

RELEASE

Getting out of the City

The financial markets turmoil is likely to cost thousands of jobs. How difficult is it going to be for leavers to find work away from the Square Mile?

Where to next? By the end of 2009 more than 60,000 City workers will be asking this – the number expected to lose their jobs in the financial markets turmoil.

The outplacement industry is already feeling the effects, albeit in a positive way. Clayton Glen, Director of the consultancy HDA, which provides outplacement services, has recently experienced a ten-fold increase compared with the past six or seven years in the number of outplacement projects with one of his clients, a large investment bank.

But where do these displaced workers go? And what sort of help do they need to get there?

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Carol Mote, a former financial recruitment consultant who is now Managing Director at Verdant Futures, an HR consultancy, believes that City leavers face a unique set of challenges. "I've seen some bad train crashes," she says, referring to City workers who have difficulty adapting to another industry. "These are great people who want to make it work, but they take a strong line that isn't always the best way. They have a bullish attitude – you have to have this to survive in the City."

Knowledge of industry outside financial services is what is lacking for these people, Mote believes. "They have amazing skills sets but they don't always have the education," she says. "The problem is where people have come out of financial services and gone into industry, where you have a different level

of people involved and you have to deal with unions, etc." There is no bridge between the two worlds, she adds.

Glen, however, doesn't think that there's as great a problem as Mote is making out. This difficulty in adapting out of banking is an issue for only a few people in specific jobs: "A small proportion of the 60,000 bankers that are expected to lose their jobs are the stars." Most are in the back office, he points out, working in areas such as finance, HR and IT, where their skills will be transferable between industries.

Michael Moran, the chief executive of the consultancy Fairplace, also concedes that, for some, especially at the senior levels, the transition will be difficult. "I've been through two of these big dips," he says. "I've found that the more senior you are, the longer it will take to land a new job. The older we are the less we tend to invest in ourselves." In addition, staying a long time in one job in one company can mean employees become 'institutionalised', making it more difficult to adapt to another corporate culture.

But Moran maintains that even in these troubled times, demand for top talent is still high. "Even today hiring good people is not easy, and the long-term view is that demand exceeds supply," he says. "Getting jobs for good people is attainable; it's in the short term that [the jobs market is] going to be squeezed."

Moran has a theory of a sliding scale of difficulty in outplacing employees. "The easiest job search is same skills, same industry," he says, which basically means looking for a similar job in a similar company to the one you're leaving. "The next easiest is same skills, new industry," which applies particularly to people in those back-office functions such as HR and IT, who can transfer their skills to another industry with relative ease. "Then it's same industry, new skills," he continues. "Let's take for example a foreign exchange trader, who says they'd like to go and work in the back office as a credit controller; that's a very hard move to make. But if you're in HR or something similar, it's easier to move to a new industry and take your skills with you."

Moran might be quite optimistic about the long-term health of the job market for City workers, but Glen is slightly more reserved in his predictions. In the past, when there has been a downturn, he says, it wasn't unusual for financial services people to get out of banking and spend a couple of years in consultancy, waiting for an upturn. Some would then find that they wanted to stay as consultants; others would go back into the financial industry. But this time round he isn't so sure that this is a safe tactic. "Who knows what the future will bring," he says.

But he does point out that the future for redundant City workers is not as bleak as for people who lose their jobs in other industries. "They are better off financially than most people," he says. "In the City, many take the self-employment route." Good salaries and savings, coupled with often generous payoffs, gives people the opportunity to follow a new career path. Glen remembers one redundant City employee who set up a factory in Kent to make candles. Moran recalls another who wanted to become a stuntwoman, and also gives as an example the former Tottenham Hotspurs footballer Paul Miller, who retired from football in his early 30s and went on to become a property broker.

"We have seen more senior people, who may be 40 or 45, making significant career changes based on lifestyle choice," he says. "For example, they might go from derivatives into maths teaching." But the majority of leavers are focused on staying in the City, he goes on.

So while some senior City workers with many years' service in one company might have difficulty adapting to a new working environment, the majority of City leavers are not necessarily badly placed to search for a new job, if they have skills that can be transferred to another industry. And there is often the opportunity to work for clients or suppliers, selling service back into the City, Moran points out. The big question – and one that certainly can't be answered at the moment – is whether those who leave the City now will have the opportunity to go back once this financial markets turmoil is over.

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