

The best time to recruit

Finding new talent is harder than finding new clients, says Martin Mulcare

These may be the best of times to be building world-class advice firms, but it's never been harder to attract, induct, manage, develop and retain talented staff.

From our own Dashboard Reports covering the 2007 financial year – a busy and productive year – the number one issue facing owners of advice firms was sourcing new team members. The number two issue was retaining team members. And the number three issue was structuring remuneration packages. The war for talent is clearly a harder battle than the war for clients.

Tony Fenning, head of the group of boutique firms now forming into the newly named Shadforth Financial Group, has been clear that strategies such as listing provide their advisers with equity options not previously available.

Fenning and others, like Centric Wealth's chief executive Michael Pillemer, and Plan B Financial Services' Denys Pearce, know that listing provides them with valuable options when recruiting in a demand-driven environment.

The clearest sign of the tough market for talent was the partial float of BT Investment Management late last year. The aim of the exercise was to create incentives to existing and potential investment staff. Many owners of financial advisory firms shook their heads in amazement at the lengths the big institutions can and will go to to retain superstar stock pickers and market timers when these same superstars have earned their credentials without risking their own personal equity. Small firms can't compete against that on salaries alone.

Suncorp Investment Management, UBS Global Asset Management, Invesco Australia, and Goldman Sachs JBWere have all suffered significant loss of talent recently, reminding us all that our best assets come and go every day.



MARTIN MULCARE

Apart from some disgruntled former bankers seeking more control over their destiny, where are we going to get our future affordable talent?

A colleague's nephew recently graduated with a distinguished and well-awarded commerce/law degree, but no way was he or any of his mates wanting to join a traditional small legal firm. They all want part of the action at the front end of deals closing large transactions. If you think you have problems finding talent, talk to any weary-looking lawyer.

Accounting firms have been developing innovative approaches to attract and retain talent for years longer than we have in financial planning. Their use of human resource managers, ownership options available on sign-up, flexible working arrangements and special leave conditions are all standard tickets to the recruiting game that the financial planning profession is still only experimenting with.

It's a fact that our new recruits don't want to and can't repeat our careers. What worked for today's financial planning principals when commissions were higher, when compliance wasn't at such a volume, when back-office support services of

the institutions were more available, when pricing wasn't as commoditised and when there weren't industry superannuation ads on TV every Sunday night, will not work for new recruits.

Groups like Paul Haselhurst's BSTAR will become more prolific as they support the development of not just the "how to" of recruiting and creating new business value for new and existing equity holders, but the ongoing management of the new firms that will evolve from today's practices.

Attracting talent isn't dissimilar to attracting clients. You have to stand out. You have to be seen to be progressive and different. You have to be able to quote a fluent employee value proposition. You have to win awards (consider entering industry awards just for the ability to differentiate). You have to allocate regular time each month to prospect for talent. You have to be willing to poach, pinch, and network for talent. Whilst we strongly advocate not to grant (or gift) equity in the first two years, having equity options or lifestyle options in place is a crucial and necessary ingredient in any attractive proposition.

The good advisory firms always expect it to be tough to attract talent. They always expect a struggle and view setbacks as opportunities to get it better next time. They know they will never be able to properly afford the team members that they need. But that doesn't stop them.

Be successful on purpose, stand out, get a regular recruiting rhythm into your business, and make it your highest priority regarding business development.

Or maybe you'll get lucky, but somehow I doubt it. The market is only getting tougher. ■

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