

Firms Must Brace for New Sales Talent War

By Yaël Bizouati March 3, 2011

Asset management firms will have to increase their efforts to attract and retain sales and marketing talent, as the market is seeing a shift in leverage after several years that favored employers.

As they emerged from the downturn, firms were able to have their pick, but the landscape has now changed and become very competitive, according to a survey and report released this week by **Kathy Freeman Co.**, a recruiting firm in San Luis Obispo, Calif. In order to grow, firms will have to poach talent from their competitors, but the decrease of sales and marketing professionals seeking a change in 2011, combined with their increased expectations when entertaining offers, will make the search process a pitched battle.

“Firms will need to be proactive and attentive to their strategies around human capital issues. Succession planning and top grading of talent needs to be planned out ahead of time as the process of getting the right people into critical spots will take longer and be more challenging to accomplish as time goes on,” **Kathy Freeman Godfrey**, founder of the firm, says in an interview.

The survey identified several motivators for sales and marketing professionals considering a change, with the top ones reflecting the respondents’ desire to be actively engaged in building new businesses (31%) and wanting to see a clear opportunity for career advancement (31%).

Those dynamics will create opportunities for boutique firms to create senior positions to attract candidates, “assuming these smaller firms can offer the opportunity for executives to have increased career satisfaction by being more impactful players on the leadership team,” the report states.

Another important factor helping candidates identify the right opportunity is the ability to demonstrate visionary leadership.

“In today’s increasingly competitive landscape for talent, firms cannot be lax about retaining average players on their leadership team,” the report states. “Our research clearly indicates that firms must be able to articulate their vision for future growth to attract the most highly sought after individuals from their current roles. Having a B or C player in the hiring chair won’t deliver the end result that the firm is seeking.”

Freeman says that one of the most surprising findings is the 20 percentage point decrease – to 56% – from last year’s survey in the appetite for sales pros to make a move.

“This is a positive indicator that firms are taking the right steps towards retaining their people and keeping them engaged,” she says.

Another change from last year is the fact that firms won’t have the “luxury of stringing out” their final hiring decisions because it will affect their credibility.

“Firms may not appreciate how close-knit this community of talent is, nor do they seem to realize how the grapevine works,” according to the report. “Inconsistent or inconsiderate treatment of potential candidates gets personified among the applicant pool they are seeking to attract and it will have a deleterious effect on their ‘employer brand’ going forward.”

In terms of senior sales professional retention, one key element is the respondents’ interest in equity ownership, with 45% of them saying that addressing equity would make them think twice about leaving.

Freeman says that the last cycle of competitiveness for this talent was between 2004 and 2007. She says that the new round will most likely last for a while, unless there is a double-dip recession and unexpected layoffs.

She adds that the factors playing into the war for talent include the fact that successful sales and marketing professionals have been able to earn strong incomes for many years and often retire at an earlier age than those in other industries. In addition, she says that after the downturn, and the tarnish that Wall Street incurred as a result, “fewer of the best and brightest talent have been considering building their careers in the financial markets and instead opting for other sectors of specialization.”

Freeman says that in order to attract talent, firms have to be sure that there is continuity “between the C level vision and the story that is being told to the market by your internal human resources department, your hiring managers, or your search partners.”

In order to retain talent, she says that firms can provide ‘in perpetuity’ payouts for assets retained.

“This compensation approach has been effective in retention strategies when used in complement with equity or profit sharing, or in lieu of those if such components are unavailable within a firm,” according to the report.

In addition, while equity participation is easier to address in publicly traded firms, firms with private stock can leverage it to attract strong talent.

“Private firms within our industry today that have grown exponentially without profit sharing or any equity ownership among their leadership or employee base are well-recognized for their turnover,” Freeman [or the report?] says. “In these firms, while the owners have gotten wealthy,

the employee base feels completely disconnected and disenfranchised. When opportunity knocks to pull the best and brightest out of these companies, there is no resistance in place.”