



A Surge in Healthcare Hiring

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A surge in hiring in healthcare investment banking that began in the final two months of 2004 is continuing into 2005, bankers and industry specialists said.

"Healthcare hiring in 2005 looks to be one of the strongest areas of growth and movement in terms of bankers," said Richard Lipstein, a principal at Boyden Global Executive Search in New York. "[That is] because of the continued strength in the healthcare deal markets, both on the M&A side and on the public side."

As in any hot banking environment, shortages of experienced bankers are beginning to crop up, especially in healthcare services, which had been beaten so far down in the late 1990s that few newcomers were attracted to it. Mid-level bankers at the vp and director level are also at a premium, noted Christine Gallagher, head of healthcare banking at C.E. Unterberg, Towbin. That level is where Wall Street made its deepest cuts in the downturn, she said.

Though most bankers will sit tight through the bonus season that ends in March, several Street firms are either said to be, or admit to being, on the prowl for healthcare bankers. They include Deutsche Bank, Jefferies & Co., Leerink Swann & Co. and CIBC World Markets.

Deutsche has been active on the hiring front lately, and may well continue in that vein. Last month, it expanded its healthcare banking team by hiring John Fowler as vice chairman and Andrew Bhak as a director, both in the Americas. Fowler has bulge-bracket experience and was president of a publicly traded biotech before he decided to jump back into the banking fray. Bhak joined from Goldman Sachs, where he was a healthcare equity analyst. Both are reporting to Lee Stettner, who joined the firm in 2003 from Credit Suisse First Boston to be co-head of equity capital markets in the U.S. Three months ago, Deutsche moved him over to be head of the healthcare team in the Americas.

"You don't do those three things and then stop," said **Linda Bialecki**, founder of her eponymously named executive search firm in Manhattan. "Their footprint and the number of people in that group is smaller than other firms. They will continue to grow, and this looks like it is a piece of a larger strategy." She adds that the hiring of Bhak was a canny move given his relationships with CEOs after years of covering their companies. Deutsche did not return calls before press time.

Jefferies has been in a hiring mode in general for several years running—even when other firms were decidedly not. A spokesman for the firm declined to comment on its plans in that regard, but an executive at the firm said, "We are actively looking to expand our healthcare group, in particular, for the biotech and specialty pharma areas, and we think there is an opportunity to have a larger group than we do."

Leerink Swann, a Boston-based healthcare boutique, is looking to add 40 people at all three of its offices, in Boston, New York City and San Francisco, both as part of its overall strategic plan and because the industry environment is growing. "Healthcare continues to become a bigger part of the economy, so we are benefiting from the trend," said Jeffrey Leerink, Leerink's chairman and chief executive.

CIBC is also on the lookout for bankers. "We are looking to add to our healthcare investment bankers, given that each one of our markets continues to grow in terms of the number of deals and dollars," said Peter Crowley, head of healthcare banking at the firm.

Job hopping

Some bankers are using the heated environment as a chance to jump from a smaller boutique to more Main Street firms—and the move isn't always about money.

"The issue to go from a boutique back to a Wall Street firm has more to do with a balance sheet, because you want to increase the amount of products you can offer your clients," said Boyden's Lipstein. One example is James Love, who was recently named a managing director at Harris Nesbitt Corp., the investment banking arm of the Bank of Montreal. He joined Harris Nesbitt in December as a managing director from healthcare merchant bank MTS Health Partners L.P. Earlier, Love was at Merrill Lynch & Co.

Another upward mover is Peter Hunt. He had been heading up the West Coast healthcare group for Shattuck Hammond Partners LLC, a specialty firm in healthcare M&A, before decamping for JMP Securities with two Shattuck colleagues in tow. All three started just two weeks ago.

Amid all the shuffling and shortages, the occasional irony surfaces. Healthcare services bankers are in such short supply because the sector fell out of favor with a thud in the 1990s, attracting little new blood. My, how things have changed. "Interestingly, six of the senior bankers covering this sector are now heads of healthcare banking at major firms [Merrill Lynch, Bank of America, CSFB, Lehman Brothers, UBS and Bear Stearns]," said headhunter **Bialecki**. Other areas where experienced bankers are currently in short supply include biotechnology and medical devices.