



HIGHEST QUALITY SEARCH, INC.

*The personal opinion of:*

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**THE GLOBAL FINANCIAL CONNECTION™**

***Connecting savvy professionals with essential  
financial knowledge & human capital expertise***

Kathleen “Kathy” Graham is a Principal with HQ Search, Inc., a retained executive search firm specializing solely in financial services positions globally that she co-founded in 1997. HQ Search, Inc.’s clients are: asset/money management companies; domestic money center, international, and suburban banks; investment/merchant banks; consulting firms; corporations; credit rating services; pension funds; real estate developers; trading institutions/hedge funds; and private equity/venture capital firms.

For the last 6 years, Graham has issued an annual financial services job forecast, which to date has been completely accurate. She also started three new companies in 2006: HQ Seminars, Inc. (custom designed financial niche and in-house seminars); HQ Scripts, Inc. (editing and creation of financial articles, books and newsletters); and HQ Services, Inc. (financial services compensation studies, brainstorming/focus groups).

Academically, she has an MBA in Finance, Analytic Finance, and Econometrics & Statistics from the University of Chicago and a BA in Business Administration and Marketing from North Central College, where she has also taught classes in Corporate Finance. Graham is a frequently requested speaker and writer on topics regarding human capital development in the financial services field.

# Summary of Financial Services Job Forecasts 2003 - 2008

# Review of Financial Services Job Forecasts Given to Date

## 2008 Forecast

### Economic Indicators:

1. **Statistics:** Anxiety Report climbing but not high; OECD and other reports see US economy slowing but no major recession although OECD's report says that "the probability distribution around this outcome has a fat tail on the downside. The main negative risks include a more pronounced or generalized cooling of housing markets than projected; additional turbulence in financial markets; and further upward pressures on already high commodity prices."
2. **Headhunters:** busy in 2007 but questionable how busy by end of '07.
3. **Rumor:** there's a lot of subprime mortgages paper sitting in a lot of places that one wouldn't expect and who has what won't come out until first quarter 2008.
4. **CEOs:** hiring plans = layoffs plans.

**Non-Growth Jobs:** everything else with some obvious areas being hard hit

**Where Job Growth Is:** legal; turnaround/workout/valuations; risk management; accounting/compliance; commodities but at a less frantic pace than previous years. **Hottest new areas:** exchanges, new product development in investments and risk management, especially at portfolio level; & seasoned professionals.

**Trend:** Winter can be a lovely season if you're prepared for it; i.e., it's a downturn all year so business will be slower but it doesn't look like it will be so bad as to be "the season of our discontent" unless OECD negatives occur. A number of people in the U.S. will be losing their jobs this year but should be able to find another one fairly quickly (3 – 6 months) at a reasonable compensation – no more large increases this year – that was 2007.

### Best Career Strategy:

1. Wear your hat, scarf & gloves: i.e., now's probably not the time to buy the yacht – now's the time to pay down debt, live nicely but not extravagantly, put more emergency money away and enjoy what you have.
2. Watch the weather: if the OECD storm warnings appear, jobs could disappear so be or get prepared now just in case.
3. Enjoy the winter season: slower business means you have to time to do those things and/or spend time with those people that will help you later or that you enjoy that you've been too busy with work to find time for them before.

## 2007 Forecast

### Economic Indicators:

1. **Statistics:** Anxiety report numbers climbing; OECD & others see US economy slowing; the collateral issue; compensation costs climbing.
2. **Headhunters:** hottest job market for finance pros in years.
3. **Rumor:** Goldman known as a bellweather: they're poaching top financial restructuring pros; banks beefing up senior credit to year 2000 levels; turnaround firms seeing increased business with more expected in 2007.
4. **CEOs:** trend to more not hiring is beginning.

**Non-Growth Sectors/Where Job Growth Is:** Looks good for almost everyone, especially money management, UNLESS:

- You happen to be on the wrong side...and there will be more on the wrong side of positions taken vs. reality.
- Something BIG happens: oil, pandemic, and/or CDOs are likeliest candidates.

So keeping my fingers crossed, I'm going to say global economy is so robust and has handled so much so well to date, that I think 2007 financial services jobs will be plentiful with increasing compensation.

**Trend:** Financial Sector Blur: can't divide forecast into sector predictions anymore because as Russell Reynolds has accurately coined it, the financial sectors are converging.

**Best Career Strategy:** HOW TO POSITION YOURSELF IN A VOLATILE JOB MARKET: while this "chasing returns, part II" scenario is occurring, if you're with a:

- Large corporation: be profitable and position flexible while seriously developing internal and external networks so as to be able to move with the changes.
- Niche firm: command higher fees by positioning your services where "big guys" can't get.

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## 2006 Forecast

### Economic Indicators:

1. **Statistics:** Anxious Indicator: really low; OECD/OCDE: good economic US & world growth, robust even in crisis.
2. **Headhunters:** doing great with much planned already for '06.
3. **Rumor:** everyone's busy with plans to do more in near future.
4. **CEOs:** very high expectations of economic expansion.

**Non-Growth Sectors:** some hedge funds, start ups, some companies, workout and turnaround firms

**Where Job Growth Is:** new CEOs/CFOs, global securities distribution roles, risk management, international, money management, private equity, investment banking, private banking, intellectual property, most hedge funds, commodities, consulting, accounting/compliance, real estate /banking, research,

**Trend:** It's going to be a great year.

**Best Career Strategy:** Enjoy!

## 2005 Forecast

### Economic Indicators:

1. **Statistics:** Offshore hiring rising; intense global competition, dropping dollar, higher compensation costs = costs rising.
2. **Headhunters:** busy if have diversified base of clients.
3. **Rumor:** everyone's busy but there's more competition and it's costing more to do business.
4. **CEOs:** a little more uneasy than 2004 but expecting continued solid growth.

**Non-Growth Sectors:** maybe bonds, hedge funds/fund of funds, real estate, restructuring.

**Where Job Growth Is: Growth to steady:** banking, cash management, compliance, consulting, corporate, credit derivatives, investment banking, private equity/venture capital, credit, money management, not-for-profit development, private banking. **Hot growth:** audit, accounting, CFOs, defense, offshore outsourcing, risk management.

**Trend:** More of the same but maybe a little slower because of increasing impact of globalization (outsourcing, etc...)

### Best Career Strategy:

Make hay while the sun still shines BUT also put away for a rainy day by:

1. If you don't have a job, get a job NOW even if it means changing fields.
2. Build your current career: focus efforts on achievements.
3. Build your network broadly: it's your future safety net.

# Review of Financial Services Job Forecasts Given to Date

## 2004 Forecast

### Economic Indicators:

1. **Statistics:** Better than last year: plans for hiring in financial services, insurance & real estate with individuals ready to switch jobs but BEWARE OF 100% FACTOR.
2. **Headhunters:** new assignments starting up now means hires in 2004.
3. **Rumor:** everyone except turnaround is seeing an increase in sales.
4. **CEOs:** 50% now “wait & see” vs. majority in 2003 planning on layoffs.

**Non-Growth Sectors:** Restructuring and maybe bonds; most of money management still as continuing fall out from past Wall Street scandals.

**Where Job Growth Is:** and if not growth, at least steady employment: private banking, cash management, compliance, consulting, corporate, credit derivatives, investment banking, private equity/venture capital, hedge funds/fund of funds, credit and risk management.

**Trend:** Globalization's finally here: it's an opportunity or your worst nightmare.

### Best Career Strategy:

1. ADAPT & EXPAND your personal sustainable competitive advantage to a global workforce.
2. DUST OFF THAT RESUME & start working that supporting network NOW as there's gold to be had in this new economic landscape! ...but do remember the 100% effect so minimize your risks while you're at it.

## 2003 Forecast

### Economic Indicators:

1. **Statistics:** A jobless recovery: Anxious Index: 50% probability recession continuing; firms at 75% capacity utilization with heavy debt load, unemployment high with many leaving field; indices below growth levels; pension plan & health cost drains; uncertainty about oil prices with Iraq war.
2. **Headhunters:** another lean year
3. **Rumor:** many industries at low points hadn't seen in years; turnaround/restructuring going great; no hiring plans.
4. **CEOs:** majority don't see 2003 as boom year; profitability is coming from cost cutting efforts – not product sales.

**Non-Growth Sectors:** bulge bracket investment banking, large corporate banking, technology and telecommunications, consulting, money management, private equity/venture capital.

**Where Job Growth Is:** private banking, bonds, credit derivatives (one of few areas hiring was strong in 2002), restructuring (workout, valuations, turnaround), origination (boutique investment banks doing private placement debt/equity, valuations, fund of funds, M&A sell-side/buy-side, high yield agency trading, lower middle market lending, middle market M&A and lending), credit & risk management (hedging strategies for high priced inventories [bonds, oil, et... ] using derivatives, seasoned credit in banks, senior underwriting in insurance), hedge funds: in new product areas of fund of funds & ETFs with hedge funds mixed and corporate real estate also a mixed (some hiring but not big), maybe new private equity firms.

**Trend:** We're at the bottom - not going down any further but no factors yet present to stimulate expansion.

**Best Career Strategy:** SURVIVE & PLAN TO THRIVE by developing a personal sustainable competitive advantage & supporting network.