



WHAT DOES A POST-PANDEMIC FAMILY OFFICE RECRUITMENT LANDSCAPE LOOK LIKE?

A focus on investment talent attraction, retention and compensation in 2022.

The pandemic brought about a host of seismic changes in what was already becoming an increasingly candidate-short market for Family Offices. Thus, making the challenge to find high calibre Family Office talent far greater than ever before. The work from home arrangements driven by the tough lockdowns in many countries, forced employers and employees to think that maybe this is sustainable in the longer term. They were now used to a certain level of flexibility and realised that efficiency and performance is perhaps not dependent upon one working from the office. It also made people think really hard about where they lived (especially in the USA, given the different state taxes), working environments, quality of life and a better work life balance. All these factored in an exodus of many professionals away from the financial centres they once thrived in around the world but especially in the USA. In many ways, this was the new norm.

The extended periods of lock downs made people reflect and look within to reassess their priorities in life and act upon them. The post pandemic candidate pool has a set of new priorities. Even the younger professional has a desire to build a better work-life balance. Elements that were never really a major

priority in the past have now taken a front seat. Commuting times, flexible work arrangements and the workplace culture itself could all be deal breakers now.

In 2020, during the pandemic, there were a lot of questions around how the financial markets would perform but especially the private equity space. Now in 2022, it has become increasingly clear that the private equity momentum which began to build in the second half of 2020 has shown no signs of abating. Naturally, what followed was a surge in the demand for a host of professionals but especially investment professionals to oversee the new post pandemic growth that Family Offices wanted to embrace.

As an asset class Private Equity offers Family Offices potentially double digit returns and the opportunity to diversify into another asset class. A survey conducted by us in 2021 revealed that 59% of Family Offices are more likely to take risks following COVID-19 and this is evident no greater than in the move to invest in more riskier asset classes such as Private Equity. The survey further revealed that 63% of the Family Offices surveyed increased their allocation to Private Equity over the course of the pandemic and 67% increased their direct investment efforts.

Naturally, with more opportunities than candidates and professionals willing to make a move to better their work-life balance, Family Offices have been doing everything

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78%
of UK Family Offices opt for discretionary bonuses

they can to retain the top talent in a post-pandemic world. Attracting talent is hard enough but losing talent to competitors can be demoralising and costly. However, this does not always just mean a higher compensation to retain talent. Retention is more than just compensation. Successful employee retention is an outcome of a combination of factors. Most importantly, it is the result of creating a culture of success. Ensuring that you have a real plan for employees, job remits that help employees thrive and allow room for growth, ensuring that they are compensated to at least market standards or slightly better, ensuring professional satisfaction in the form of initiatives such as upskilling through regular professional training, balance both in terms of where and how they work, long-term incentive plans to align interests and growth in terms of their role and remit. It is not just about mapping out earning potential but also potential growth within the Family Office. This is what creates a culture of success.

Following the Pandemic, even though salaries have not seen monumental changes, bonuses and especially long-term incentive plans have been at the forefront of compensation discussions among Family Office executives. Discretionary bonuses have always been the most popular performance bonus in Family Offices. In fact, according to a survey we created in 2020, 78% of Family Offices in

the UK and 74% of Family Offices in the US opt for them as a way of rewarding their staff. However, with more and more Family Offices investing in Private Equity, it presents a host of challenges of its own. A challenge that impacts attracting and retaining investment talent.

For a successful PE professional, the size of the fund they work for usually is proportional to the returns the fund makes and the potential carried interest for them. Family offices cannot compete with the scale of some of the big names on the street. Moreover, PE firms generally have a shorter time horizon for an exit in comparison to Family Offices. This again presents other challenges in terms of motivating professionals in the short to medium term until the carried interest is materialised upon an exit.

Competing with the banks, fund managers and other sell side players for their talent was hard enough but now most Family Offices are also directly competing with the Private Equity firms for talent and are finding it a tough gig.

With a bigger appetite for risk, more diversification, newer asset classes, larger in-house teams to meet the demand and reward-worthy incentives to match, the post-pandemic Family Office Recruitment Landscape is certainly going to be an interesting one to watch.