



Leadership & Culture in the Investment Industry

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Since founding Focus Consulting Group in 2001, Jim Ware has been preaching the gospel of cultural transformation to investment companies throughout North America. Building on his decades of industry experience, Ware has become a firm believer in the concept of culture as an underpinning of competitive advantage in business. With the help of CTT (Cultural Transformation Tools) developed by Barrett Values Centre, he is delivering measurable analyses and results that have helped the likes of UBS, Northern Trust, Brandes and Ariel along the road to cultural transformation and long-term success.

Spreading the Good Word

As principal of Focus Consulting Group, Ware has become sought after as a leader in the practice of shaping culture for competitive advantage in the investment community. In bringing his hands-on approach to cultural transformation, he has come to consider CTT to be a vital tool for clarifying the gap between personal, current and desired values for employees and the companies they work for. Jim Ware's approach is detailed in his book

Investment Leadership: Building a Winning Culture for Long-Term Success. The concept of cultural transformation goes beyond simply finding a philosophical common ground according to Ware. Gaining a clear understanding of values and cultural alignment actually translates into long-term success for companies. Benefits range from improved hiring and staffing practices, to stronger morale, lower turnover, and much stronger financial performance over the long term. Ware comments, "Organizations with well developed cultures consistently deliver great financial results."

He adds that in the investment industry especially, the ability to provide measurable results is integral to gaining buy-in on what most see as an intangible, philosophical concept. "Because of their entrepreneurial nature, investment industry types tend to be dynamic, driven individuals who understand asset and money management. They live by numbers. They don't have a lot of expertise in human resources, organizational development or how to manage people. Nor do they understand how to measure it."

"Some get it," he adds. "David Fisher, the head of Capital Group, has stated that his only competitive advantage is culture. Charles Ellis, who started with Greenwich Associates, also believes that over the long term culture dominates."



Measuring Values

In a search for tools and processes that would assist Ware in delivering his cultural transformation message, he says, "I came across the Barrett tools when I started the consultancy. I read his book on Building Visionary Companiesⁱⁱ and realized the approach was ideal for my needs. It provided a means by which we can measure the values, beliefs and behaviors that drive organizational success."

He feels that the Barrett model stood out because, "The whole aspect of his model takes into account the evolution of consciousness. There are no other tools that do that. It takes into account the fact that companies can evolve and gain greater maturity and self-awareness. They can contribute to making their world a better place rather than working on a pure survival mentality. Barrett's Cultural Transformation Tools (CTT) can actually capture that evolution."

Ware and a core team of consultants engaged in CTT training in 2001. "CTT has been an integral part of our work from the beginning," he reports. "Barrett's culture assessment uses an elegantly simple process, yet offers great insight into the gaps between a company's culture and those valued by its employees. It provides a baseline from which they can begin their cultural transformation journey. As business guru Peter Drucker says, what gets measured gets done."

The CTT Process

Using CTT to provide a values assessment, organizations can identify:

- Commonalities among staff's personal values, those of the firm currently and what people desire for the future.
- Four or five key words people use to describe culture
- The key difference between how staff describes its current culture and the desired culture
- Incremental improvements or changes that could foster an environment where everyone can do their best work

More specifically, CTT are used to assess current and desired culture values and behaviors of individuals and organizations by mapping cultural characteristics into seven different levels:

Level	Associated Values
Survival	Operational needs
Relationship	Open communication, customer service



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Self-esteem	Best practices, productivity, efficiency
Transformation	Continuous renewal, learning, innovation
Internal cohesion	Corporate community, shared vision/values
Making a difference	Collaboration with customers/community
Service	Service to humanity

Each value and behavior is assigned to a different level of organizational development to provide a visual representation of the disparities and help prioritize courses of action. The ensuing rankings illustrate the relationships that exist between employees' perceived value and the organization's ability – or lack thereof – in meeting those values.

Ware points out that the fourth level – transformation – is the first level of self-actualization and an important milestone for organizations in their drive for cultural alignment. "Companies operating at this level have eliminated most of the fear-driven behaviors and are successful and fun places to work." In the end, fear undermines performance, and is the biggest enemy of long term, sustainable success

The Value Behind the Values

Ware says that the ability to get to the heart of cultural issues is a challenge when working with audiences that are much more receptive to graphs and spreadsheets. "In the investment industry especially, issues such as corporate culture have historically fallen well behind those relating to performance, compensation and market leadership."

He adds that the issue for his consultancy is establishing good measurement tools for culture. "It's a bit like the Abominable Snowman: Many people have seen the footprints, but no one has seen the thing itself. Even if we know that culture exists and that it is critical to success, how do we quantify that?"

With quantifiable values assessment tools such as CTT, Ware is able to survey firms quickly and easily to see if there is general recognition of and agreement on the most important values to a firm. "Equally, it also allows you to see which areas the employees are suggesting will yield opportunities for future improvement."

He notes that because CTT are able to quantify cultural disparities, they put his message in a much more meaningful language for this audience. "With CTT, most investment professionals are able to recognize the importance of culture, both for the success of their own firms and in the selection of companies to invest in."

Once initial surveys have been completed, Ware and his team recommend conducting surveys annually to record progress and ensure cultural transformation initiatives remain on track.



Delivering on the promise

The results of a strong corporate culture speak for themselves, he says. He reports that companies that have shown exceptionally strong alignment between employee and corporate cultural values, have demonstrated impressive and consistent results in such areas as long term fund performance, growth of assets under management (in many cases these run in the double digit range annually) and reduced employee and executive turnover.

According to Ware, "The best firms are clear about who they are and where they are going." Ware states that "Inevitably that translates to superior bottom line performance, employee recruitment and retention, and good governance, among other key performance imperatives."

i Jim Ware with Beth Michaels and Dale Primer, *Investment Leadership: Building a Winning Culture for Long-Term Success* (Hoboken: Wiley Finance), 2004.

ii Richard, Barrett, *Liberating the Corporate Soul: Building a Visionary Organization* (Boston: Butterworth-Heinneman), 1998.