



FINANCIAL NEWS

Monday, 26 September 2011

Looking west for eastern talent

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22 Aug 2011

The coming weeks are traditionally a busy period for private equity as buyout firms hire new staff who'll start in the New Year. At the same time, building in Asia has become a major trend among western firms, but as well as adding senior talent on the ground in the region, companies are also on the hunt for Asian nationals and language speakers in Europe and the US who are willing to relocate.



Looking east

The pick up in recruitment mandates is already underway, according to Gail McManus, founder and managing director of specialist headhunter Private Equity Recruitment, who said: "We tend to get much of our new work in September but it has already started trickling in, which is a good sign. We expect it to pick up in the coming weeks."

Headhunters say private equity firms are looking for recruits with investment banking or advisory experience and perhaps even consultancy experience. But this year, the people in most demand are Asian nationals, particularly at more junior levels, who can relocate to help firms build up a presence in the world's largest emerging market.

McManus said: "The new trend is private equity firms beefing up their Asia presence. They are sourcing senior level people locally, but for associate hires they want someone with a relevant cultural background but with experience in Europe or the US [who can relocate to Asia]."

Richard Thackray, head of private equity for Europe, Middle East and Africa at search firm [Heidrick & Struggles](#), said companies are adding to their Asian teams, but noted there are limited pools of investors in these markets with sophisticated buyout skills and notable track records. However, he added this was changing rapidly. "When building their junior teams, clients are focused on recruiting native language speakers – mandarin speakers in Europe can easily move to Hong Kong or Shanghai."

The same is true, he added, in Africa, where demand for investment professionals at all levels is high and firms want to “tap into the professional diaspora” and “bring talented local nationals back to the continent”.

The search for Asian nationals and native speakers is part of a broader push by buyout firms to strengthen their businesses in the region, with several having announced growth initiatives. Among the private equity firms that have launched or are planning a push in Asia in recent months is advisory firm [Cambridge Associates](#), which will launch its Beijing operation on September 5. Two executives will be joining London’s Chris Hunter in relocating to the city, one from London and one from Singapore.

European buyout firm [Terra Firma Capital Partners](#) is establishing a presence in China, and [Permira](#) has appointed Alan Chen as head of its China business, based in Hong Kong, and Christian Paul as portfolio director. Business advisory firm AlixPartners’s Hong Kong operation has appointed an Asia head and hired two managing partners for the region.

Last month, UK private equity firm [3i Group](#) confirmed the appointment of Paul Su from investment bank [Credit Suisse](#) to spearhead its Chinese operation, while buyout firm [TA Associates](#) appointed [Edward Sippel](#) as a managing principal to open a Hong Kong office.

From MBAs to LBOs

The proportion of MBA graduates from some of Europe’s top business schools that have broken into the private equity industry has rebounded slightly from last year, but still remains subdued, according to the schools’ figures.

France-based [Insead](#) saw 4.9% of last year’s MBA graduates go on to work in private equity. This was up from 2.3% from the previous year and roughly level with the 5% in 2008. [London Business School](#) said 4% of last year’s graduates went into private equity, up from 2% last year but still below the 7% peak in 2008.

The pick up in Europe was not replicated in the US, where the proportion of [Harvard Business School](#) MBA graduates moving to work in private equity dropped for the second consecutive year to its lowest level since 2003. Just 9% of graduates opted for that sector, compared with 11% the previous year and the peak level of 17% in 2008. In 2003, private equity accounted for 6% of graduate moves.

As an overall proportion of MBA graduates at Harvard, the amount going on to work in private equity is the same as it was 10 years ago. By contrast, the number going on to work in investment banking has fallen from 13% in 2001 to 10% last year and the number moving into consulting has dropped from 38% in 2001 to 24% last year.

Richard Thackray, head of private equity recruitment for Europe, the Middle East and Africa at recruitment firm Heidrick & Struggles, said: “We have been fielding a massive flow of people asking for career advice on how to get into the industry. But why take someone out of business school when you can get someone who has two years’ experience in investment banking or consulting? Let [Goldman Sachs](#) or [McKinsey](#) do the selection and training, then pick the best.”

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