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Unemployed, senior? Try buying a job

John Dakin says this has been the busiest January he can remember. But what is good for him in the outplacement industry is terrifying for those who suspect they may be next for the chop.

The list of companies committing to large-scale job cuts is growing –ANZ, Westpac, the University of Sydney, KPMG, Macquarie Group, Telstra and Ford.

Those are the ones that make newspaper headlines, but there has also been a steady, quiet leak of newly unemployed people from all industry sectors as employers try to contain the damage that comes from having to fire people.

“It has been extraordinary,” says Dakin, a director of career transition firm Directioneering and an industry veteran of 16 years. “And it was also very busy for the last four months of last year, almost at GFC [global financial crisis] levels.”

“We are seeing more large-scale redundancies and wider-spread downsizing and we are seeing it across every sector except government.” For public servants, it is only a matter of time, with job-cutting campaigns recently announced at federal and state levels.

While companies in Australia are still hiring, it is a jobless market for many of those who are being retrenched. They come from sectors such as banking, financial services and manufacturing, where all companies are under pressure.

For some companies, job cuts are a short-term reaction and it is only a matter of time before their chief executives start complaining once more about a shortage of talent. But for others undergoing long-term restructuring, those jobs may be lost forever.

“It is also taking longer to get people into work. Times have doubled to get somebody into the marketplace,” says Dakin. In less straitened times, a senior person aged over 45 might take four to six months to be rehired. Now, they have to be prepared to hold out for a year or more.

The people finding it most difficult to find new jobs are the most senior executives, CEOs and chief financial officers, who often have to look overseas for work. And that is often a one-way career ticket, because it is notoriously difficult to come back to Australia, where overseas experience still does not have the cachet that it should.

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For many people in the financial services industry, retrenchment into a market where there are no jobs means death to their career as they know it.

“The marketplace can perceive them as bankers and it is hard to change careers or change sectors,” says Dakin. “There are always opportunities, it is just that they are few and far between.”

Those who are younger, less senior and with skills that are transferrable may be able to slide into another industry, but there are plenty who have to start from scratch in a new career, take a lower paying job with less status, or accept an early retirement or a transfer to the not-for-profit sector.

At that senior level, many have to use their own money to “buy” themselves into a job. “The vast majority of senior executives we see are at least thinking about doing that,” says Dakin.

Greg, a former senior executive of one of Australia’s biggest wealth management firms, is a case in point. Retrenched in 2006, Greg (who prefers anonymity) spent nine months without regular work, doing some consulting, before investing in a start-up with partners in the property funds management area.

Then the global financial crisis hit, wiping out the viability of his new venture and he ended up buying a slice of a small property management firm, which wanted his commercial and management experience, becoming its new CEO.

Now, the personal and professional network he has carefully maintained over the years has thrown up a new opportunity as the CEO of a start-up in the food services industry and he is about to move on again. It has been a convoluted path for Greg and has involved taking some risks with his own money and venturing into industries that were unfamiliar to him.

“I had to look at myself and see what skills I had developed, identify a growth industry, and then see how I could apply those skills and re-invent myself”, he says. Even though the move into the property industry was not an entirely comfortable fit – “There are many wonderful people here, but also some that lie and cheat” – the role provided the opportunity for him to prove to himself and others that his skills from 30 years in wealth management were of value in other sectors.

“People need to realise they have skills, knowledge and experience that are transferrable,” he says. “One of the things that financial services teach you really well is strategy and marketing, and that is a really good framework.

“You have to have the confidence that a lack of technical experience isn’t a deal-breaker.” Greg, now in his early 50s, says he never felt his age was a factor in the employment market, but he keeps himself fit and full of energy.

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Dakin, who sees people at their most vulnerable, says people often start worrying about their age around 45. “To a large extent, it is in people’s own perception,” he says. “A lot of organisations want people with good work experience. But in some organisations, if you have a young recruiter, anyone over the age of 40 is ancient.”

Directioneering helps people minimise the age factor in their resumes and the way they physically present themselves. “In their resumes, we would go back 10 to 12 years in their career, you don’t need to say they got their degree in the 1970s,” he says. For all the positive talk about maturity, it is still rare for an organisation to explicitly seek an older person.

Director of executive search firm de Jager & Associates, Rod Watson, estimates only one in 10 age- (or experience) related inquiries from employers are to request more mature people. Watson says neither he nor his clients are legally allowed to ask candidates their age (to guard against discrimination), but older people will often be knocked back with the excuse that the employer was looking for someone with “more tenure”.

Of course, in an age when people can expect to flip jobs every three years, “tenure” is just code for “younger”. “Anyone over some magic age has to think about re-employment differently, where they focus on what they are able to do,” says Watson. He says people get “trapped” into their industry or job, but are often reluctant to retrain when they find themselves without a job.

Getting straight into a course is not easy and then it means committing to study when they have no idea when a job offer may materialise. It could be next week, or it could be next year. The CEO of Hudson Asia Pacific, Mark Steyn, says most companies are still pulling all the “levers” they can to avoid retrenching people: cutting costs elsewhere, offering shorter hours, and calling on their people to come up with job-saving ideas.

However, the banking sector is a different case. “They are looking at this as a longer-term thing and, with that in mind, we are not seeing them talk about flexible work practices,” he says. “They are talking about reducing staff costs.”

In order to hire someone from outside, local operations of international banks have to first get approval from their global executive teams. “We are seeing a lot of that across the banks,” he says. Steyn says there is still some jobs growth in wealth management, superannuation, some areas of insurance and areas where there is regulatory change. Investment banking is deathly quiet for recruiters, however.

Outside of financial services, a lot of the job cuts have been driven by sentiment and fear about economic contagion from Europe. “People are really wanting to shore up their numbers and they are very, very cautious about their outlook. I think, for the next six months, the market will be very hot and cold.”

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