

LEAD FEATURE **CORPORATE FINANCE RECRUITMENT**

Corporate finance recruitment is no longer a numbers game. From senior staff down to junior talent, banks and advisers are treading carefully to avoid the mistakes of yesteryear. **Tim Burke** reports

SKILLS IN THE SPOTLIGHT



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Investment banks, like elephants, never forget. That, at any rate, is a fair inference given the selective approach many are taking to recruitment in the UK during recent months. While a shortage of talent is proving a challenge in some areas, banks are understandably wary of recruiting the wrong people by acting too fast – a marked difference from the last M&A boom, after which many had to fire staff they had hired too hastily.

“People haven’t forgotten their over-exuberance in 1999 and 2000,” says Neil McKay, a director at executive search consultancy Sheffield Haworth. “There’s now a sensible balance of people thinking about whether a particular hire makes proper business sense – do they actually need to fill this gap?”

“If they are going to fill it, their aspiration is to fill it with someone who actually delivers business, rather than just covering it for coverage’s sake.”

Knowledge, not numbers

Lucia Ferreira, a managing director at executive search firm Russell Reynolds Associates, agrees that there is a notable shift in the way banks have responded to the current rise in work compared to that in the last M&A cycle.

“This boom has been much more carefully managed by the banks,” Ferreira says. “In the last boom there was a general demand for people to fill new and fast-growing teams. Now it’s not so much about increasing the numbers [in a team], it’s about getting someone with the right skills. They’d rather be understaffed than staffed with the wrong people.”

They are also particular about the areas they focus on. Christopher Beatson-Hird, a director at search firm Sainty, Hird & Partners, points to technology as an area that has come back into favour, with the promise of sector consolidation pushing banks to increase their mid-cap coverage.

One of the reasons for the newfound sensibility – other than hard lessons from last time – is that the current boom in deal making has occurred gradually, allowing more time to prepare. When the markets started to rise during late 2003, banks began to increase headcounts and boost numbers of junior staff, prepared for a continued upturn.

At more senior levels too, banks are being more selective about who they take on. “There are a lot of teams that will hire if the perfect candidate is presented,” says Nathan Lucas, a director at executive search firm Kinsey Allen Consulting. “However, unlike 2000, there is less speculative hiring.”

Lost generation

But there’s a problem at a specific point in the banks’ hierarchy. When the institutions shed

staff during the last downturn, most sacked younger employees with two or three years of experience rather than those in senior posts. The industry is now paying the price with a dearth of talent at the senior vice president level, and few candidates at the right stage of their career boasting the necessary experience to move up the corporate ladder.

“Those are the guys that should have had six or seven years of good execution experience under their belt right now, who in a boom market can cope with pretty much any kind of business that’s thrown at them,” says Tom Seaden, managing director at executive search firm Whitney Group. “That skills and experience shortage is endemic in the business.”

Indeed, recruitment experts point out that while many banks are overpopulated at director level, VP roles are the toughest to fill due to a lack of qualified candidates.

“The inheritance is almost going to skip a generation,” Seaden says of the knock-on effect. “There aren’t that many people who are 30 now and who will start thinking about running a group at 37 or 38. It will skip to the guys who are 25, 26 or 27 now, who have been hired in the latest three-to-four year wave.”

“Hopefully the banks will be better equipped to hang on to some of the junior talent coming through – managing their own talent is a skill set that has been sadly lacking in the investment banking market generally until fairly recently.”

Holding on

Indeed, talent management is a key issue, both for organisations hoping to attract the best candidates at all levels and for those trying to keep their own employees from taking posts elsewhere.

“The banks are much more switched on now to looking after their best people,” says Jonathan Robin, managing director at Kinsey Allen Consulting. “It’s harder to tempt those people away.”

And it takes more than a pay rise to attract the best of the bunch, as all recruitment experts agree. An attractive salary certainly goes some way to making a move more appealing, but as most individuals with corporate finance expertise are well-paid anyway, other factors are arguably more important. “Rarely is money the reason these guys could be tempted to move on,” says Nick Woolf, a director at search firm Norman Broadbent. “It’s much more about opportunity.”

For younger staff, that “opportunity” will often centre on experience and breadth of exposure to different types of transaction, especially if they are to take a long-term outlook on rising through the ranks to director level. Encouraging junior talent to take such



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aspirations seriously as soon as possible would be a smart move if banks are to avoid losing a generation of promising talent again.

Ultimately, most recruitment experts agree that banks have become more adept at talent management. Sheffield Haworth's Neil McKay, for one, is encouraged by their emphasis on keeping existing staff at all levels, often illustrated by a healthy scepticism when recruiting externally.

"You think very carefully about upsetting the applecart with an external hire before you do it," McKay says. "In 1999-2000, everybody was hiring everywhere without much thought to the implications. If you hire an MD and two directors below them leave, would you rather not hire that MD? A lot of due diligence goes on now before you make that decision."

People power

Further down the food chain from the banks, mid-market corporate finance advisers should, by some accounts, be in the middle of a recruitment frenzy. At the tail end of 2006, financial recruitment firm ECHM published a report predicting major recruitment drives at the big four accountancies, due in no small part to rising M&A work.

However, Tom Franks, chief operating officer of KPMG's corporate finance division, is sceptical of the so-called M&A boom and its impact on corporate finance recruitment.

"You know what corporate finance is like – people spend a lot of time dreaming up deals and trying to persuade people to do them," Franks says.

"What we've seen, certainly over the last nine months, is a lot more of those deals completing, which I think is fuelling a lot of the speculation and the statistics, rather than there being more deals about."

Subsequently, Franks says there has not been such a notable rise in the need for more

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corporate finance expertise as during the last M&A boom. He estimates that KPMG grew its own corporate finance division by about 5% during the past year.

As Franks says, that isn't a huge growth, but the firm has nonetheless made several notable hires. Andrew Nicholson was recruited to run its private sector healthcare practice in summer 2006. Mark Davison, formerly of investment bank Fox-Pitt Kelton, joined to head up the financial services division in the autumn. And Gavyn Smith moved from Royal Bank of Scotland to become a director in the Edinburgh office, specialising in PPP projects, in February 2006.

Another mid-market adviser to make several recent hires is Grant Thornton. The firm has doubled the size of its London lead advisory team, including three new partners, and brought new faces on board in regional offices across the country.

For Ian Smart, managing partner of Grant Thornton's corporate finance division, growing

**Nick Woolf****Tom Franks**

the team has centred on two aspects: getting the right people – whether training internally or hiring externally – and making sure they have the right tools of the trade, from marketing support through to research resources.

Like the banks, such advisers are often finding it tough to locate the right talent at the right time, and for similar reasons; Smart says the lack of graduates heading into accountancy four or five years ago means there are now few suitable candidates in their late 20s. "In the last 18 months, there's been a genuine shortage of talent against the collective needs of the advisers," he adds.

Time to grow

Most head-hunters and recruitment experts talking to *Acquisitions Monthly* expect recruitment struggles to continue for corporate finance organisations – there is no short- or even medium-term solution to the dearth of talent so many bemoan, although healthy intakes of graduates today should mean that such issues are not faced again in the future, at least for the banks.

And while few firms are anticipating a major recruitment drive during the coming year, many are confident that their teams will continue to grow as they expand into new niches.

KPMG's Franks, for example, expects his firm to expand in six or so key new areas during 2006, including independent debt advisory work and infrastructure. "We're certainly looking to bring in somewhere between half a dozen and a dozen senior people if we can find the right people to do it," he adds.

Likewise, Grant Thornton's Smart says there will be new hires across the UK group during a four-year cycle. "If we can communicate the message that we're successful but there's still a long way to go in our growth, then that's hopefully a journey that people will want to join us on," he adds.

LEAD FEATURE **CORPORATE FINANCE RECRUITMENT****RECENT PEOPLE MOVES WITHIN EUROPEAN CORPORATE FINANCE**

(Q4 2006–February 2007)

Name	Title	Moved to	Moved from	Comments
Sebastian Alexanderson	Partner, Healthcare M&A	ABG Sundal Collier	Cowen & Company	Joined ABG in Stockholm to advise healthcare clients across Scandinavia and other European countries. Previously he was at Cowen & Company in London where he headed the Healthcare IBD team.
Ed Kaufman	CEO, IBD	Alfa Bank	UBS	Joined Alfa Bank following several weeks rumouring his departure. He had led the Russian franchise at UBS until his departure. Kaufman joined UBS on the acquisition of Brunswick.
Lawrence Giesen	MD, Media & Telecoms	Bank of America	Bluewater Ventures	Joins to develop Bank of America's media and telecoms group covering EMEA from Bluewater. He was previously an MD covering media, telecoms and distressed investments, and before that with the financial sponsors team at Lehman Brothers.
Florian Lahnstein	Vice-Chairman, European Investment Banking	Bear Stearns	UBS	Previously was Co-Head of German Investment Banking at UBS which he left in October 2006.
Martin Gudgeon	Head, Restructuring	Blackstone	Close Brothers	Hired to build a restructuring advisory group in Europe. Blackstone already has one of the largest restructuring groups, but this is its first foray into the European sector. He joins from Close Brothers where he was promoted to CEO in 2006 and headed the Special Situations group.
Jim Renwick	CEO	Bridgewell	Internal	Taken over from Rennie McConochie. He joined from UBS corporate broking in June 2006.
Eric Couatts	MD, M&A	Citigroup	Goldman Sachs	Based in Paris he will sit in a major M&A role with Jean-Michel Stegg, Head of Investment Banking and Jean-Manuel Richter, Deputy Head of Investment Banking. He was previously Co-Head of Restructuring at Goldman Sachs but is not expected to focus on it at Citigroup.
Richard Grainger	CEO	Close Brothers Corporate Finance	Internal	Reverts back to the CEO role following Martin Gudgeon's move to Blackstone. He will also assume responsibility for the Special Situations group.
David Livingstone	Head, European M&A	Credit Suisse	HSBC	Has been hired by Credit Suisse after leaving HSBC in October 2006 and he takes on Susan Kilsby's roles. Prior to HSBC he was at Goldman Sachs for 16 years.
Susan Kilsby	Chairman, M&A Europe	Credit Suisse	Internal	Was Head of European M&A since 2002 and has been elevated to the Chairman's role.
Brady Dougan	CEO	Credit Suisse	Internal	He will take over from Oswald Grubel as CEO of Credit Suisse in May 2007.
Marco Schwartz	Head, Syndicate CEEMEA	Deutsche Bank	Internal	Will head the group following Deutsche's acquisition of three emerging market brokers (Bender Securities, UFG and Deutsche Al Azizia Financial Services). He will report to Sam Dean, global head of equity syndicate.
John McIntyre	Head, UK M&A	Dresdner Kleinwort Wasserstein	Lehman Brothers	Joins to strengthen DKW's banking division after being out of the market for over a year. While at Lehman he was a leading dealmaker for the bank as Head of UK M&A. Prior to Lehman Brothers he worked at Deutsche Bank and Morgan Grenfell.
Brigitte Boone	Head, IBD	Fortis	Internal	Moved to head the new merchant, corporate and private banking group. She previously headed the private equity business.
Simon Barnasconi	Head, Corporate Finance	Fortis	Internal	Will take charge of corporate finance from his role as Head of Equity Capital Markets. Previously he was at ABN Amro Rothschild.
Maxime Jadot	Head, IBD, France	Fortis	Internal	Will take the role in March 2007.
Philippe Altuzarra	Head, European International Advisory Group	Goldman Sachs	Internal	Relocated to London in December 2006 and takes charge of some of Goldman Sachs' largest European client relationships. Has been Head of French Investment Banking and will remain active in France and Belgium.
Jean Raby	Co-Director, Investment Banking, France	Goldman Sachs	Internal	Replaces Philippe Altuzarra, who relocated to London, alongside Shahriar Tadjbakhsh, and is a Partner in Goldman's Paris office.
Shahriar Tadjbakhsh	Co-Director, Investment Banking, France	Goldman Sachs	Internal	Replaces Philippe Altuzarra, who relocated to London, alongside Jean Raby, and is a Partner in Goldman's Paris office.
Jonathan Tyler	Director, Chemicals, Corporate Finance	Houlihan Lokey	Goldman Sachs	Joins to focus on the European chemicals sector and will report to Brian McKay, Head of European Corporate Finance. He previously headed the European chemical research teams at Goldman Sachs and Bear Stearns.
Gunnar Palm	Head Coverage, EMEA	HSBC	Barclays Capital	He will develop the individual country franchises in the EMEA region. He was previously MD in investment banking for Barclays Capital and before that responsible for Scandinavian investment banking at Credit Suisse.
Simon Robertson	Senior Independent Director	HSBC	Simon Robertson Associates	Joins the Board and Nomination Committee at HSBC after leaving Goldman Sachs and starting-up Simon Robertson Associates in 2005, a boutique advising UK company CEO's.
Sven Aaser	Senior adviser	JP Morgan	DnB NOR	At Goldman he was one of the most senior UK M&A bankers. Has been hired to strengthen JP Morgan's relationships with senior corporate clients in the Nordic Region. He was formerly the CEO of DnB NOR, the Norwegian banking group.
Karl Skjelbred	MD, Scandinavian Investment Banking	Kaupthing	Goldman Sachs	Will focus on the Scandinavian investment banking business at Kaupthing. He was an Executive Director at Goldman Sachs.
Giorgio Frasca	Vice-Chairman	Lazard	Fiat	Rejoins Lazard after 25 years in the corporate world where he headed the international division of Fiat. He will focus on European cross-border business and is the second Vice Chairman alongside Gerd Hausler.

Source: Sheffield Haworth

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Name	Title	Moved to	Moved from	Comments
Anthony Fry	Client Relationship	Lehman Brothers	Internal	Moves internally to focus on important UK client relationships from his role as Head of UK Investment Banking.
Michael Tory	Head, UK Investment Banking	Lehman Brothers	Internal	Assumes Anthony Fry's role after joining from Morgan Stanley in 2006. Part of a shake-up of UK management.
Riccardo Banchetti	Head, Italian IBD	Lehman Brothers	Internal	Became CEO of the Italian business in January to strengthen the business. He had been Head of European Fixed Income Sales most recently and been at Lehman since 1993.
Nigel Cresswell	Head, Pensions Advisory, Germany & Switzerland	Lehman Brothers	Morgan Stanley	Has joined Lehman to strengthen the pensions advisory team being built by Alan Rubenstein. He will head the German and Swiss franchise.
Gilles Graham	MD, FIG	Lehman Brothers	Morgan Stanley	Will join in the second quarter of 2007 and report to Maarten van Berckel, Co-Head of European FIG. He had previously spent 11 years at Morgan Stanley in the FIG team.
Guillaume d'Hauteville	Vice-Chairman Europe	Lehman Brothers	Internal	Will assume responsibility for French clients. He was previously Co-Head of French Investment Banking and CEO for France.
Jerome Calvert	Head, French Investment Banking	Lehman Brothers	Internal	Becomes sole Head of French Investment Banking after Guillaume d'Hauteville's move to a Vice-Chairman role.
Joseph Gatto	Co-Head, IBD	Lehman Brothers	Internal	Has been given the Co-Head role alongside Ros Stephenson and will report to Skip McGee, Global Head of Investment Banking. Gatto was previously Chairman of M&A.
Ros Stephenson	Co-Head, IBD	Lehman Brothers	Internal	Given the Co-Head role alongside Joseph Gatto and will report to Skip McGee, Global Head of Investment Banking. He was previously Co-Head of Global Financial Sponsors Coverage.
Maxwell James	Managing Partner	Lowndes Partners	HSBC	Has set up an advisory business to advise companies on conversion to real estate investment trust status. He was previously Global Head of Real Estate at HSBC but left when John Studzinski departed.
Richard Choi	Managing Partner	Lowndes Partners	HSBC	Has set up an advisory business with former colleague, Maxwell James, to advise companies on conversion to real estate investment
Julie Green	Managing Partner	Lowndes Partners	Jones Lang LaSalle	Has set up an advisory business, with two former HSBC bankers, to advise companies on conversion to real estate investment trust status. Previously she was a director in the corporate finance division of Jones Lang LaSalle.
Dmitri Rozanov	Head, CEEMEA M&A	Merrill Lynch	JP Morgan	Joins to develop the Eastern European side of the advisory business. Previously spent seven years at JP Morgan and Morgan Grenfell-Deutsche Bank focusing on M&A in central and eastern Europe and Russia.
Andrei Arofikin	MD, Moscow	Merrill Lynch	NaviGroup	Joins as part of Merrill Lynch's rebuilding in Russia and will report to Andrew Gazitua, Head of CEEMEA. He joins from his own corporate finance boutique and prior to that was at Credit Suisse
Flavio Valeri	Head, German & Austrian IBD	Merrill Lynch	Internal	Moves into the role from January 2007. He was previously Head of European ECM and will still run the group on an interim basis after relocating to Frankfurt.
Peter Kollmann	Chairman, German & Austrian IBD	Merrill Lynch	Internal	Previously Co-Head of Corporate Banking for Germany & Austria he has been named Chairman of Austria & Switzerland and also Vice-Chairman of Investment Banking for EMEA.
Stefan Albrecht	Director, Head of Germany & Austria ECM	Merrill Lynch	Citigroup	Hired to further strengthen Merrill Lynch's business in Germany. He joins from Citigroup where he was Head of German ECM for the business.
Holger Bross	Head, German & Austrian Corporate Banking	Merrill Lynch	Internal	Previously Co-Head of Corporate Banking in Germany & Austria he becomes sole head after Kollmann's move into senior management. He joined from Goldman Sachs in the second half of 2005.
Annette Messemer	Relationship Banker, Germany & Austria	Merrill Lynch	JP Morgan	Joins from JP Morgan where she covered German public sector and corporate clients and was there for 12 years.
Guido Zoller	Relationship Banker, Germany & Austria	Merrill Lynch	Deutsche Bank	Has 16 years experience in both London and Frankfurt and joins as a senior relationship manager in Frankfurt. He will cover the public sector and corporate clients.
Marcus Schroder	Global Industries Group	Merrill Lynch	ThyssenKrupp	Will be based in Frankfurt and was previously part of the M&A team at ThyssenKrupp.
Faruk Isik	COO, Turkey	Merrill Lynch	Ata Financial Group	Joins to strengthen Merrill Lynch's Turkish franchise and will report to Kubilay Cinemre, Head of IBD in Turkey.
Omer Topbas	Head, Equities, Turkey	Merrill Lynch	Garanti Bank	Hired as part of Merrill's continuing commitment to the region. He was previously Head of Investment Banking at Garanti Bank.
Wolfgang Baumann	Head, Pensions Advisory	Morgan Stanley	Towers Perrin	Has been hired to replace Nigel Cresswell and will report to Neville McKay, Head of European Pensions Advisory.
Xavier Moreels	European Head, Technology, M&A	Piper Jaffray	ING	Part of Piper Jaffray's recent recruitment effort in the UK and hired as part of a team from ING in the UK. He will head the technology investment banking team.
Nigel Daly	Principal, Technology, M&A	Piper Jaffray	ING	Part of Piper Jaffray's recent recruitment effort in the UK and hired as part of a team from ING in the UK.
Peter Del Favero	Associate, Technology, M&A	Piper Jaffray	ING	Part of Piper Jaffray's recent recruitment effort in the UK and hired as part of a team from ING in the UK
Maria Luisa Cicognani	MD, FIG, Russia	Renaissance Capital	Merrill Lynch	Will focus on the FIG space for Renaissance having previously been a director in Merrill Lynch's London-based FIG team. Prior to Merrill she was a director at the EBRD.

Source: Sheffield Haworth