

GATEWAY INSIGHTS

December 2011

27 Why demonstrating your people power is important!

Is there more to performance than performance?

Australian gatekeepers - Asset Consultants and Research Houses, typically say that performance is only one aspect in their assessment of a fund manager. The other elements include people, process, business and philosophy. At the recent Investment Management Consultants Association (IMCA) Conference, an audience of investment consultants and investment professionals were asked what they believed was the most important element in assessing a manager for future potential investment. The audience answered 'people' twice as much as the any of the other factors listed above. They also answered that it was the hardest factor to evaluate.

The obvious conclusion from this is, that to perform well when presenting to potential investors or in an investment review meeting you need to showcase not only your people but the depth of your people. But how best to do this? Much of the potential assessment comes down to who the investment management organisation puts in front of the consultant and the perception of teamwork and culture that they generate.

Elements of your 'people' culture that an investment management firm should be aiming to demonstrate in investor meetings include:

- Structure- that the business follows and supports clear decision making and is not 'adhoc'.
- Flexibility –talented people have freedom to be creative and innovative to reflect that talent in their decisions.
- Mastery – the idea that getting better and better at each job is supported within the firm.
- Autonomy – the individuals are trusted to perform.
- Compensation – that your people are fairly rewarded for what they do – having interest in the business and investments in the funds are powerful motivating and retention tools!
- Working towards a common goal – everyone shares a view of where the firm is going and how they are contributing to this in a way that makes their work meaningful.

Jim Ware, CFA, founder of Focus Consulting Group in the US, has worked with investment firms for more than a decade on what he calls "leveraging talent." Jim says that an investment edge is not having bright people, who work hard, from top institutions - all investment management firms have this!

Gateway is of the strong view that the 'people' part of the investment process requires individuals with a history of good decision making on an individual basis but considering the needs and inputs of the team. You can have the best and most well articulated investment process in the market but it is people that drive this process – these people need to bring the process to life, and live the process. They also need to be incentivised to perform and stay with organisation.

Jim Ware notes that some of the ways you can demonstrate investment edge through your best people are:

1. By demonstrating significant cognitive diversity on the team
2. By demonstrating advanced learning from past experience, "learning agility" by keeping records of investment behaviour and practicing curiosity in post-mortems
3. Advanced use of behavioral finance teachings, applying the theory in practice
4. Superior culture with clearly identified behaviors that lead to superior decision making
5. Skillful use of "wisdom of crowds," debunking the myth of the expert¹

So for businesses looking to finesse their investment pitches or for businesses starting out, some planning is essential. You need to think and plan how you can competently not only address all investment related material but also that an equal amount of time and effort be put into thinking about ways in which you can showcase and emphasise your culture and the investment edge of your people. It will be time well spent.

[About Gateway](#)

Gateway Financial Marketing (Gateway) was established in February 2004 by Amanda Rethus and Edwina Best for the purpose of offering fund managers, other product providers and international new entrants, expert advice, services and assistance in negotiating entry into the Australian Retail Financial Services market. Use of Gateway's services provides the opportunity for clients to overcome the hurdles that can often confront fund managers when transitioning from institutional to retail and hence improve participation in retail funds flow. Prior to Gateway, Amanda and Edwina spent over 30 years combined with major institutions in the financial services market.

Our qualifications

Amanda has over 20 years' experience in the Financial Services industry and was formerly a Divisional Director in the Financial Services Group of Macquarie. Amanda managed investment portfolios for over 10 years, and has spent in excess of 10 years introducing investment products to the Australian Retail market.

Edwina has a Bachelor of Business from UTS majoring in Marketing and International Business. She has over 15 years' experience in the financial services market, concentrating in relationship management, product management and marketing. They both have extensive contacts in the retail financial services market especially with key decision makers.

If you would like to confidentially discuss your current approach to the Australian market or have any questions on the above please do not hesitate to contact us on – Edwina 0404 046 179 or Amanda or 0414 658 323.

¹ Ref: Jim Ware, CFA magazine, May-June, 2011