

The Searchers

BETTER SEARCH METHODS CAN IMPROVE HIRING OUTCOMES

By Ed McCarthy

You cringe inwardly as your newest staff member barges into your office with another complaint. Despite solid credentials and strong pre-hire interviews, he has proven difficult to manage and is damaging morale among other employees. You realize the time has come to speak to your partners about letting him go and restarting the job search.

Most wealth managers' organizational charts have very little padding. Each position fills a necessary role, and every employee's contribution matters. Consequently, it's important to make good hiring decisions the first time around and to avoid the hire-fire-hire cycle, but some firms lack a methodical approach to hiring. "I find a lot of times that firms don't even have simple things like job descriptions in place for their employees," says Matt Matrisian, senior vice president of practice management and strategic initiatives with AssetMark in Concord, California.

KEY POINTS

Employer searches to fill positions require substantial resources, and wealth managers often have little margin for error.

Many firms lack methodical approaches to hiring.

Search consultants and online job boards, such as CFA Institute's JobLine, can help identify qualified candidates.

A LONGER-TERM PERSPECTIVE

A successful job search requires adequate lead time, and some firms constantly evaluate prospective hires to keep their pipeline full. According to Roger Pine, CFA, partner with Briaud Financial Advisors in College Station, Texas, his firm's past approach to hiring was reactive; when the firm had an opening, it would start the job search. Now, he says, the firm takes a longer view by maintaining relationships with university career centers and professional organizations, among other sources.

Linda Mack, president of executive search firm Mack International LLC in Chicago, emphasizes the need for a recruiting strategy and process that will help identify ideal candidates. It's essential to have "a clearly defined position profile" that specifies "the responsibilities, accountabilities, personal characteristics, and attributes required for success" before seeking candidates, she says. That profile should be based on consensus within the firm; otherwise, those making the selection can have different versions of the ideal candidate.

Once the job is clearly defined, the firm needs a planned recruiting strategy that specifies "dates and deliverables" in the hiring sequence, according to Mack. Among the questions to answer: Where will the firm find candidates? What is the

best way to approach them? What does the interview process entail? "Once you've got them targeted and you've got a pool, then you've got to have a structured interview assessment selection process and talk about what are the tools you're going to use," she says. "It's not just a 'wing it when they show up.'"

FINDING THE RIGHT PEOPLE

Multiple sources cite tight job markets, although a position's required skill level, the firm's location, and other factors influence the search. Sabrina Lowell, chief operating officer with Mosaic Financial Partners in San Francisco, has had good results working with recruiters when seeking support staff. In her experience, the key is finding a recruiter who understands the firm's requirements and has a broad network. The relationship saves Lowell considerable time because the recruiter screens applicants. On one assignment, the recruiter vetted 80 applicants before suggesting 5 for Lowell to interview. Online job networks can also bring in qualified operations and administrative job candidates, says Matt Cooper, president for private client services with Beacon Pointe Advisors in Newport Beach, California. "I would say we attract more operations-type staff through the social media online approach—LinkedIn specifically—and our websites."

For professional staff positions, industry job boards, such as CFA Institute's JobLine and those provided by the Financial Planning Association and the National Association of Personal Financial Advisors, can help identify candidates. Cooper takes advantage of his firm's location, which is home to numerous investment and wealth management firms. Almost without exception, the firm's professional hires have a personal connection to Beacon Pointe. Either the firm's staff knows the candidate directly, or they are friends of friends. Of course, a firm's location can deter some candidates. David Strege, CFA, senior financial planner with Syverson Strege and Company, says finding entry-level professionals willing to relocate to his office in West Des Moines, Iowa, remains a challenge.

Managing the job search internally takes considerable time. For firms lacking the resources and expertise to do the job properly, outsourcing professional staff searches to consultants is an option. Mack's firm specializes in higher-level professional positions with organizations that serve ultra-high-net-worth clients. Other search firms work with less-experienced professionals. Caleb Brown, cofounder of New Planner Recruiting in Athens, Georgia, connects financial planning and wealth management firms with qualified entry-level candidates. Before presenting candidates to firms, the company uses a six-stage screening process that indicates how well the candidate will fare on the job. That saves the hiring

advisers time, according to Brown, and allows them to concentrate on other aspects of the process. “They don’t have to worry about: Is this person qualified, and can they do the job?” he says. “They can focus more on the philosophies, the culture, the work, the work style, a lot of these bigger-picture [attributes], the sort of intangibles that I’ve found have a bigger impact on [a candidate] being a good long-term fit.”

INTERNSHIPS' VALUE

Internships can benefit both firms and students. Strege hires interns from Drake University, which is a member of the CFA Institute’s University Recognition Program. In Strege’s experience, interns hired post-graduation generally have worked out very well. Cooper’s firm also runs an extensive internship program. “It’s a regular class during the summer, which would be predominantly for college kids, where they actually sit in a learning environment and then are allocated to different areas of the firm to work with the staff and professionals here,” he says. “And then we’ll also bring people in who are working on their graduate degrees.”

Another value of internships is that former interns can become a firm’s promoters, even if they take jobs elsewhere. Pine cites his experience with an intern from Rice University in Houston. The internship was a success, but the student did not return to the firm after graduating. However, she recommended the company highly to another student, whom Pine later hired.

IMPROVING THE ODDS

Hiring is a two-way street, Brown points out, and qualified applicants are likely to receive multiple offers. Advisory firms can enhance their attractiveness by leveraging the same techniques that help them attract new clients. These techniques include maintaining a high profile by being active in professional and community organizations and generating thought-leadership publications. “Firms that are making themselves visible for clients will also make themselves very visible for the next generation of talent,” he says. “So, it’s almost like you get a two for one.” That approach has worked for Beacon Pointe, says Cooper. Many of the firm’s managers and staff serve on not-for-profit boards, and the firm has numerous institutional clients. The endowments and foundations they work with help spread the word to potential new hires.

SKILLS TESTING AND SCREENING

There’s always a risk that a less-than-ideal candidate can puff up his résumé and bluff his way through the interviews. Firms frequently run criminal background checks and pull credit reports on potential hires to reduce that risk. Assuming that those reports don’t raise any red flags, skills tests and personality profiles can provide additional insights about candidates.

Pine gives applicants a Microsoft Excel skills test. His firm uses the program extensively in its work, and the program’s flexibility allows

him to test different skills in one environment. Tested skills cover basic math functions, formula building and formatting skill, and researching and entering data into a workbook. “It allows us to build a test that covers a lot of different aspects of what we’re looking for,” he says.

Sources cite several different personality profiling services as being helpful. Pine uses a service from Leadership Alliance and says its personality-attributes profile helps his firm manage new hires more effectively. Strege works with the Omnia Group for behavioral assessments and believes the assessment results have been a reliable indicator. “It seemed like every time we went against its recommendations, we suffered,” he says.

Several advisers report using the ProScan system from Professional DynaMetric Programs (PDP). Lowell says her company profiles employees who have been successful in a position to build a ProScan profile for that job. Subsequent potential hires are measured against that metric.

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Measuring financial analysis or portfolio management skills presents a different challenge, unless a new staff member is coming from a position that built a track record, according to Matrisian. One possible testing option is to have candidates work through a case study that requires the skills needed for the job. “I think that you can, however, give them individual portfolios and ask them to analyze those portfolios, look at those portfolios, and assess whether there is overlap between the portfolios,” he says. “What’s the risk makeup of the individual portfolios that I’ve given you? Tell me in what markets these portfolios would be strong and how would they perform in different stress tests. Giving them different scenarios in terms of their portfolios and to be able to do some analytics around the portfolios I think would be helpful, as well as some of that case-study work.”

Testing is prevalent but still optional, of course. Cooper reports that Beacon Pointe doesn’t use third-party assessments and tests. “We haven’t used any form of personality tests or skills tests prior to hiring,” he says. “We do want everybody to have at least a four-year degree, so that would speak to some cognitive skills, if you will. But we’re really relying on getting as many inputs from people in the firm,

so we want that person to talk to as many people as possible within the firm, and we take everybody’s opinion seriously as we’re evaluating the candidate. That’s worked extremely well. Where we’ve messed up is when we rush the process.”

Ed McCarthy is a freelance financial writer in Pascoag, Rhode Island.

KEEP GOING

CFA Institute JobLine (www.cfainstitute.org)

CFA Institute University Recognition Program (www.cfainstitute.org)

"Is Finance a Noble Profession? A Summary of the Online Forum," *Enterprising Investor* (5 March 2015) [blogs.cfainstitute.org/investor]