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Fund Industry Leaders Encourage Cultural Stability and Willingness to Embrace Change

BY OLIVIA CAVERLY

The mutual fund industry is being driven by change, a theme that dominated the panel “Facing the Future: Leadership Perspectives,” on the second day of ICI’s 61st General Membership Meeting, held May 1-3 in Washington, DC.

The panel—moderated by Sarah Ketterer, CEO and cofounder of Causeway Capital Management, and featuring Martin Flanagan, Invesco president and CEO, and Joseph A. Sullivan, chairman and CEO of Legg Mason—highlighted why firms should be encouraging a positive workplace culture, which will enable them to embrace the fast pace of industry change.



A Strong Team Culture Makes for a Successful Firm

Employees are the “engine room of performance,” Ketterer told the audience. So what can firms do to not only hire, but also retain top talent? Both Flanagan and Sullivan agreed that the key to a successful firm is cultivating a strong firm culture. This means making it an environment where employees enjoy working and where they can grow professionally and personally. “That’s what drives the engagement and the talent,” said Flanagan. “What I’m most proud of at Invesco..is the culture of the firm. It’s [a] culture that cares about clients, people want to work at the firm, people stay at the firm, and that attracts talent to the firm. And when you have that, good things happen.”

Sullivan believes that the industry is moving away from the notion of creating “star managers” and moving toward encouraging a teamwork mindset. “I think investors increasingly want a depth of talent behind the investment strategies in which they invest,” he said. “Where we’re strongest within our affiliates is where we have teams.”

Embrace the Opportunity Within Change

In his years in this industry, Flanagan has never seen it change this rapidly and in so many different ways. There is now a need to constantly evolve, while focusing on client needs and demands. “What we can do for our clients, the combination of things that are coming together, it’s at a level that we’ve never seen before,” said Flanagan. For example, today’s IT department isn’t just a back-office function that serves the needs of staff. Instead, they are a customer-facing team that serves the needs of clients. Sullivan agreed, saying, “You have to be able to develop a mindset of constant innovation and constant iteration.” But both industry leaders agreed that this isn’t an easy task, and many might be afraid of experiencing “change fatigue.” The key, however, is to remind people that industry change is positive and benefits the industry as a whole. Change “gives great opportunity for people to develop, to grow, [and to] to make a difference in their career,” said Flanagan.

Another positive outcome of change in the industry? It attracts younger talent. “As some younger people come into the industry [and] as we bring in more people from technology into our industry, that is their mindset. They’re more comfortable constantly iterating, evolving, and adapting, maybe more than some who’ve been at it for a while,” added Sullivan.

Facing the Future

What’s next for the fund industry? Though Sullivan believes “the only thing we know for certain is that it will look a lot different,” he also said the industry will become more open to joint ventures and partnerships, as a way of providing options. These partnerships will allow firms to quickly adapt to new challenges and opportunities. As for Flanagan, he believes the industry is going to keep “embracing technology in a powerful way” so that clients can continue having better and better experiences.

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