some trends impacting CFOs that were already in place. “Organizations were already looking for CFOs who could do more than just sit in the back office and handle the money,” Mr. Lambert said. “Modern-day CFOs need to be as well or more skilled in business partnering as they are in financial engineering.” Today’s CFOs also need to have a much higher tolerance for ambiguity and the ability to inspire others.

One of the offshoots of the pandemic pushing millions to work remotely is that it has made it easier for CFOs to explore the job market. In the past, CFOs usually had to travel for a couple of days to their prospective employer to meet the senior leaders of the organization. “Now those job-hunting CFOs can talk to CEOs and directors at two organizations in one day without leaving their house,” said Mr. Toren.

*“At the end of the day, the role of CFO
is now a wisdom strategy and
risk management role.”*

Expanding Role

The aftermath of the pandemic is creating additional dimensions in a CFO role that has already evolved significantly in recent years, said Kent Burns, president of **Simply Driven Search**, a member of **Kaye Bassman Sanford Rose Network**. “Leadership and mentoring are more challenging with COVID-driven virtual work. Soft skills and EQ in a CFO are more critical now than probably any time in history. The world-class CFOs I speak with understand the unprecedented importance of making relational dynamics a high priority on a daily basis.” The little things are not little things right now, he said.

At the core, the risk factors are dramatically different as survivability of the business becomes Job 1. “The health and well-being of the leadership team has become paramount,” said Bernard Layton, managing director at **Comhar Partners**. “At the end of the day, the role of CFO is now a wisdom strategy and risk management role. That risk management portion of the role grows here as well as advising where to go with the business. And ultimately protecting cash is going to be a key for survivability of the business.”

CFOs, he said, are apprising the CEO of various scenarios vis-à-vis planning and managing around various business outcomes, Mr. Layton said. “They’re also mentoring and managing a team that has their own scope of responsibilities, controllership cash, treasury, financial planning, analysis and so on. In many cases, they’re even performing a human resources role, i.e., reporting in and keeping the team upbeat, motivated and looking past their own concerns towards the broader business objectives – these are all part of an expanding and challenging role.”

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A Better Path to Boosting Diversity in Financial Services

In many ways, the racial awakenings of 2020 opened the eyes of banking executives and their boards to a reality that diverse employees have known and experienced for decades: Getting to the C-suite is tougher for women and underrepresented minorities throughout financial services than for their white and male counterparts, according to a report by **Russell Reynolds Associates**.

The firm says that a recent search for a chief risk officer at a Fortune 100 diversified financial services company is a prime example.

“Extensive research identified hundreds of potential executives within risk, compliance and ancillary roles who potentially met the minimal technical competences and experiences defined as necessary by U.S. regulatory bodies, human resources and the risk committee of the board,” the report said. Of this target environment, more than 25 percent identified as female or non-white male. When all research was assessed and layered over the minimum career skills, technical qualifications and experiences required by the client and regulators, the number dropped to 10 percent.

The solution is not to lower qualifications, according to Russell Reynolds Associates. “Even if the regulators relaxed their qualifications to consider executives from companies one-eighth the size, or for a line of business credit risk executive to be promoted three steps at once, the chances of failure for that executive, the financial institution and their customers, would be substantial,” the firm said.

“Companies throughout financial services have solutions to diversity and inclusion in their hands, yet fail to successfully train, retain and accelerate the development and retention of diverse executives who sit in their very ranks.”

This is not atypical. Data from the Women in the Workplace study shows the rapid drop-off of non-white males at every point of career progression in American companies. White men represent just 36 percent of entry-level employees, but 68 percent of C-level executives. Men of color (who drop from 16 percent to 10 percent) and white women (31 percent to 19 percent) lose out as their careers move forward – but neither so badly as women of color, who represent 17 percent of entry-level employees, but only three percent of C-level leaders.

“Virtually every major employer throughout banking has targeted minority candidates in the recruiting process, hired diversity, equity and inclusion professionals to try and improve inclusion and belonging in the workplace, and had senior executives make public commitments to the value of a

(cont'd. to page 12)

diverse workforce,” the Russell Reynolds report said. “Despite these efforts, the challenges facing women and professionals of color on the way to the C-suite continues to be significant enough to get them to switch banks or drop out of the workforce all together. Companies throughout financial services have solutions to diversity and inclusion in their hands, yet fail to successfully train, retain and accelerate the development and retention of diverse executives who sit in their very ranks.”

Improvements are not happening fast enough. This despite workplace diversity being one of the most important predictors of sales revenue, profitability, employee engagement, innovation and other key metrics, findings empirically verified throughout the years by researchers in academia and industry. “The casual recognition and token programs banks have taken these past decades need to be replaced by unvarnished conversations that result in a clear acknowledgment of the problems organizations are facing,” the report said.

What Can Leaders do to Improve Existing Efforts?

- **Don't Ignore Great Opportunities.** Leadership teams often can hire a great diverse employee but pass because they don't have an immediate role to fill, said Russell Reynolds. This limited thinking and lack of creativeness stunts the building of inclusive cultures and strong diverse benches. Strong candidates will add value to your organization starting on day one. Additionally, these star diverse candidates – today one level below your convenient need– will be out of reach when you decide you are ready.
- **Create a Diversity Accelerator Program.** Too many organizations provide the same opportunities to every employee regardless of their needs and capabilities. “A diversity accelerator program is a plan of action that focuses rapid training, education, and mentorship for high-potential diverse executives,” the study said. “These are easily designed, implemented and executed with clear metrics around success, and they have been shown to deliver exceptional returns for all involved.”
- **Dedicate Senior Management to Mentorship Programs.** Companies often hire talent as the next generation of leaders, then fail to treat them like it. The unique path women and diverse males take to the C-suite are best shared by those who have blazed those paths before them; their battle scars, lessons learned, and pride of success are felt and believed on an intrinsically different level. These interactions also provide an opportunity to assess these up-and-coming employees and garner a clear understanding of their strengths and capabilities.
- **Revamp Your Recruiting Programs.** Passively waiting for diverse candidates to apply for jobs isn't enough – companies must actively seek out diverse talent where they are, said Russell Reynolds. Companies need to develop and implement diversity-specific recruiting programs designed to identify and attract high-potential executives before they reach the C-suite at your competitors. Aggressively recruit them to ensure inclusiveness throughout the company.



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JM Search Expands CFO/Financial Officers Practice

JM Search, a senior-level talent provider serving private equity investors, portfolio companies and Fortune 1000s, recently added Stephen Thompson and Ryan Tomei to the firm's CFO / financial officers practice. "We are thrilled to add Stephen and Ryan to our team," said Drew Pressmen, who leads the practice. "I'm proud of the exceptional talent we are continuing to bring to JM Search. Our ability to navigate the highly competitive financial leadership landscape has allowed us to become a preferred retained executive search partner for companies seeking proven financial officers."

JM Search has seen a significant increase in demand for financial leadership and their support teams in 2021. While traditional CFO searches are up 50 percent for the firm in 2021 relative to 2020, JM Search has also experienced a 75 percent increase in demand for supporting financial leader roles, noting that experienced CFOs are building out more specialized, operationally-oriented teams. "The addition of Thompson and Tomei will allow the firm to increase their depth and breadth in CFO and financial leader searches to meet increased client demand," the firm said.

The evolution of the CFO function is changing," added Brian Dwyer, CFO practice partner. "Our private equity clients are looking for financial executives who can work across the organization and understand key drivers of a business. They are looking for CFOs who can tactically and strategically add value to their portfolio companies. The addition of Thompson and Tomei solidifies our continued commitment to support these evolving market and client needs."

"Our private equity clients are looking for financial executives who can work across the organization and understand key drivers of a business."

Financial Services Veterans

Mr. Thompson has nearly 20 years of executive search and professional services experience to his role as principle. Before joining JM Search, he spent seven years with Spencer Stuart, where he was a member of the services practice. Prior to that, he gained in-depth search experience working in both boutique and large executive recruiting firms, including spending multiple years working for Ascend Executive Search and Korn Ferry International. Mr. Thompson started his career at Deloitte in the audit and enterprise risk services group.

Mr. Tomei has a wide range of financial search experience to JM Search. He began his recruiting career with an executive search firm specializing in accounting and finance, focusing on mid-senior level professionals in the Greater Pittsburgh area. His industry experience is broad and has a strong presence in manufacturing, technology, financial services and retail.

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JM Search is an advisor to CEOs, investors and boards of directors in recruiting, assessing and delivering high performance leaders and transformational leadership teams. Its clients include private equity firms and portfolio companies, venture capital-backed businesses and publicly held companies across North America. Founded in 1980, the JM Search recruiting team brings together former operating and financial executives, investors and experienced search professionals with deep industry specialization, functional expertise and proven access to talent spanning multiple industry sectors.

JM Search recently added Kevin Logterman as partner in the firm's financial officer practice. He joins current financial officer practice partners Drew Pressman, Brian Dwyer and David Robinson. "We are thrilled to have Kevin join our firm," said John Marshall, co-founder and CEO. "Kevin's prior experience placing CFOs and working with private equity companies will continue to solidify our longstanding commitment to helping our clients remain at the forefront of ensuring their companies have excellent financial leadership in place."

Mr. Logterman has over 20 years of executive search experience, serving private equity and family-owned companies. His focus has been recruiting CEO and CFO executives for middle market industrial companies with specific industry experience in automotive, chemicals, distribution, plastics, capital equipment and industrial services. He joins the firm from Slayton Search Partners, where he co-led the firm's industrial practice.

Recruiting CFOs for PE Companies

Executive search firm **Caldwell** recently conducted a survey on the CFO role to fine-tune its understanding of the skills and experiences that define success today for a CFO of a PE-backed portfolio company and, equally importantly, which attributes may sound appealing but are not essential. More than 300 private equity CFOs shared candid responses on their backgrounds and how they landed in their current role. The results provided a clearer picture of who sits in the CFO chair at many PE-backed portfolio companies, and the skills and credentials that are truly impactful in their leadership role.

When asked to describe their previous experience, 10 percent of the participants said, "I was a divisional CFO or No. 2 finance executive in a PE-backed company," while 20 percent had the same status at a public company. Another 35 percent had been a CFO of a public or private company. And only 34 percent had been CFO of a PE-backed company. So just a third of the CFOs in the Caldwell survey had previously held a PE CFO role.

Among companies with less than \$25 million in revenue, only 15 percent of the CFOs had prior experience as CFO of a PE-backed company, while 56 percent of the companies with greater than \$500 million revenue hired a CFO with prior experience in a PE CFO role. In the three other revenue categories, the companies hired a CFO with prior PE CFO experience 40 percent of the time, or less. These findings would seem to indicate that hiring a CFO with prior PE CFO experience is a "nice to have," but not a must-have credential for all companies, said the firm.

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Financial Searches in the News...

The Loring Group Recruits Top Finance Executive for Kendo Brands



The Loring Group recently placed Lauren Festante as global vice president of finance for Kendo Brands. The search was led by partner Rich Kampmann. Kendo Holdings is a

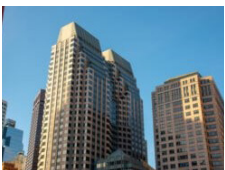
San Francisco-based beauty brand developer and wholesaler owned by LVMH Moët Hennessy – Louis Vuitton, the world's largest luxury group. Ms. Festante was previously with L'Oreal for over 14 years in various roles, including interim vice president and AVP of commercial finance. "Diversity, equity, and inclusion was a critical consideration for this search," said Steve Caliger, managing partner of The Loring Group. The firm's in-house research and operations team screened more than 1,400 candidates across the U.S. for the assignment in less than 30 days and delivered a candidate slate with 50 percent of the candidates being persons of color.

Hobbs & Towne Recruits CFO for May Mobility

Hobbs & Towne has recruited Ryan Green as the chief financial officer for private equity-backed May Mobility, a leader in autonomous vehicle (AV) technology and shuttle operations. Partner Chris Clements led the assignment. "With experience at the intersection of automotive, technology and growth-stage companies, Ryan is an exceptional CFO for May Mobility," said the company's CEO, Edwin Olson. "Adding his knowledge and experience to our team will help us continue to accelerate our business and execute May Mobility's vision."



The Boston Federal Reserve Taps Diversified Search Group | Koya Partners to Find VP of DE&I



Diversified Search Group | Koya Partners

has been called in by the Boston Federal Reserve to find a vice president of diversity, equity and inclusion. Leading the assignment are Maureen Alphonse-Charles, SVP of

talent, diversity and equity, and Nadine Coleman, vice president and senior search associate. The position requires significant interaction with senior executives, and involves high visibility to the Federal Reserve Bank, the overall system's executive management, Congress, the GAO and CEOs in New England's financial services industry, said Diversified Search Group | Koya Partners. The Federal Reserve System was founded by Congress in 1913 and serves as the central bank of the U.S. Its fundamental mission is to foster the stability, integrity and efficiency of the nation's monetary, financial, and payment systems to promote optimal economic performance.

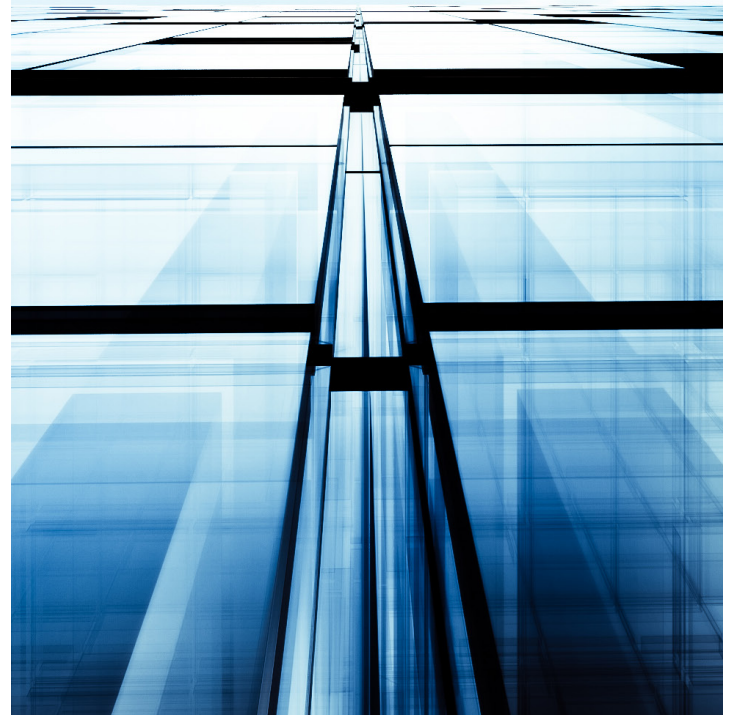
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...More Financial Searches in the News

Queensland Investment Corp. Taps Egon Zehnder to Find CEO



Damien Frawley, CEO of Queensland Investment Corp., a Brisbane-based alternatives manager, said he will step down in 2022 after nine years at the helm. **Egon Zehnder** has been tapped to undertake a global search for QIC's

next CEO. Queensland Investment Corp. is a long-term specialist manager in alternatives offering infrastructure, real estate, private capital, liquid strategies, and multi-asset investments. It is one of the largest institutional investment managers in Australia, with Australian \$85 billion (U.S. \$65 billion) in funds under management. Egon Zehnder's global wholesale and investment banking practice works closely with international and regional banks and advisory firms to address executive hiring needs and support strategic assessment and development of individual leaders and teams.

NorthWind Partners Recruits CFO for Cognosante

Reston, VA-headquartered search firm

NorthWind Partners has assisted in the placement of Steve Hamric as the new chief financial officer of Falls Church, VA-based health IT company Cognosante. Partner Hunter Murray

led the assignment. Mr. Hamric will be responsible for leading Cognosante's finance organization, supporting the company mission and contributing to its overall growth strategy. "Steve complements our strong growth culture, and his impressive track record of scaling businesses makes him the right choice to lead our finance organization as we accelerate growth," said Michele Kang, founder and CEO of Cognosante. Mr. Hamric brings more than two decades of financial leadership experience to his new position and is Cognosante's replacement for Kevin Mostek, who was tapped to oversee the new corporate development team. Mr. Hamric most recently served as executive vice president and CFO of 1901 Group.



Caldwell Places Chief Revenue Officer at Rasa Technologies



Top-drawer chief revenue officers are commonly found at start-ups and smaller businesses and tend to the bottom line while the rest of the C-level team expands key partnerships, seeks growth opportunities, or sources funding. That is changing. Larger

businesses now view the CRO post as an essential, long-term role. In one recent search, Mercedes Chatfield-Taylor, managing partner of the private equity and venture capital practice at **Caldwell**, placed Melissa Feinstein Gordon as the new chief revenue officer of Rasa Technologies. Most recently, Ms. Feinstein Gordon was senior vice president and GM marketplace at Tradeshift. In that role, she managed a cross-functional team of sales, business development, engineering, and operation functions.