



Crystal Ball

RECESSION PROOF?

Wealth management firms expect to hire both executives and professional staff in 2008 to cope with wealth transfer by retiring Baby Boomers, a \$40-60 trillion dollar market that is almost recession-proof.

<http://www.ctnet.com/CTNet/TheFirm/InTheNews.htm#PR12808>

FRENCH CONNECTION

The French FSP market is experiencing an “invasion” of turnaround funds. The two main actors – Butler and Caravelle – have been joined by Platina Finance, Sun Capital, Oak Tree and others expecting corporate woes.

On The Web

Visit the Knowledgebank:

Talent Portfolio Management a podcast discussion with Paul Aldrich, Partner London:

<http://www.ctnet.com/CTNet/TheFirm/Knowledgebank.htm#podcast>

Asian Economic Boom Propelling Salary Increases Singapore Managing Partner Kathryn Yap discusses the various drivers and repercussions of this important change for Asia Pacific.

<http://www.ctnet.com/CTNet/TheFirm/Knowledgebank.htm#QA>

How Independent Are Mutual Fund Directors? Michael Kelly, Managing Partner New York, looks at the role of Mutual Fund Board Directors in PQR's 360°.

<http://www.ctnet.com/CTNet/TheFirm/Knowledgebank.htm#PQR07>

Hot Happenings

Is CRO the New CEO?

Examining the Role of the Chief Risk Officer

In these unsettled times analysts, investors, journalists and politicians are clamoring for more information about how financial risk can be managed better. Now financial services firms are taking steps that will mean that the job of CRO – chief risk officer – is likely to emerge from today's problems as one of tomorrow's critical leadership positions.

“Leading firms are concluding that no longer can the CRO role be seen as an amorphous ‘green eye shade’ staff job,” says Burke St. John, Vice Chairman of CTPartners. Nor can the important tasks of risk management be segregated, with one person overseeing credit risk, another market risk, operational risk and so on. A holistic approach is paramount. It's now about enterprise risk management.

Strengths needed

A recent search for the right professional led us to conclude that the CRO of the future needs to have the highest levels of business acumen and commercial experience, a broad financial background and real product depth. And the right professional needs to communicate well with everyone in the business and to be both pragmatic and practical. And from an organization point of



view, the CRO should report directly to the CEO. After all, bad risk management can cost the CEO his or her job.

On the look-out

Firms are looking both in-house and beyond to find the right person for the job. Either way, the CRO position is a terrific seat for someone to sit in on the way to the CEO post.

To read more on the role of the CRO, go to <http://www.ctnet.com/CTNet/TheFirm/Knowledgebank.htm#white> to read the recent white paper by Hugh Pye, Partner in CTPartners Financial Services Practice.



🔊 Sound Bites From The Industry

On Asia...

There has been talk about Asia decoupling from the US and European economies but while the links have become weaker in practice this is unlikely to have significant impact within the next five to ten years. Whilst exports to the US and Europe maybe slowing those to other emerging economies have surged. Domestic spending and investment in these emerging countries have increased – consumer spending in 2007 rose almost three times as fast as that of the developed world. However, the US remains a large export market and the likelihood of lower external demand looms large. While the fundamentals in Asia remain reasonably strong and it is still an important strategic region, banks have begun to trim their Asian teams and have in many cases put their hiring plans on hold while they manage down their platforms in the US and Europe. CTPartners believe that due to uncertainty top talent that remain at their desks will not become any cheaper although bonus floors may be lower.

On Emerging Markets...

According to the Institute of International Finance (IIF), the US-based research group, Central and Eastern Europe last year received an estimated US\$365 billion in private capital flows. The region (including Turkey) passed emerging Asia as the top destination for foreign funds. Commercial bankers insist that the region can weather the global financial storm because economic growth is solid; investors are undeterred by the credit squeeze and direct investment in acquisitions/projects is still going strong. As such, CTPartners has seen an increase in hiring for Central and Eastern Europe. Rainmakers – sales, traders and originators - in the local markets are hugely in demand and are unlikely to see a slowdown in job opportunities.

On Areas of Growth...

Despite the downturn in credit, structured forex, structured rates and structured equities/ commodities are contributing important revenue. Competition for top talent in these areas will continue despite a reduction in staff across the credit space and CTPartners have observed that some banks are becoming more organized at transferring high quality staff between asset classes rather than letting talent go and then relying solely on external recruitment. Trading revenues have continued to grow while revenues in debt origination and distribution have fallen.

On Cross Selling...

Investment banks have become increasingly eager to cross-sell their capital markets products to wealthy individuals and are therefore seeking to structure distribution channels to place products with their own, and other, private client businesses and also benefit from contact with private client's that may be responsible for acquisitions and other corporate investments. Credit Suisse has had great success in this field, estimating that 8% of its net assets came from collaboration between the investment and private banking divisions in the first half of 2007. UBS reported in the first half of 2007 that client referrals had resulted in US\$6.7 billion of new assets for the private bank. It also estimates that 30 investment banking mandates were a result of private banking referrals in the same period. CTPartners have seen that the best way of staffing for this strategy is to find collaborative management internally while recruiting a leader externally who has a track record of building cross-divisional co operation and who is not aligned with any constituency within the bank.

“The global investment banks have more demand than supply for all levels of talented local markets rates and credit traders, as well as, cross product sales people for the Middle East, Russia/CIS and Central Eastern Europe .

Paul Aldrich
Partner, CTPartners

CTPartners

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About CTPartners

CTPartners is the performance-driven executive search firm serving clients across the globe. Committed to a philosophy of true partnership with clients, the firm offers a proven record in C-Suite, top executive, and board searches, as well as private equity and venture capital services.

Headquartered in New York, CTPartners has offices in Bogotá, Boston, Caracas, Chicago, Cleveland, Columbia, Geneva, Hong Kong, Jerusalem, Lima, London, Miami, Paris, Redwood City, Santiago, São Paulo, Shanghai, Singapore, and Washington, DC.

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