



Digital assets focus: Four considerations when hiring leaders

Institutions seeking to hire executives with the right expertise in digital assets will find it challenging due to the small talent pool made up of those who seek different incentives than more traditional potential hires.

While the technologies behind blockchain and cryptocurrencies have been in development for more than a decade, they are only now seeing mainstream institutional adoption. MassMutual's \$100 million investment in Bitcoin in late 2020 was a watershed moment that triggered the interest of other institutional investors. Another sign of this growing adoption is that 18 central banks around the world are developing their own cryptocurrencies to maintain control over their foreign exchange policies.¹

However, institutions seeking to hire executives with the right expertise in digital assets will find it challenging. That's not only because the talent pool is relatively small and increasingly sought after, but also because the best experts will need to be convinced to shift to a significantly different organizational culture. There are four key considerations that can help traditional financial institutions find the right digital asset executives.

¹ Carlo R.W. De Meijer, "Central bank digital currencies: Towards a global approach," Finextra, February 12, 2020, [finextra.com](https://www.finextra.com).



Seek out true believers

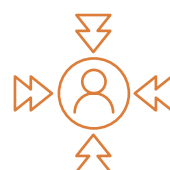
Nobel laureate Paul Krugman wrote in 2018 that Bitcoin was “a bubble wrapped in techno-mysticism inside a cocoon of libertarian ideology.”² It takes a degree of courage to nay-say a Nobel prize laureate, but that is what executives in digital assets ultimately must do. They won’t add enough value to a firm if they are only attracted to the work because they think it’s the next big thing. One of the greatest challenges we have seen in hiring is finding high-caliber expertise combined with a real belief in digital assets from those who have educated themselves and see the potential for transformative change digital assets can bring.



Be prepared to make tradeoffs between domain expertise and institutional knowledge

Many of the pioneers in digital assets were individuals, not institutions. They operated on the fringes of the traditional financial services sector. On one hand, their early start in digital assets allowed these individuals to build an invaluable skill set and a deep understanding of blockchain and cryptocurrency, as well as grasp the dynamics between financial services, consumers, and fintechs. On the other hand, because many cryptocurrency pioneers chose not to work for large, well-known organizations, they have not benefitted from the credibility and safety afforded by household brands, credibility which many employers still consider a resume premium today.

Companies looking for talent with deep domain expertise often will have two distinct choices. The first option is to hire experts who have less institutional experience (and aren’t necessarily interested in it), are less motivated by status or financial incentives, and might find it challenging to operate in a larger, often more process-driven organization. The second option is to support some internal high-potential executives to step up and fill the skill set gaps, which could present different challenges as domain expertise requires an advanced command of math and technology that is less frequent outside the technology sector.



Address cultural discrepancies head-on

Similarly, the vast differences between the cultures of start-ups and large organizations can pose a challenge for large institutions. Individuals working in start-ups are accustomed to a fail-fast culture with quick decision-making processes. Bringing a crypto pioneer into a large organization that will require him or her to jump through hoops he or she might see as unnecessary could limit the extent to which he or she could succeed.



Be transparent about compensation

Compensation is a strong barometer of a firm’s culture and its employees’ tolerance for risk. In the digital assets area, compensation can be anywhere on a spectrum ranging between low base salaries combined with high levels of equity to competitive base pay with relatively high levels of equity. Start-up talent has a higher level of risk tolerance with an expectation of a potential high reward if the company becomes successful, gets bought, or goes through an IPO. It is essential that employers discuss compensation packages in detail to understand any potential reservations and manage expectations accordingly.

Going the other way

It is natural for many individuals to approach the prospects of working for a start-up with a mix of curiosity and apprehension if they are moving away from their comfort zones. As digital assets become mainstream, that hesitancy is likely to shift into a fear of missing out, and the talent market will crowd with what one industry veteran has termed “non-legitimate actors”—those working in cryptocurrency because they think it’s the next big thing. However, genuine talent is easily identifiable: it is set apart by the high degree of risk appetite and time invested in digital assets education.

Some firms in the digital assets space are rocketing through this growth phase at the time of writing; others will do so over the next 6 to 24 months as the rate of adoption of digital assets accelerates. Creating and maintaining the right organizational culture amid such turbulence is of utmost importance. But big firm culture does not always translate well into the digital space, often failing to incentivize talent to be assertive and entrepreneurial. Conversely, executives moving into start-ups can be deterred by a significant reduction in cash compensation, valuing equity in a more conservative manner. Coinbase’s direct listing may change that, as it promises to yield high rewards.

As the digital assets space has accelerated, even a year of institutional experience makes an executive exponentially more employable. Considering the limited talent pool and the investments organizations need to make to support onboarding and cultural learning, employers have to make sure they not only hire the right digital asset experts but also that they can provide an environment in which these experts can thrive and be retained.

² Paul Krugman, “Bubble, bubble, fraud and trouble,” *New York Times*, January 29, 2018, nytimes.com.

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