



What Are You Saying About You

by Russell Campbell

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Your Second Opinion, LLC

EXECUTIVE SUMMARY

Over the last 5 years, 10 mid – sized U.S. mutual fund families (of 32 evaluated), have grown at least 100% in AUM. 6 fund families on the other hand, shrunk in AUM over the same time period.

Recent reports by *Your Second Opinion, LLC* in 2016 have discussed the measurable contribution of employee satisfaction to brand, and the measurable contribution of brand to growth in AUM. One conclusion of these two reports is that employee satisfaction leads to brand, which in turn, leads to growth in AUM.

Employee satisfaction has a way of seeping out into the world. What employees say about their own firm helps outsiders to understand the firm’s brand. Leaders of investment management firms need to pay attention to what their people are saying about the firm.

What do employees of fast growing firms say – in their own words - about their own firm that is different from those people who work in firms that are losing assets?

The focus of this report is on two specific aspects of an employee’s experience – career opportunities and their interactions with senior management.

The conclusions may appear familiar to you. However, in this report we show *the exact words expressed by the employees* of fast growing and shrinking firms.

Here are key differences between the fastest growing firms and firms that have lost assets over the last 5 years.

“CAREER OPPORTUNITIES”	“INTERACTION WITH SENIOR MANAGEMENT”
<ol style="list-style-type: none"> 1. Provide Early Career Help 2. Offer Ongoing Training 3. Ask People to Step Up 4. Offer Opportunities 5. Ability to Move Across Organization 6. Keep Working At It 7. Transparent Career Path 8. Promotion Based on Merit 9. Internal Promotions Favored Over External Hires 	<ol style="list-style-type: none"> 1. Leaders Really Want People to Succeed 2. Leaders Pay Attention 3. Leaders Communicate 4. Leaders Are Respectful 5. Leaders Have Integrity 6. Leaders Are Respected



Russell Campbell

INTRODUCTION

Your Second Opinion, LLC recently released a report “*What Do Winning Mutual Fund Families Do Differently*”. We evaluated 32 U.S. mutual fund families that each manage between \$10 and \$100 billion in AUM.

In the last 5 years, 10 of these fund families have at least doubled their assets. 6 fund families actually shrunk in AUM over the last five years. Exceptional growth in AUM is a function of 4 main drivers:

1. Alpha (consistent annual investment performance above benchmark)
2. A limited set of products (fewer than 20 funds)
3. A sound organization likely to outperform in the future (based on medals awarded by Morningstar for their funds based on investment process, investment performance, people, parent and price)
4. Satisfied employees (based on the fund family’s ranking on anonymous continuous surveys compiled by Glassdoor.com)

This report will dig deeper into the last issue - Employee satisfaction.

There is a lot said about the importance of culture and its influence on employee satisfaction. But there is little proof of how employee satisfaction contributes to investment management firm success.

Employee satisfaction and its connection to brand was discussed in another recent *Your Second Opinion, LLC* report “*Your People, Your Brand, Your Growth*”. The conclusion was that what people say about their firm has direct impacts on the brand and growth in AUM.

Employees are your first client.

The premise for this report is the following:

1. AUM growth is a primary goal
2. Brand is a contributor to the success of firms
3. Brand is result of many things, but it is very clear that a professional service brand is closely associated with employee satisfaction.
4. Employees express their satisfaction both inside the firm and outside the firm
5. What employees say to others about their firm affects both brand and potential growth
6. Knowing what your employees say about your firm is useful.
7. Two of the keys to employee satisfaction are opportunities for career development and connection to senior management.

This report integrates branding and HR in the service of one mission. And that mission is to uncover how these two interact to drive growth in AUM.

Employee perspectives will be stated in their own words! I have found hundreds of verbatim comments from employees of successful and unsuccessful firms who have expressed their views on the career development opportunities and the senior management of their own firms.

EMPLOYEE SATISFACTION

Glassdoor.com ranks firms based on responses to a continuous anonymous survey of employees of many firms.

Of the ten fastest growing fund families over the last five years, 3 currently score 4.0 or higher on Glassdoor.

Glassdoor Ranking of Employee Satisfaction (Scale: 1 - 5 (best))	Top 10 Fastest Growing Fund Families
4.0 or higher	3 (30%)
3.0 – 4.0	3 (30%)
3.0 or less	2 (20%)
Not available	2 (20%)

Only two of the rest of the fund families scored 4.0 or more.

Glassdoor Ranking of Employee Satisfaction (Scale: 1 - 5 (best))	All Fund Families (n=32)
4.0 or higher	5 (16%)
3.0 – 4.0	14 (44%)
3.0 or less	5 (16%)
Not available	8 (25%)

But digging a little deeper, it is clear that career opportunities and views of senior management drive a lot of the differences between firms that score highly for employee satisfaction and the rest.

Again, employee satisfaction matters to AUM growth.

IN THEIR OWN WORDS

Mutual Fund Families That Grew AUM the Most Over the Last 5 Years

6 Mutual Fund Families That Lost AUM Over the Last 5 Years

“CAREER OPPORTUNITIES”

1. Early Career Help

<i>Really got a lot of help during my internship</i>	<i>Offer poor training for graduates No real training provided when I joined Very little clarity or time warning in program for where and when you will be rotated to a new department</i>
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2. Ongoing Training

<i>Encouraged to learn new technical skills, rather than being pigeon-holed Focuses on continuous learning</i>	<i>No training - may be for a few lucky ones</i>
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3. Career Planning

<i>Pushes employees to take initiative and implement changes Management excellent at identifying strengths of individual employees Company leadership is good about trying to find opportunities for growth and development Actively supports its employees and their careers</i>	<i>No manager plan or road map for your work and growth</i>
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4. Offer Opportunities

<p><i>Responsibility is thrust upon you if you are willing which steepens the learning curve</i> <i>Opportunity to take on new responsibilities and learn new things</i> <i>Opportunities to work on interesting projects</i> <i>Ability to grow a department</i> <i>There are many opportunities for people who have new ideas</i></p>	<p><i>Interesting assignments tend to be closely held by a small group of insiders.</i> <i>Not much opportunity to prove yourself for the first few years outside of filing papers, making copies, data entry, etc. Wish I had those years back (huge opportunity cost in terms of knowledge not gained as a result of not doing research and very poor pay for the amount of time/work invested.</i> <i>No responsibilities for younger members of staff</i> <i>No opportunities to work on interesting projects</i></p>
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5. Ability to Move Across Organization

<p><i>Plenty of opportunities to move within the firm</i></p>	<p><i>Movement to other areas of the firm is difficult</i> <i>Not many options to transfer out of department</i> <i>One can only hope for an internal lateral transfer</i> <i>A tendency to feel siloed</i></p>
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6. Management Effort

<p><i>Manager has helped me to develop immensely</i> <i>Mentorship is highly promoted</i> <i>Management has integrity and has kept their promises to me over time</i> <i>There are lots of opportunities to grow into new roles</i></p>	<p><i>No concern for career advancement</i></p>
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7. Career Path

<p><i>Clear and flexible career progression</i></p>	<p><i>Promotion is not transparent-not easy to find internal transfer opportunities</i> <i>Do not offer career advancement</i></p>
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8. Promotions

<i>Lots of room for quick advancement Plenty of opportunity to get ahead if you show initiative</i>	<i>Promotion based on seniority rather than meritocracy Promotions rarely go to the most accomplished employees Promotion is not transparent and non-existent</i>
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9. Internal Promotions Versus External Hires

<i>Hire internally</i>	<i>Posted for other position but hired someone with less experience from outside the company. Reluctant to promote</i>
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“INTERACTION WITH SENIOR MANAGEMENT”

1. Want People to Succeed

<i>Senior and mid-level want you to succeed Senior level management supportive of ideas</i>	<i>Flat structure results in decisions only being made from the top</i>
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2. Attention

<i>Management is open to change and very supportive</i>	<i>Management doesn't pay attention to workflow and doesn't value employee feedback Management is clueless Sr. management doesn't pay much attention to employees</i>
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3. Communication

<i>Starting day one, you have exposure to senior management Not many layers of management to dilute the company, you can personal call or email the CEO Insight into management strategy</i>	<i>Sometimes you can feel isolated, not as much guidance from upper management Upper Management doesn't communicate effectively</i>
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4. Respectfulness

<i>Management respects my work and ideas</i>	<i>They treat people terribly. Have never experienced such rude management that speaks to employees like they are peasants Upper management can be over the top Driven by aggressive, egocentric managers Lots of people are scared of upper management</i>
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5. Integrity

<i>Senior management team has been consistent and predictable</i>	<i>Senior managers say yes to everything and everyone under the sun Management plays favorites</i>
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6. Respected

<i>You never get the feeling that the person above you doesn't deserve to be there Ethical senior leadership My boss is very considerate and honest Really nice folks in the C-Suite. Great thought has obviously gone into hiring people who are a "good fit"</i>	<i>Management is unorganized and not well run.</i>
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Takeaways

- Employee satisfaction = brand = growth in AUM
- Where does your firm stand? Do your employees endorse the left or the right columns? Green or red?
- How can you move the attitudes and beliefs of your employees from right to left?

Russell Campbell is the CEO of Your Second Opinion, LLC, a management consulting firm focused on investment firm growth.

Russell has led 5 investment groups in his career. Prior to establishing his own firm, Russell was the CEO of The Marco Consulting Group, one of the largest institutional investment consulting firms, with a significant CIO outsourcing business. Previously, he was the EVP of AMCORE Bank, and led the Wealth Management Group which was one of the 60 largest bank wealth managers in the U.S. Earlier, Russell was the President and CEO of ABN AMRO Asset Management Holdings, Inc., which managed \$75 billion in assets, and was the U.S. investment management affiliate of ABN AMRO Bank. Russell was promoted to this position after having been the CEO of ABN AMRO Asset Management Canada, Inc. He was previously a Vice – President and Partner of Beutel Goodman, Inc., one of Canada’s largest investment counseling firms. His first leadership position was as Vice – President, Bank of Nova Scotia, where he led the investment management of the Bank’s own pension fund, and a family office portfolio.

Earlier in his career, he held positions as an institutional investment consultant, an institutional equity sales and a precious metals portfolio manager.

Russell has an MBA in Investment Finance and Marketing from York University, and he has a BA in Industrial Relations from McGill University. He also attended the Advanced Management Program at INSEAD in France.

He has earned the Chartered Financial Analyst designation, and has attended both the Financial Analyst’s Seminar and the Investment Management Workshop. Russell has also acquired the Certified Financial Planner™ certification. He previously held Series 7 and 24.

Russell has been a director of several for-profit and not for profit boards, and he is a member of numerous non-profit, civic and industry organizations.

He is quoted frequently in the media, and has been a speaker at many industry conferences.



Russell Campbell
CEO – Your Second Opinion, LLC
Campbell@YourSecondOpinionLLC.com
www.YourSecondOpinionLLC.com
702-816-8430
@your2ndopinion

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