# Alternative Employment

by Marc Raybin ,Editor January 18, 2010

It’s a New Year. Time to turn over a new leaf and get that new job. Right?

Wrong.

Based on what is coming out of both the private equity and hedge fund asset classes, candidates should not hold their collective breath in trying to get a new job, or simply a job anytime soon.

**Asked how he would describe the prospects for candidates right now in the hedge fund space, Robert Olman, president of Alpha Search Advisory Partners, describes it in a single word: Conservative.**

**Olman, who has been in the executive search business in the capital markets for 26 years, and exclusively serving the hedge fund space for the last 10 years, says that while returns for the asset class were strong for 2009, most firms are still reeling from the recession and are not planning on bringing on new staff just yet.**

**A small number of firms are hiring, but doing so slowly. Olman says for every two positions terminated in the last few years, firms are now hiring one person. That means one person needs to have the skill set to do two jobs.**

**“[Candidates] have to be really good,” he explains.**

Richard Chess, president of American Realty Capital Markets, a NYSE-listed REIT, echoes this sentiment in an email. Put bluntly, he wants people who can separate themselves from the other candidates, otherwise, leave him alone.

“A candidate separates themselves from the pack by offering a narrowly crafted package of what you can do to solve my problem. I do not want someone who can do everything or anything. Be an expert in specific area where you can help the firm immediately,” Chess says. “If you are unique, there will be one firm which needs you. If you are a generalist . . . well, there are several hundred people ahead of you in the line (and several probably already live in my community and are related to a current employee or they once worked here). If you are not unique, both in what you do and your understanding of what I need, I will not waste my time looking at your resume.”

Ouch.

There is little wonder competition is so tough right now. Whereas funds were falling all over each other in pursuit of bringing on people, in the last year, funds have simply fallen over.

According to Peter Laurelli, a vice president at the Channel Capital Group, which is the parent company to HedgeFund.net and PrivateEquityCentral.net, there were about 1,060 hedge funds that left the HFN database last year due to liquidation. That number included hedge funds, which were a little bit more than half of the total, and funds-of-funds, which were a little bit less than half of the total.

All told, the database saw somewhere between 12% and 15% of funds close up shop. (Laurelli says that number could be roughly 500 funds higher for vehicles that left the database because they stopped reporting. He speculates this was primarily due to liquidations or closings.)

Fewer funds = fewer jobs.

It's not just the hedge fund space that is consolidating. Private equity is also feeling the pinch.

According to an email from Tim Friedman from global private equity research firm Preqin, 86 private equity firms; not just funds, became inactive last year. That means they hadn't raised a new fund in the last 10 years. In 2008, that number was 50.

Friedman says fund-raising in 2009 for new private equity vehicles was the worst year since 2003. That means firms without stellar track records are going to find fund-raising even more difficult in 2010. Deal flow is down as well.

"All of this points towards a period of consolidation in the private equity industry, and there will likely be less employment opportunities within the industry [now] in comparison with the significant expansion the industry seen between 2004 [and] 2007," Friedman says.

**Should a candidate even make it to the interview, he/she will need to be flexible, says Olman. That's because the hiring process is taking two to three times longer today than it has been in the recent past.**

**"The firms are very, very thoughtful, and very, very careful about whom they are hiring," Olman explains. "They want the right fit."**

**Olman says firms are making sure candidates can meld with the corporate culture of the firm. Gone are the days of the cowboy, and a bunch of guys simply focused on making as much money as possible, no matter the interpersonal costs. Corporate culture is now very important.**

**As for where to look, Olman says distressed debt, credit, special situations, global macro, and equity long-short are all looking a little better than other sectors. Convertible bond arbitrage, capital structure arbitrage, statistical arbitrage, and PIPES . . . not so much.**

**Olman says candidates simply need to be more patient today than they have been recently, and they must prove they are better than anyone else to have interviewed for the job.**

**“All the hedge funds are looking for people who bring value,” Olman says. “They don’t just want heads or bodies, or work process.”**