

insights:

HOW ASSET MANAGERS CAN MANAGE COSTS DURING EMPLOYMENT UNCERTAINTY

Why outsourcing can provide asset managers an area of clarity and consistency in a fluctuating job market.

While many managers were going to great lengths to attract talent during the “Great Resignation” of 2021, the tide is beginning to turn. As a service provider with relationships across the industry, we have a unique perspective that allows us to spot trends in the market. From our view, the job market has recently shown signs of normalizing. In some areas, we are even hearing about plans to downsize.

As revenues fluctuate alongside recent volatility in the financial markets, many asset managers are looking for ways to stabilize costs. While there’s no way to tell where markets or employee demands will go, asset managers can keep costs predictable by outsourcing non-core functions, such as operations, and focusing more on generating revenue. Doing so can be particularly powerful for managers who have spent the last few years in asset-gathering mode and, as a result of new business, have less time to focus on managing day-to-day operations.

For example, we recently spoke to several executives at an asset management firm who were looking to outsource all non-investment-related functions — a stark change from their past preference to manage all operational tasks internally. Their goal in partnering with a service provider to manage operations was to leverage their existing staff more strategically in roles focused on core, revenue-generating functions.

Other asset management firms are looking to maintain business continuity in the face of increased turnover.



Working with a service provider for operations helps reduce challenges around recruiting, onboarding, and training. It also reduces “key person” risk that might arise if there are only one or two individuals on the team who are able to perform certain functions.

With the job market in a continued state of flux, outsourcing certain functions can provide asset managers with an area of clarity and consistency. Technology and service providers are better equipped than ever to handle these requests and are growing their role as an integral partner to firms seeking growth.

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