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ALTERNATIVE MARKET BRIEFING

As hedge funds compete for marketing and communications talent deals shift

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Hedge funds have had to do a lot of maneuvering in recent years to keep up with new regulations, ever changing financial markets and investor demands. Now as the industry matures and good talent, and indeed good investments are harder to find funds are taking steps to retain marketers, but it may not work out as well as they hope.

"For the first time, we are hearing that some hedge funds are holding bonuses on contingency of contract renewal. In addition, we are hearing that some fund marketers and fundraisers are seeing their bonuses deferred for the first time," Sasha Jensen of Jensen Partners tells Opalesque.

Jensen Partners is an alternatives focused executive search firm in New York and London.

Deferred bonuses may sound familiar to those with experience at the big banks, and the set up is becoming more common in talent starved industries like technology. Jensen notes that many of these positions now require specialist or technical financial knowledge, and for marketers with those skills funds want to keep them on board. However, holding someone to your business who would otherwise leave may not be the best way to achieve peak performance.

Hiring experts say that employment contract language is critical in terms of determining how bonuses are paid out and if they can be held back. "As the industry seems to be increasing its focus on discretionary pay, it is important for marketers and fundraisers to ensure that they structure their employment contracts in a way that outlines strict parameters and mitigates their risk of having cash flow problems," Jensen says.

This shift speaks to a broader trend going on within hedge funds as the industry matures. Thanks to new regulatory allowances hedge funds can consider more traditional marketing avenues like ads. As advertising has opened up, and transparency requirements continue to grow funds are making hires in communications and marketing. With that shift, marketers themselves will need to take a more active role in contract negotiations to avoid deferred compensation.

On the PR side, hedge funds are adding in-house communications teams to go alongside external teams. As an industry, hedge funds have shown significant movement in the communications and marketing spots which explains why managers may be deferring bonuses in an effort to halt churn. However, Jensen notes that when she gets calls asking about this marketers and communicators are usually looking for an exit plan. On the regulatory side there has been some effort by the SEC keep conversations going around solicitations and the JOBS Act which could open marketing and communications up for hedge fund even more. If they do, deferred bonuses may be come standard as talent gets harder to find. Watch this space.

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