

## ICI VIEWPOINTS

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# Young Leaders Reflect on Building a Better Business

Emerging leaders in the asset management industry are at the forefront of changes that will fundamentally affect the business—from technology, to client expectations, to how to attract and retain top talent.

During a panel at ICI's Operations and Technology Conference—held concurrently with the 60th annual General Membership Meeting from May 22–May 24 in Washington, DC—three such leaders, representing a cross section of business areas, explored how their firms are rethinking legacy processes and moving into the future.

## Leaving Legacy Thinking Behind

Moderator Ahmed Elghazaly, director of securities operations at ICI, kicked off the panel with a look at the pressures that firms face, including falling fees and margins, disruptive technologies, and a changing workforce. Competition also is a factor—not only from other firms within in the asset management industry, but from external forces as well.

“Client-services standards from outside the financial services industry are making their way in,” said Kyle Schmiegel, vice president of operational services at Charles Schwab & Co. Because these “competitors” are pushing client expectations forward, asset managers must respond and adapt.

Mike Mastroianni, executive director of J.P. Morgan Asset Management, illustrated this point by offering a personal anecdote from a recent cab ride. After mentioning during the course of conversation where he worked, Mastroianni heard from the driver about an issue he'd had with his J.P. Morgan credit card. To the driver, the fact that J.P. Morgan is a large organization with distinct business areas didn't matter. Like most clients, he wanted a single point of contact, seamless solutions—regardless of operational structure—and more access, on his terms.

Client expectations about how a company conducts business are also undergoing a significant shift, explained Jamie Jones Ezefili, vice president of corporate social responsibility at Northern Trust. Clients want to learn information beyond a firm's overall corporate social responsibility efforts to include specific details about, for example, its greenhouse gas emissions, employee engagement programs, and diversity initiatives. “It's not enough anymore to say that we have a diversity strategy. [Clients] want to know what that is, and how we're actually going to accomplish that,” said Jones Ezefili.

## **Attracting, Engaging, and Inspiring Top Talent**

The changing, competitive marketplace is not just affecting client expectations—it's also affecting how asset managers recruit and engage top employees, and how they develop new leaders. "We have to think about how we're competing with the Googles and Facebooks out there," explained Jones Ezefili. She said that this means creating an environment that employees want to be a part of.

Schmiegel agreed, adding that one must go beyond "just the salary that is put on an offer sheet" to attract top talent. Especially for "Millennial mindset" workers who have broader expectations about benefits, this may include tuition reimbursement, time off for volunteering, paid sabbaticals, employee stock purchase plans, and health and wellness programs. It also means offering constant feedback and coaching to keep them engaged and motivated. "If you're waiting for the next semiannual review to share with Suzy or Jimmy how they're doing, you're probably 179 days late," Schmiegel said.

When recruiting talent, firms are paying attention to diversity, which "is moving beyond gender" to include the unique skills and perspectives of different kinds of thinkers and workers, said Jones Ezefili. Mastroianni concurred, explaining how a recently hired history major on his team brought fresh ideas and proved to him the value of "thought diversity."

## **New Technology Points the Way Forward**

Wrapping up, the panel examined technology, its ability to streamline data use, and how it can help "to identify where kinks in the platform and kinks in the processing exist today," Schmiegel said.

Panelists agreed that the key to maximizing technology's potential to improve client services and interaction across internal teams is to find efficiencies that can be passed on to clients. "We spend a lot of time talking about...how can we share that scale, from a cost perspective, with our clients?" Schmiegel said.

As the competitive landscape and client expectations continue to change, a new bar is set. And, said Schmiegel, this means "that you have to be everything, to everybody, all the time. That's the challenge."

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