

Executive Recruiters Scramble to Find Financial Services Executives



The financial services industry is in a near-constant state of change. From embracing digital banking in the 2000s, to the rise of fintech, banking-as-a-service, and all of the new options available to consumers today, institutions have almost always been facing an ever growing need to evolve.

Today is no different. Financial services firms must strategically differentiate themselves from the rest of the industry, whether that's through new products, more competitive pricing, or by adopting tech-enabled services, according to a recent report from JM Search's Kate Gerard and Bill Borkovitz. "But there is one time-tested way for firms to set themselves apart in a way that can pay dividends not only today but over the long haul: talent," the study said. "Winning in a rapidly changing competitive environment comes down to having the skills in place to embrace change and lead with authority. Companies that prioritize hiring the right people tend to share several winning attributes – better customer experiences, longer lasting partnerships, and, ultimately, better revenue performance."

How should financial services firms prioritize talent now? "Everyone looks good in an expanding market," said Ms. Gerard. "That's why now is the time to upgrade talent for tougher market conditions, when they can have an outsized impact on performance. This is particularly important during evolutionary periods when new technologies and products are changing the face and function of the industry. It will take specialized talent for firms to adapt to this new reality, and it is critical that those with the right skills are working in the highest impact roles."

"Fitting the right faces to the right responsibilities also comes with the benefit of preparing the firm for the next downturn," said Mr. Borkovitz. "Those who know how to thrive in a difficult market

also know how to build resilient systems that can weather future challenges. What's more, cost cutting isn't always the answer, particularly when there is an opportunity to add talent and grow while competitors shed qualified people."

Where can these people be found? "Too often, financial services source talent from within the industry, poaching potential hires from competitors with the expectation that those prospects will have the necessary skills to hit the ground running," Ms. Gerard said. "But this approach can turn into a liability, both in terms of access to new talent as well as new ideas. To truly differentiate in the market, those in financial services should look outside the industry at candidates in adjacent, tech-focused businesses and prioritize fresh, new approaches to the work vs. copying what every other firm is doing. High tech is a natural choice, but cybersecurity, artificial intelligence, and even manufacturing are growth areas that employ a lot of tech talent and are worth consideration."

Invest Strategically in Innovation

"Banking was an early adopter of digital products and experiences, with the first web and mobile banking services dating back to the early 2000s," Mr. Borkovitz said. "Those efforts have made the industry vastly more accessible to the everyday American, and digital banking as a whole represents the next generation of financial services, but there is always room for improvement. What's the next step in this evolution for those institutions looking to gain or maintain a competitive advantage?"

BY THE NUMBERS

CFOs in High Demand

Thus far in 2023, **44%** of CFOs were externally hired...

...**40%** of those were first time finance chiefs.

Source: Fortune

It's important to remember that digital transformation in the financial industry is about more than just technology and processes, according to Ms. Gerard. "Talent, mindset and organizational culture are also key factors, more so than in other industries given banking's long entrenched conservative approach to its business," she said. "That's why strategic investment in the next phase of tech-enabled innovation – including AI for personalized recommendations and insights, cybersecurity to protect customer data and prevent cyber attacks, and customer service chatbots for real-time assistance – needs to start with people." *(cont'd. to page 2)*

IN THE NEWS

BrainWorks Appoints Practice Leader – Go-To-Market Search, Private Equity/Insurance, and Financial Services

Warren, NJ-based executive search firm BrainWorks expanded with the addition of Liam Garrity as the national practice leader – go-to-market search, private equity/insurance, and financial services. “We welcome Liam Garrity to our BrainWorks team,” the search firm said.

“Liam joins as the national practice leader – go-to-market search, private equity/insurance and financial services. He is laser focused on listening to the needs of his candidates and clients. Liam enjoys the challenge that comes with making strategic matches and diligently works to form synergistic partnerships that benefit both his clients and candidates.”

Prior to joining the executive search industry, Mr. Garrity was an employee benefits broker. As an outside sales representative, he finished in the top 10 percent of sales representatives 12 years in a row at Sun Life Financial and The Guardian Life Insurance Company of America. Mr. Garrity later transitioned to recruiting in 2017, working with a boutique executive search firm in the Atlanta market. During this time, he gained recruiting experience before moving to Korn Ferry/Lucas Group from 2018 through 2023.

Mr. Borkovitz says that by targeting and hiring the talent needed to support those efforts, firms can ensure that they are well positioned to claim a greater share of the market going forward.

Ignore Geography to Source the Best Talent

“Not long ago, financial services firms were geographically limited in who they could hire,” said Ms. Gerard. “Those based in locations with a lot of skilled talent, such as New York City, would typically come out on top by simple virtue of access and convenience. But things are changing. Remote and hybrid work environments have effectively eliminated this barrier to hiring, enabling firms to reap the benefits of broader access to talent and take a geographic agnostic approach to sourcing. By expanding their global reach beyond the traditional US-centric boundaries of financial services, firms will be better positioned to tap into a much larger talent pool and bring new skills to the table.”

“At the end of the day, the challenge for financial services is always to be proactive in adjusting to new conditions,” said Mr. Borkovitz. “Talent is the linchpin in all of this. That’s why, even now, the competition for new hires can be fierce. Firms that take a strategic approach to sourcing and managing the right skills for the road ahead will be better positioned for growth in a changing competitive environment.”

“We have been very busy and engaged with multiple financial roles across our firm,” said Tim Tolan, founder and managing partner of The Tolan Group. “We don’t see that slowing down any time soon. From CFO roles to controller and vice president roles, we’ve been steady. Private equity firms rely on us because of our deep understanding of the finance role in a portco and in our time to fill metric which continues to hover in the nine to 10 weeks from start to finish.”

Shorter Tenures

Mr. Tolan also points out that the “tenure for CFOs is now less than five years and it’s been steadily declining for years,” he said. “There are more demands being placed on CFOs today and many candidates simply don’t have the skills to reach for those new and expanded expectations. CFOs have seen themselves in high demand given this tight labor market and they seem more open to hear about new opportunities than before.”

“The size of the deals getting done seems smaller than before given the cost of capital, but make no mistake about it, deals are still getting done,” Mr. Tolan said. “PE firms are much more selective now than they were before but they have seemed to adapt to the new market dynamics. I am not an economist but I personally believe we have seen the slowdown/recession and are now seeing signs of a recovery. It’s been said that executive search is a leading indicator of what’s happening in the economy and if that’s true we are definitely seeing signs of a recovery.”

“Financial recruiting will continue to be a big part of the roles we are asked to fill and that won’t change for a while,” Mr. Tolan said. “I see us growing The Tolan Group interim rapidly as the needs for an interim finance executive will be critical to portcos to have someone in the chair while we engage in a search to find a permanent solution. We see solid growth in 2024 and more PE relationships as more and more PE firms turn to us for the results they count on. No longer is three to six months an acceptable time to fill from the large multi-national firms. PE firms want quality and they want speed, which is exactly what The Tolan Group delivers.”

Greater Sense of Caution

“There is and will be a greater sense of caution in financial services,” said Jeanne Branthover, managing partner and head of DHR’s global financial services practice. “They are utilizing advanced technology to reduce risk, increase productivity, optimize expenses, and while still focusing on superior customer service and customer experience. We have seen a busy second half of the year to find exceptional leaders that can handle a changing landscape to lead in uncertain times. We expect to remain busy throughout 2023. Firms are figuring out what core areas they will focus on, where they can continue to make money, and continue to create products and services to create revenue. All of this involves retaining and attracting the best talent at all levels in their organization.”

Diversity remains a top priority for financial services, according to Ms. Branthover. “It is a highly regulated industry and firms need to ensure they are compliant,” she said. “Finding skilled talent is a challenge especially in technology. Many candidates are no longer attracted to financial services. The jobs today are different than pre-pandemic. With the adoption of financial technology automation tools are changing the framework of the industry creating roles such as data scientists, cloud computing experts, etc. Firms are looking at their employees and asking do we have the right talent in the right job? Skills have changed. Therefore, we are seeing more confidential searches than ever before since the skills needed in many leadership roles are drastically different than before the pandemic.”

(cont’d. to page 4)

Hunt Scanlon Top 60 Financial Services Search Firms

Acertitude Type: Multiple Financial Services Practices	Rick DeRose/Kevin O'Neill (212) 861-0002	Long Ridge Partners Type: Invest. Mgmt./Hedge Funds/PE	Michael Goodman (212) 366-6686
Atlantic Group Type: Multiple Financial Services Practices	Richard Scardina (877) 717-1774	The Loring Group Type: Multiple Financial Services Practices	Steve Caliger (415) 941-2530
August Leadership Type: Multiple Financial Services Practices	Eva Shaw 42(0) 774740898	Massey Henry Type: Multiple Financial Services Practices	Michael Henry (416) 705-0193
Bay Street Advisors Type: Banking/Capital Mkts./Alt. Asset Management/PE	Kevin Mahoney (646) 278-4331	McDermott + Bull Type: Multiple Financial Services Practices	Brandon Biegenzahn (949) 529-2685
BraddockMatthews Type: Asset Mgmt./Hedge Funds/PE	Derek Braddock (212) 257-4422	Michael Kelly Associates Type: Asset & Wealth Mgmt./PE	Michael Kelly (917) 363-4815
BrainWorks Type: Multiple Financial Services Practices	Andy Miller/Jon Levitt (908) 771 0600	N2Growth Type: Multiple Financial Services Practices	Kelli Vukelic (800) 944-4662
Caldwell Type: Multiple Financial Services Practices	Paul Heller/Glenn Buggy (212) 953-3220	NGS Global Type: Multiple Financial Services Practices	David Nosal (415) 369-2222
Capitus Associates Type: Multiple Financial Services Practices	Burke St. John (646) 902-9036	Odgers Berndtson Type: Multiple Financial Services Practices	Kennon Kincaid (212) 972-7287
Comhar Partners Type: Real Estate/Banking/Insurance/Inv. Mgmt./Credit Unions	Paul Herrerias (415) 483-4116	Options Group Type: Finance/Quant/Tech/Global Mkts.	Michael Karp (212) 982-0900
Cowen Partners Type: Banking/Credit Union	Shawn Cole N/A	Opus Advisors Type: PE/Hedge Fund/Invest. Banking	Holly McCarthy (914) 672-8103
D.S. Wolf Group Type: Banking/Asset Management	David Wolf (212) 692-9697	PierceGray LLC Type: Private Equity	Matt Hamlin (678) 361-3310
David Barrett Partners Type: Investment/Wealth Management	David Barrett (212) 710-8840	Pinetum Partners Type: Multiple Financial Services Practices	Sandy Gross (203) 625-9340
DHR Global Type: Multiple Financial Services Practices	Jeanne Branthover/James Schroeder (212) 883-6800	Prince Houston Group Type: Multiple Financial Services Practices	Marilyn Prince (212) 313-9891
Diversified Search Group Type: Multiple Financial Services Practices	Michael Sarnoff (646) 270-6970	Right Executive Search Type: Fintech/Hedge Funds/PE/Buy Side/Sell Side	Elisa Sheftic (201) 788-7283
Egon Zehnder Type: Multiple Financial Services Practices	Gabi Carvalho/Roopa Foley (305) 569-1070	Robin Judson Partners Type: Asset Mgmt./Hedge Funds/Inv. Banking/PE	Robin Judson (646) 632-3750
ECA Partners Type: Private Equity	Ken Kanara (310) 573-8878	RSR Partners Type: Multiple Financial Services Practices	Brett Stephens (203) 618-7022
Global Sage Type: Asset & Wealth Management (Buy Side)	Douglas Brown (646) 557-3036	Russell Reynolds Associates Type: Multiple Financial Services Practices	Amanda Foster/Mary-Caroline Tillman (212) 351-2000
Glocap Type: Inv. Mgmt./Digt. Media/Inv.Banking	Adam D. Zoia (212) 333-6400	Sage Search Advisors Type: Asset Mgmt./Capt. Mkts./Inv. Banking	Linda Petrone (203) 622-4519
GoBuyside Type: Hedge Fund/Inv. Mgmt./PE	Cameron Boland (212) 235-1274	SG Partners Type: Multiple Financial Services Practices	Sheri Gellman (212) 922-9544
Goldsmith & Company Type: Asset Mgmt./Hedge Funds/PE/VC	Joseph Goldsmith (212) 419-1239	Sheffield Haworth Type: Multiple Financial Services Practices	Julian Bell (212) 593-7119
Heidrick & Struggles Type: Multiple Financial Services Practices	Todd Taylor (212) 867-9876	Slayton Search Partners Type: Multiple Financial Services Practices	Richard Slayton (312) 706-7860
Hudson Gate Partners Type: Traditional/Alt. Investment Mgmt.	Dana Feller (646) 502-5200	SPMB Type: Multiple Financial Services Practices	Steve Popper/Sarah Auten (415) 924-7200
Jamesbeck Global Partners Type: Investment Mgmt./Trad. & Alternative	Melissa Norris/Beth Rustin (212) 616-7411	Solomon Page Type: Multiple Financial Services Practices	Scott Page/Lloyd Solomon (212) 219-0697
Jensen Partners Type: Alternative Asset Management	Sasha Jensen (212) 457-0062	Spencer Stuart Type: Multiple Financial Services Practices	Peter Simon (416) 361-0311
JM Search Type: Multiple Financial Services Practices	Andrew Henry/Jim McGinley (610) 964-0200	StevenDouglas Type: Multiple Financial Services Practices	Matt Shore (954) 385-8595
Kaye/Bassman - Sanford Rose Type: Banking/Finance/Wealth Mgmt.	Susan Fishlock (972) 931-5242	Tatum Type: Multiple Financial Services Practices	Dominic Levesque (717) 232-5786
Korn Ferry Type: Multiple Financial Services Practices	Adam Wood + 44 020 7024 9070	Third Street Partners Type: Asset & Wealth Management	Laura K. Pollock (212) 886-1095
The Lapham Group Type: Insurance	Craig Lapham (212) 599-0645	The Tolan Group Type: Multiple Financial Services Practices	Tim Tolan (904) 875-4787
Leathwaite Type: Multiple Financial Services Practices	Paul Groce (646) 790-3185	Ward Howell Type: Multiple Financial Services Practices	Bernd Prasuhn +49 (211) 864-080
Lochlin Partners Type: Corp. Funct./Diversified Financial Services	Patrick Friel (703) 584-3215	ZRG Partners Type: Multiple Financial Services Practices	Rahul Kapur (201) 345-3050

AT A GLANCE

The Chief Financial Officer for Growth



The CFO role can be thought of in three different typologies – accounting, operating, and strategic, according to Russell Reynolds Associates. The search firm says that some CFOs may be a blend across the three typologies, though typically most will align with a certain profile.

1. An accounting CFO brings a traditional finance perspective on budgeting, reporting, risk mitigation, and compliance, working to manage business complexity while minimizing risk as the organization executes on its strategies.
2. An operating CFO has a holistic understanding of how the organization is run and can offer a more grounded business perspective, enhancing long-term growth strategies. In addition to bringing financial expertise, the operating CFO drives efficiency and effectiveness and transforms the finance function as the organization's business model changes.
3. A strategic CFO not only understands the business' financial operations and analyses, but also brings a forward-thinking perspective, providing insights around financial levers to influence long-term growth strategies. The strategic CFO may also offer the investors' perspectives around value creation to help maximize shareholder value.

Many areas of financial services, such as hedge funds, private banking, family offices, insurance, etc., are thriving. "Fintech from start-ups to larger firms continue to grow, to be acquired, to acquire," Ms. Branthover said. "There remains constant activity in the financial services sector. Firms are re-evaluating top talent replacing as necessary and continuing to focus on new products and services to gain market share."

"We see our clients focused on high touch customer service and client experience," Ms. Branthover said. "This affects the creation of superior products and services. We also see that clients are building strong teams in compliance, and regulatory areas. A focus continues and will continue to have the best talent possible in the treasury and financial leadership roles. The trend will also continue in technology as companies migrate to cloud and ensure that they have the technology necessary to compete in their market."

"The interest in retained HR executive search in the financial services industry has been as high or higher than in previous years," said Nat Schiffer, president and managing partner at The Christopher Group. "This is probably not surprising, considering that the stock market is near all-time highs. I suspect that as long as the broader stock market continues to be strong, the demand for executive HR search services will remain robust in this sector."

"Recruiting for the financial services industry comes with its share of challenges," Mr. Schiffer said. "This sector maintains an exceptionally high standard for quality of service and the pedigree of the candidates provided. Additionally, there's a strong emphasis on speed and service, which raises the bar for talent acquisition providers. This intense competition for these skilled individuals adds another layer of complexity to the process."

In regard to a possible market slowdown, Mr. Schiffer says that there have been a few moments of hesitation, but the expected recession that many people thought would happen hasn't

materialized. "Whether a recession happens and how it affects things depends on many factors," he said. "If the economy keeps getting stronger and the Federal Reserve continues raising interest rates, it might make people even more worried." Economics, he says operates similarly to art, in that perceptions can transform into a self-fulfilling prophecy. "Fears can shape what actually happens in reality," said Mr. Schiffer.

"I expect to continue to see strong demand for search services from PE firms and their portfolio companies in the coming year," said Mr. Schiffer. "I anticipate their efforts to raise capital and add new companies to their portfolios will continue. This particular aspect is likely to contribute to the strong performance of our services throughout 2024 in the financial services sector."

Evolving CFO Roles

Since COVID-19 struck, CFOs are being asked to play an ever-broader role. "The tumultuous environment companies are operating within demand a different skill-set in the CFO chair," said ON Partners co-president Tim Conti. "CFOs are playing a critical strategic role in companies, not only to pull levers necessary to secure a company's financial platform, but also to position the company to emerge in a strong competitive positioning in a marketplace where not all will survive. This requires the CFO to lead from the front, be strategic and savvy, to navigate a company through choppy waters. When boards and CEOs do not have confidence that they have this strategic CFO, then they have no choice but to seek out an alternative."

"In times like these, where businesses demand hyper-agility, being a functional specialist isn't good enough," said Bryan Buck, partner at ON Partners. "It's required now that CFOs can see around corners and understand the physical (and digital) trends that are reshaping their world – and then act quickly. They need to think like P&L owners – not like accountants. Regardless of the product or service their company offers, customer expectations have changed. And the CFOs in highest demand right now are the ones who have proven to be nimble and business-focused enough to drive organization's to where the puck is moving (both organically and inorganically)."

This business environment is also putting more pressure on CFOs. "There's definitely more need for CFOs to operate with transparency around the realities of the market conditions, how those conditions are impacting the business in the short and long term, and what strategic steps are being taken to address the challenges faced," said Mr. Conti. "Shareholders understand that market conditions are challenging, and they'll be more patient in these unique times, but only if they have confidence in the CFO's leadership and strategy."

"Yes – and it's industry-agnostic," Mr. Buck added. "For public companies specifically, those in negatively impacted sectors are trying to survive the rapid slow down, and maintain various levels of ongoing business operations, while planning and positioning for a potential recovery that could happen within the next few quarters...or the next few years," he said. "Public finance leaders on the other end of that spectrum are seeing tremendous growth and demand, but they're also cognizant that current share price reflects Wall Street's expectation of perfection – leaving no room for quarterly missteps."

Hunt Scanlon New York Power 60

Acertitude Type: Generalist	Rick DeRose/Kevin O'Neill, Managing Partners (212) 861-0002	Korn Ferry Type: Generalist	Jeff Constable, Managing Partner (212) 687-1834
Arrow Search Partners Type: Generalist	David Gaber/Billy Merva, Managing Partners (646) 992-8362	The Lapham Group Type: Insurance/Financial Services	Craig Lapham, Managing Partner (212) 599-0644
Atlantic Group Type: Generalist	Rich Scardina, Founding Partner (877) 717-1774	Leathwaite Type: Financial Services	Paul Groce, Partner (646) 790-3185
August Leadership Type: Generalist	Asad Haider, CEO (917) 622-2811	Long Ridge Partners Type: Investment Management	Michael Goodman, Managing Partner (212) 366-6686
Bay Street Advisors Type: Financial Services	Kevin Mahoney, Partner (646) 278-4321	Major Lindsay & Africa Type: Legal	John Lindsey, Managing Partner (212) 421-1029
Beecher Reagan Type: Generalist	Clark Beecher, Managing Partner (877) 550-8787	Marlin Hawk Type: Generalist	Max Mettelman/Mayur Patel, Principals (347) 363-0253
Braddock Matthews Type: Asset Management	Derek Braddock, Partner (212) 257-4422	McDermott+Bull Type: Generalist	Sue Waterbury, Partner (347) 923-7087
Brainworks Type: Generalist	Andy Miller/Jon Levitt, Partners (908) 771 0600	N2Growth Type: Generalist	Kelli Vukelic, CEO (800) 944-4662
Buffkin Baker Type: Generalist	Raj Das, Partner (929) 436-0920	NGS Global Type: Generalist	David Nosal, Managing Partner (212) 626-6630
Caldwell Type: Generalist	Paul Heller, Managing Partner (212) 652-6113	Northbound Executive Search Type: Financial & Professional Services/Tech	Greg Feder/Rachel Feder, Managing Partners (212) 600-2540
Capitus Associates Type: Financial Services	Burke St. John, Founding Partner (646) 902-9036	Oders Berndtson Type: Generalist	Kennon Kincaid, CEO (212) 972-7287
Catalyst Advisors Type: Healthcare & Life Sciences	John Archer, Partners (212) 775-0800	ON Partners Type: Generalist	Tim Conti, Co-President (631) 241-5180
Daversa Partners Type: Growth Stage/Venture Backed	Paul Daversa, CEO N/A	Options Group Type: Financial Services	Michael Karp, CEO (212) 982-0900
David Barrett Partners Type: Asset & Wealth Management	David Barrett, Managing Partner (212) 710-8840	Oxeon Partners Type: Healthcare	Sonia Millsom, CEO (646) 503-2200
DHR Global Type: Generalist	James Abruzzo/Jeanne E. Branthover, Managing Partners (212) 883-6800	PierceGray Type: Financial Services	Matt Hamlin, Managing Partner (678) 361-3310
Diversified Search Group Type: Generalist	Lyn Brennan, Managing Director (212) 542-2585	Right Executive Search Type: Financial & Professional Services/FinTech	Elisa Sheftic, Managing Partner (201) 788-7283
DMC Partners Type: Financial Services/Fintech	David McCormack, CEO (212) 626-6698	Riviera Partners Type: Generalist	Will Hunsinger, CEO (877) 748-4372
DRG Search Type: Non-Profit	Dara Z. Clarfield, CEO (212) 983-1600	Robin Judson Partners Type: Financial Services	Robin Judson, Founder (646) 632-3750
Egon Zehnder Type: Generalist	Claude Shaw, Partner (212) 519-6000	RSR Partners Type: Generalist	Brett Stephens, CEO (203) 618-7022
Ellig Group Type: Generalist	Lisa Buckingham, President (212) 688-8671	Russell Reynolds Associates Type: Generalist	Pascal Becotte, Hub Leader (212) 351-2000
EMA Partners Type: Financial Services & Technology	Chris Pantelidis, Managing Partner (212) 808-3077	Sheffield Haworth Type: Generalist	Julian Bell, Managing Director (212) 593-7119
Flatiron Search Type: Consumer	Bill Stauffer/Joe Miller, Managing Partners N/A	Solomon Page Type: Generalist	Lloyd Solomon/Scott Page, Managing Directors (212) 219-0697
Frazer Jones Type: Human Resources	Brad Law, Partner (646) 717-9839	Spencer Stuart Type: Generalist	Thomas Daniels, Consultant (212) 336-0200
Goldsmith & Co. Type: Asset Management/Fintech/Family Office	Joseph Goldsmith, Founder (212) 419-1239	SRi Type: Sports/Media/Entertainment	Jay Hussey, President (212) 471-5008
Harrison Stone & Associates Type: Financial Services	Robert H. Pestreich, Partner (212) 687-3030	Stanton Chase Type: Professional Services	Finley Konrade, Managing Director (212) 739-0761
Heidrick & Struggles Type: Generalist	Elizabeth P Simpson, Partner (212) 867-9876	StevenDouglas Type: Generalist	Matthew Shore, CEO (954) 385-8595
Herbert Mines Associates Type: Retail/Consumer	Brenda Malloy, CEO (212) 355-0909	Third Street Partners Type: Asset Management	Laura K. Pollock, Founding Partner (212) 886-1095
Jensen Partners Type: Alternative Asset Management	Sasha Jensen, CEO (212) 457-0062	True Search Type: Generalist	Joe Riggione, Co-CEO (646) 434-0319
JM Search Type: Generalist/Private Equity	John Warrack, Partner (212) 868-9600	WittKieffer Type: Generalist	Lisa DeSimone Arthur, Principal (646) 346-6724
Kirk Palmer Associates Type: Retail/Consumer	Kirk Palmer, CEO (212) 983-6477	ZRG Partners Type: Generalist	Larry Hartmann, CEO (212) 327-9406

SPOTLIGHT

What is Impacting Recruiting for Senior Finance Executives Today



With a focus on helping PE and VC backed healthcare organizations, Tim Russell, managing partner of The Tolan Group, oversees the business development and recruitment activities for private equity and venture capital clients. Mr. Russell recently shared his views on the current state of recruiting within the financial services sector with Hunt Scanlon Media.

Tim, what is the current climate for recruiting senior executives for the financial services sector?

As a senior executive in the financial services sector, opportunities abound. From a recruiting standpoint, there's high demand for both permanent financial executives as well as interim/fractional finance executives. Traditional finance responsibilities remain top priority for almost any organization in any sector. Those associated with private equity firms have the extra layers of bank filings and other financial reporting responsibilities. Highly skilled finance leaders are one of the roles that is always in demand.

What positions and types of roles have you found most in demand?

By far, the most requested role that our firm (and I would presume most any other executive search firm) is asked to help their clients find, is the role of chief financial officer. There's a lot of reasons for the high demand of CFOs these days. Controllers and VP of finance are common asks as well.

Has the worry of a recession impacted this sector at all? If so, how?

The subject of recession is on everybody's mind. Finance executives and otherwise. I don't know that the word "worry" is the best description, but perhaps "prominent" might be the better word. Credit is expensive for a lot of the investing companies that we serve. Finance executives are being asked to evaluate every aspect of the company's operations in order to find areas to save money in order to free up capital for repurposing. One answer to saving money is the implementation of finance technology systems. Many finance execs are tasked with identifying viable technologies that would help improve operations and ultimately bottom-line results. Regardless of the recession climate, finance executives are always in the hunt for opportunities to save money and opportunities to make money. In times of recession those ideas get a little more creative than at other times.

What challenges does the financial services sector face and what do you see moving forward?

I think there are several challenges facing financial executives today. The never-ending challenge for financial services is doing more with less. Looking for ways to decrease overhead spend is the constant ask of the finance team. Building a strategy around how to free up operating capital includes evaluating resource spend, payroll and

facilities management. Technology is the answer for many finance organizations that are looking for efficiencies and reduction in overhead spend. With the rapid progression of technology, finance executives are having to be well versed in SaaS platforms that create efficiencies for in-house finance teams.

What impact is AI having?

AI certainly leads the list of talking points when it comes to technological advances in the finance sector. Today's finance executive is tasked with not only improving and managing the company's finances, but also becoming well-versed in the functionality of these financial SaaS platforms. It's a time-consuming endeavor to learn all of the features of the latest finance software and technology and then be able to teach it to the team. Not to mention all of the upgrades and integrations that go along with interacting with a finance SaaS tech stack. Learning the technology is not without its challenges. Funding certain initiatives like DEI and ESG remain a focus for many chief financial officers. As the focus on these initiatives remain priorities for LPs and board members, CFOs are needing to have answers for how the organization will fund the commitments to these subjects.

Can you discuss the path to the CFO role, and how many of these CFOs typically make it to the CEO ranks?

The path to the CFO role is different from company to company. Oftentimes size of company and type of company dictate the career progression of the finance executive. Traditionally we have seen controllers move into a VP of finance role that ultimately moves into the CFO chair. Again, the timeline for this happening is often dependent on type of company and life cycle of the organization. There was an article in Forbes magazine not long ago that highlighted the trend of many companies' boards selecting the current CFO to ascend into the CEO chair. There seems to be a benefit to today's CFO's skill-set that lends itself to be more than just the finance expert in the organization. We're seeing a growing number of CFOs being promoted into the CEO chair due to their finance expertise as well as their leadership acumen. Once promoted, we are being asked to backfill the CFO chair that they vacate to make the move.

How has the role for senior finance leaders changed over the past couple of years?

One of the main reasons for such a demand for CFOs is due to how the job has changed over the years. Few positions have morphed into the multi-layered responsibilities than that of today's chief financial officer. Gone are the days when the CFO sat in the boardroom with her spreadsheets waiting to give an account for each division's financials. Today's CFO is an advisor to the CEO. They need to be familiar with more than just the financials of an organization. Today's CFO has to have an understanding of compliance, HR issues, a familiarity with multiple tech stacks as well as handle the normal responsibilities (cont'd. to page 7)

It becomes a small world when you are connected to the right people.

A global firm with award-winning service and culture, DHR helps best-in-class organizations hire and develop top talent through executive search, emerging leader search and leadership consulting services.

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of juggling tax law and accounting practices. I made the comment to a candidate recently, "It feels like today's CFO is the job of three men." He quickly replied, "I wish it was just the job of three men." It's almost unfair how much today's financial chief is asked to handle. I have seen a dramatic increase in the request for a CFO to have an MBA over a CPA. Evidence that the job has changed considerably from years gone by.

Share with us some of the recent search work Tolan Group has conducted within the finance sector.

Our perm placement recruiting team has placed over 30 finance roles in the last 18 months. CFOs were the most common placements, but VPs of finance, controllers, accounting, and FP&A roles were a few of the other placements made. Since our firm's focus is predominantly in the healthcare sector, most of the finance placements we've made have been in healthcare organizations. With the continued interest of private equity's influence in the healthcare services market, we have worked with many MSOs in specialties such as rehab, retina, cardiology, primary care, autism, gastroenterology, palliative care, surgery, and dermatology. As a favor to some PE clients, we've even recruited some CFOs, VPs of finance, and a controller in non-healthcare oriented portfolio companies. Companies such as E-commerce, women's retail clothing, and footwear were some recent non-healthcare finance placements made by our recruiters. With repeated calls from clients to provide temporary coverage in times of transition, our founder, Tim Tolan, has created an interim placement division that has interim talent on standby ready for deployment in a fractional or interim capacity. That division has a sector agnostic focus so we can help staff finance execs in healthcare or non-healthcare businesses. Our phones remain active with calls for finance team members. The pace of recruiting those folks shows no sign of slowing down at The Tolan Group and we're happy to help inquiring clients.

IN THE NEWS

The Tolan Group Fills CFO Role for Memorial MRI & Diagnostic Imaging Centers



The Tolan Group (TTG) recently assisted in the placement of Fred Huang as the new chief financial officer of Memorial MRI & Diagnostic Imaging Centers (MMRI). The company is based in Houston, TX and backed by Panos, a private equity sponsor focused on making investments in middle-market healthcare and business services companies. Jennifer Chee, principal, and Mallory Schmidt, senior search consultant, led the assignment. "With a proven track record of driving process improvements, implementing effective financial controls, and fostering high-performing teams, Mr. Huang brings invaluable expertise to Memorial MRI & Diagnostics," said Todd Greene, CEO. "As CFO, he will leverage his extensive experience in financial reporting, revenue cycle management, and cost reduction initiatives to support the company's mission of delivering high-quality diagnostic imaging services to the community." Mr. Greene was recruited to MMRI by The Tolan Group as COO last year. He was recently promoted to CEO.

A Look at the High Demand for Top CFOs for Private Equity Firms

In times of volatility, financial stability becomes an understated hallmark of business success. Private equity firms have, appropriately, responded to the severe macroeconomic challenges of recent years with caution, making unprecedented pullbacks in investment and reaching record levels of dry powder, according to a new report from Slayton Search Partners' Dan Dunn.

"Today's firms are steadying their balance sheets and preparing for long-term growth by building quality over quantity — a process that will increasingly require proactive CFOs," he said. "CFOs are key drivers of sustainable value creation for PE firms and their portfolio companies. As portfolio sizes remain limited and the need for exceptionally successful exits grows, the role of the chief financial officer will expand in the coming years. Subsequently, demand for experienced private equity CFOs is certain to rise."

As the industry weathered the storm of COVID-19, private equity CFOs proved to be indispensable strategists throughout investment lifecycles and beyond according to Mr. Dunn. He notes that when sitting at the firm level, an experienced CFO provides oversight of the PE company's financial operations, creating and optimizing a master plan to increase profit margins and streamline growth.

"Within portfolio companies, elected CFOs take a more granular approach," said Mr. Dunn. "These PE-backed executives — who, like private equity CEOs, more often than not replace pre-acquisition leaders — closely evaluate the financial state of their portfolio company as early as the start of the deal. From there, CFOs are expected to deliver measurable improvements to exit value on a tight timeline, all while regularly communicating progress to stakeholders."

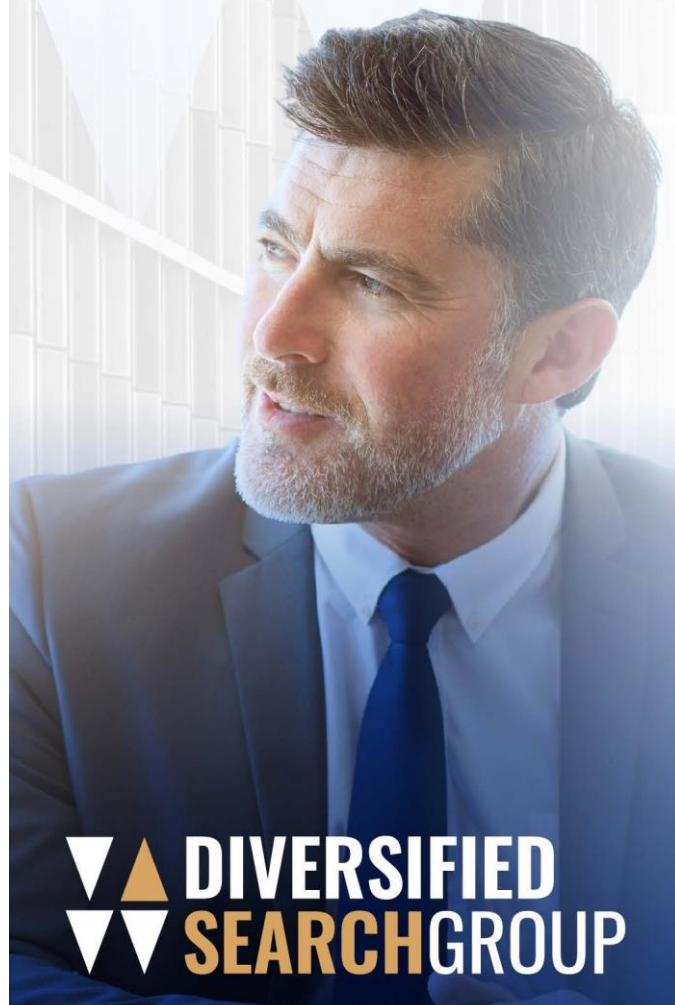
Mr. Dunn says that private equity CFOs, in essence, set the stage for financial success. "They bring the vision of the firm to life — from the direction it wants to take a portfolio company to the financial heights it wants to reach — to ensure its business goals are achieved," he said. "But as ongoing global issues and rising stakeholder expectations put pressure on the private equity space, CFOs will be expected to increase their strategic input and contribute transformative visions of their own."

How the CFO Role is Evolving

The role of the private equity CFO is expanding far beyond its traditional limits. These days, the most effective CFOs serve as technologists, analysts, regulatory experts, and beyond as duty calls. In fact, S&P Global Market Intelligence reports CFOs now only spend 10 to 50 percent of their time on financial oversight.

"For CFOs of private equity firms, outward-facing and hands-on activities have replaced many of the high-level tasks that once consumed their day-to-day workload," said Mr. Dunn. "They're taking part in investor relations and portfolio company onboarding, all while lending a hand to various aspects of business strategy — talent attraction, location strategy, advanced technology implementation, and more. In today's landscape, (cont'd. to page 9)

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the most effective private equity CFOs are excellent organizational leaders, not just finance leaders.”

When selecting CFOs for portfolio companies, private equity firms will increasingly seek tech-savvy leaders. According to PwC, 40 percent of portfolio companies will prioritize digital transformation and automation to maximize exit value, putting IT tasks under the realm of the CFO. “PE-backed CFOs will also be expected to utilize data at a large scale — perhaps with the support of automations and AI tools — both to drive precision in strategy and to meet rising demand for transparency from stakeholders,” Mr. Dunn said.

As portfolio company CFOs take a smarter, more efficient approach to finance, freeing themselves from more mundane tasks, Deloitte predicts these executives will gain footing in the C-suite and rank more equally with CEOs.

“But as private equity CFOs rise through the ranks and become increasingly central to decision making, they can anticipate more weight on their shoulders than ever before,” Mr. Dunn said. “Expectations and responsibilities are growing, placing CFOs in a constant race against time.”

Rising Demand and Declining Tenure

Unsurprisingly, the average tenure of corporate CFOs is on the downswing. It has become a rarity for CFOs to remain at a company for more than five years, in large part due to the rising pressure to perform across industries, according to Mr. Dunn. “In private equity, where the first 100 days are critical to achieving success (and impressing stakeholders), the sense of urgency can be particularly nerve-wracking,” he said. “But despite the turnover, the number of CFOs — in particular, CFOs with private equity experience — entering the job market certainly isn’t keeping pace with the demand for these highly coveted leaders. The job market is tight, and it’s being exacerbated by delayed portfolio company exits and the growing availability of opportunities for CFOs.”

Mr. Dunn emphasizes that private equity firms must recognize that CFOs are irreplaceable members of their leadership teams, and an empty seat will certainly be felt. “Firms must continuously invest in financial executives — whether it’s by providing competitive compensation or access to technology and resources that simplify their roles — to attract top-performing CFOs and strengthen long-term retention,” he said.

The Competition for Top Financial Talent Continues

The role of private equity CFOs is expanding well beyond the financial realm. Mr. Dunn notes that in the face of changing markets and rising expectations, financial executives have become organizational leaders who deeply influence private equity firms and portfolio companies as a whole.

“CFOs are business-critical leaders, on the verge of ranking equally with CEOs,” Mr. Dunn said. “In volatile times, their expertise has proven to be invaluable and irreplaceable. But as demand for PE-experienced CFOs skyrockets, the pressures of the position have led to faster turnover and a clear need to support these talented leaders. How will you attract and retain the financial talent you need?”

Filling New Roles With New Kinds of Leaders in Financial Services

Financial services, like most industries, has been in a period of significant innovation post-COVID-19 affecting business operations. Many firms are now seeing growth opportunities in markets that have been reshaped in large part by the increased pace of the shift to digital as well as changing consumer preferences, according to a report from Heidrick & Struggles' Ellen Maag, Katherine Pluck, and Todd Taylor. For many firms, this has meant adding new leadership roles. Over the past two years, says the search firm, the share of new roles that financial services firms were seeking to fill rose from 41 percent to 59 percent.

Sometimes these roles were for leaders of new businesses. Other times they were roles in existing businesses that emphasize a newly important mix of skills, such as combining sales, marketing, and product expertise into a chief commercial officer role. "Either way, financial firms and companies across industries are also putting increased emphasis on finding and developing leaders who not only focus on results but are agile, empathetic, inclusive, and able to solve problems in new ways," the Heidrick & Struggles report said. "In other words, they are often filling new roles with new kinds of leaders."

All this means that most financial services firms — through planning or by default — are changing the mix of capabilities on their leadership teams. Heidrick says that most firms would benefit from asking more questions, not only about which new roles are needed and why, but also how those new roles should work in relation to the rest of the executive team in terms of structure and capabilities. "Leaders who get this right will not only see immediate benefit but positively reshape their pipeline planning for the longer term," the report said.

New Leadership Roles: Defining and Hiring

"The context of a new leadership role is straightforward when the leader will be leading a new business," the Heidrick report said. "These leaders typically need hard skills such as experience in fast-growth businesses and digital expertise — and we have seen that those are firms' highest priority in filling these roles. Where we see less focus is on ensuring the new leader has both the capabilities to build a new business and to build support for that business in the rest of the organization."

Digital skills are often at the core of new leadership roles. In addition to digital expertise, Heidrick & Struggles research has identified four leadership capabilities that are most common among leaders seen as having impact today and potential for tomorrow (through the lens of the firm's model for organizational acceleration, META — or mobilize, execute, and transform with agility).

The four capabilities Heidrick identified are: leading through influence, driving execution, creating possibilities from new thinking, and having an ownership mindset. "When taken together, these allow leaders to build strong, trusting, and inclusive relationships across their firms, which helps their new ideas (cont'd. to page 11)

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get heard and supports resilience on their teams,” the firm said. “For leaders of new businesses, financial services organizations would do well to focus particularly on people who can drive execution with an ownership mindset and have the influencing skills that are required to build support for their business in the rest of the organization.”

A Shift in Strategic Focus

When a new role is created in an existing business to meet new needs or support a shift in strategic focus, the context can be more complicated, says Heidrick & Struggles. “These roles include, for example, chief commercial officers who bring together sales, marketing, and product functions to ensure a sharper focus on customer needs; chief analytics officers who bring together previously disparate sources of internal data to create better insights; and, of course, leaders with digital expertise, particularly, in financial services, for supporting omnichannel customer service,” the report said. “In all of these cases, all or parts of existing teams and functions will have new reporting lines and new responsibilities. This will often mean a strategic shift from focusing on execution to focusing on transformation. Making it work requires leaders who can manage change and create support for the new ways of working. Yet here, too, we often see firms pay more attention to the hard skills of executing than to the softer leadership capabilities of transformation.”

“The context of a new leadership role is straightforward when the leader will be leading a new business. These leaders typically need hard skills such as experience in fast-growth businesses and digital expertise — and we have seen that those are firms’ highest priority in filling these roles.”

In addition to creating possibilities from new thinking, Heidrick notes that other important aspects of transformative leadership are leading change and collaborating across boundaries, which are particularly important for leaders in this kind of situation.

Including the Team

Even when firms consider the full mix of skills and capabilities needed for a new leadership role, they often don’t consider how that new leader will affect the rest of the executive team in terms of culture and other team members’ capabilities, says the report. For example, if a new leader is particularly, and appropriately, focused on inspiring transformation, others in the function may need to increase their focus on execution and working with agility in a new context. “Getting this right will often require starting by having each team member complete an assessment of their own capabilities,” Heidrick said. “Leaders can then aggregate that into a team view that identifies synergies and gaps in the team’s collective leadership capabilities. This data can then be used to align new roles and responsibilities or inform the senior leader of future talent needs to develop or acquire in the medium term.”

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Top Searches in Financial Services...

Acertitude Recruits CFO for AIS Global



Executive search firm Acertitude has recruited Mary Heitmann as the new chief financial officer of AIS Global (AISG) in Coeur d'Alene, ID. The search was completed by Acertitude's industrial

practice and co-led by Kevin O'Neill, co-founder and managing partner, and Dan Staats, principal. The search was completed in 85 days. "Mary's blend of excellent financial expertise, industry acumen, and private equity knowledge will, no doubt, allow her to deliver value creation across the enterprise," said Mr. O'Neill. "We look forward to continuing our strong partnership with KPS and advising AISG as they continue to drive growth and increase profitability." Ms. Heitmann is a growth-oriented CFO with over 20 years of financial leadership experience with various PE-backed and industrial companies.

ZRG Partners Recruits Chief Risk Officer for Mascoma Bank

ZRG Partners, a leading search firm backed by private equity firm RFE Investment Partners, recently recruited Anne Chapin as the new chief risk officer for Mascoma Bank in Lebanon, NH.



Managing directors Scott Kyle, Patrick Prout, and Jerry Bratkovich led the assignment. Ms. Chapin is a corporate risk transformation executive with 20-plus years of progressive experience at a Fortune 50 financial leader. Her skills include enterprise risk strategy, planning, and risk management framework, and she has hands-on experience mitigating major risk events. Previously, Ms. Chapin served as SVP at Wells Fargo. Established in 1899, Mascoma Bank has 25 locations through the Connecticut River Valley in New Hampshire and Vermont.

ON Partners Recruits Chief Accounting Officer for EverCommerce



Andy Hickman and Joe Olson of ON Partners recently assisted in the recruitment of Ryan Siurek as chief accounting officer of NASDAQ-traded EverCommerce in Denver, CO. He will start his new position on

July 10. "We're thrilled to welcome Ryan to EverCommerce," said Marc Thompson, CFO. "With his deep financial, operational and technical experience at publicly traded growth oriented and mature Fortune 100 companies, I'm confident he will provide the leadership needed to scale our accounting operations and business processes in order to support our continued growth and profitability." Mr. Siurek most recently served as chief accounting officer at Biodesix Inc., a publicly traded lung diagnostics solutions company, where he applied his finance and accounting leadership to help the newly-public company scale and grow.

...More Searches in Financial Services

Renovata & Company Finds Chief Financial Officer for Cleo



Global executive search and private equity advisory firm Renovata & Company has placed Sameer Katiyar as CFO of Cleo, an ecosystem integration software company in Rockford, IL. Partner Jeff Yolen and consultant Judie Norkaitis led the assignment. Mr. Katiyar will oversee the company's global finance, accounting, legal, and corporate IT functions. "Sameer brings more than 20 years of experience in the software and technology sectors to his new role," says Mr. Yolen. "He has held CFO and other leadership positions overseeing financial planning and analysis, treasury, corporate development, operations, and business transformation in public company and private-equity environments." Before joining Cleo, Mr. Katiyar was CFO at SAI360. Prior to that, he was CFO of Infogix Inc.

Artico Search Recruits Chief Revenue Officer for CharterUP

Mercedes Chatfield-Taylor of Artico Search recently assisted in the recruitment of start-up-scaling veteran Tyler Baldwin as the new chief revenue officer of CharterUP. "His proficiency



in leadership, strategic planning and business optimization makes him an ideal candidate to join our team at CharterUP," said Armir Harris, founder and CEO. "As chief revenue officer, Tyler will play an instrumental role in propelling CharterUP's overall growth strategy as we continue to expand our presence nationwide." Mr. Baldwin brings a track record in sales, strategy, and operations, making him well-suited to drive CharterUP's continued growth in the group transportation industry. His experience includes holding several C-level positions, such as CRO and CEO, at Reali, as well as key influential roles at organizations like LinkedIn, McKinsey & Company, and Pinterest.

SPMB Executive Search Places CFO for Komodo Health



SPMB Executive Search, which helps find transformative executives throughout Silicon Valley, has assisted Komodo Health, a leading healthcare technology company, in placing Vikas Mehta as its CFO. The assignment

were led by partner Steven Popper. In his role as CFO, Mr. Mehta will be expected to help build on the company's consistently strong year-over-year growth and market expansion while further strengthening its finance and operating models to prepare the company for future growth. Komodo surpassed \$200 million in annual recurring revenue during its last fiscal year. Mr. Mehta brings more than two decades of extensive experience leading financial strategy in enterprise software, retail, and financial services industries. As a finance veteran, he has led digital transformation at Fortune 50 companies including Nike, Walmart, Microsoft, and PayPal.

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