

# White Paper III: For Senior Candidates. For Juniors.

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It's a rare week that Commodity Talent LLC isn't approached for help finding a new platform by seasoned commodity professionals – up to and including global sector heads, even global function chiefs -- as well as juniors and entry-levels candidates.

For senior candidates, the past decade has been marked by regulatory changes scything through Wall Street commodity divisions and by price gyrations and market structure changes that upended hedge funds, merchant traders, commodity industrials, brokers, prop traders. What worked in the past, what led to success after success no longer works, has slowed or come to a complete halt. So, what now?

## Senior Candidates

Three elements are working for our senior candidates: **Managing Expectations. Bringing a Business. Trading High-Risk/High Reward for Stability.**

### **Managing Expectations**

It can be wrenching to realize that a former global role at a Bulge Bracket is vanishingly unlikely in one's future. In a job interview, there is always a need to impress your interlocutor but dwelling overly upon past glory is a temptation that must be resisted – if you are being considered for a lesser role. The interviewer may well wind up with the impression you won't be happy -- will be constantly trying to upstage the higher-ups -- and put aside your application.

This report contains personal information obtained on a confidential basis. Therefore, its use should be controlled and strictly limited to those professionals involved with the selection of the candidate. Complete references have not been provided to substantiate the information in this report, but Commodity Talent LLC will do so at the appropriate stage in the process. No contact should be made with this individual without prior consent of Commodity Talent LLC.

**George H. Stein, CFA**  
**Managing Director, Commodity Talent LLC**  
349 Fifth Av., New York, NY 10016  
T +1 646 205-3557 M +1 917 545-9850  
E [ghstein@commoditytalent.com](mailto:ghstein@commoditytalent.com)  
Skype/Twitter: georgehstein  
[www.CommodityTalent.com](http://www.CommodityTalent.com)

What will impress isn't the rarefied heights you achieved but what you can bring to the table now: how you can boost sales because you know everyone, how you can suss out price dislocations others overlook, how the systematic trading concepts you've been beavering away at for years now will provide an edge, how your experience and steady hand can build a business.

### **Bringing a Business**

For many senior candidates, it's not a question of sitting in a chair and taking over a book, but, more concretely, can you bring a business to a platform in a market. Perhaps there is a sector that now is getting hot, perhaps there is a region heretofore neglected but now seen as a must. Your task is to persuade the Top Table that you are the one to start or augment a new line. In effect, you are asking to change the corporate business plan, or breathe into life what had only been a vague strategy concept. So be ready for a lengthy process – as the specifics get nailed down.

The basic point, of course, is to outline the opportunity – fleshing out a headline statement, followed by a detailed assessment of the universe of the target market, identification of existing or potential players, whether the opportunity is cyclical or secular. For a one-year launch, how much working capital will be needed? How much in trade finance lines of credit? For two years? What licenses, compliance systems are required? What IT systems? Data subscriptions? Counterparty vetting? What are volume, dollar and profit targets in what time frames? Personnel required. What are minimum and maximum outcomes?

A starting point can be a one-pager with a fairly general outline, but as talks become serious and the project becomes more defined, a multi-slide PowerPoint deck likely will come into play.

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E [ghstein@commoditytalent.com](mailto:ghstein@commoditytalent.com)  
Skype/Twitter: georgehstein  
[www.CommodityTalent.com](http://www.CommodityTalent.com)

## The Stability Trade

While the lure of large compensation drew many – and still does – to Wall Street, hedge funds and merchant traders, we frequently come across refugees from the financials -- broadly defined -- who see the advantages in working for industrial firms – refineries, utilities, miners, pipelines.

For traders, that usually means giving a bonus structure based on a percentage of PnL. Instead, the bonus likely will be based on a percentage of the base salary. And vesting schedules for long-term incentives often mean that a compensation graph resembles the proverbial hockey stick. You get a fair amount if you do well and stick around. The compensation scheme is designed to attract and retain professionals looking for stability in the next phase of their career. With a mortgage and children headed for college, this can look like a sound choice – even if means giving up a chance at a quick hit into the seven- and eight-figure range.

## The new platform

So, you arrive at your new platform. They hired you in part because of your tenure at one of the top Wall Street commodity units, at a marquee hedge fund or one of the giant merchant traders. They know you know world-class practices. They are hoping you will move them several notches closer to that. But be careful.

Change agents, however enthusiastically embraced by the Top Table, often wind up changed out themselves. So, minimize saying, for example, “Well, the way we did it at my former platform...” However better that was, that’s likely to be seen as condescending and threatening. Internal resistance can lead to a phenomenon one of our significant clients calls “organ rejection.” This may be unavoidable if top management expects rapid and disruptive change but go into the situation with eyes wide open.

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E [ghstein@commoditytalent.com](mailto:ghstein@commoditytalent.com)  
Skype/Twitter: georgehstein  
[www.CommodityTalent.com](http://www.CommodityTalent.com)

## Junior Candidates

### **Training Programs**

A number of Bulge Brackets and large merchant traders have training programs for new or recent college graduates. These can be a wonderful way to break into commodities. Typically, you will rotate among desks and perhaps be assigned to one after the initial training period is over.

If you have a choice, choose carefully. Usually one or two desks will have a reputation as launch pads for brilliant careers and one or two will be dead ends. Figure that out and position yourself accordingly.

But remember that there is always opportunity if you can go the extra mile and sniff out what others have overlooked.

No one said it would be easy!

### **Networking**

To break in – and stay in -- your classmates, alumni, friends, relatives all should become part of your networking – even if they are in fields far removed for your interests. Stay in touch with them. Nurture the relationships. Join online groups matching your interests and begin contacting members. Once you land a job, your colleagues should become an integral part of your network. After all, they worked with you.

### **White Paper, Blog**

An excellent way to stay in touch and raise your presence is via a White Paper that you can post on the Internet. (I plead guilty!) Or start a blog. A major advantage of these is the interactions you make in gathering information are not directly in the context of a job search.

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No need to be a pre-eminent expert. Writing a White Paper can start simply by asking seasoned practitioners: What are the three most important features they see in the market in the next year. Once you have several nuggets, you have valuable market views. Information is a currency you will use to trade for more information and a credible presence. And one thing will lead to another and another...

Good luck!

*George H. Stein, CFA*

Managing Director, Commodity Talent LLC

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