

Focus on Funds Fund: Operations Are Evolving to Meet Changing Needs

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As technology and distribution changes transform the industry, the dynamics between an asset manager's front-, middle-, and back-office functions are shifting as well. In the August 25, 2017, edition of Focus on Funds, Wells Fargo Asset Management's Nancy Wiser shares insights and advice.

Transcript

Stephanie Ortals-Tibbs, ICI director of media relations: How can the front, back, and middle offices work better together? That's a critical topic in the fund industry, and recently at ICI's General Membership Meeting, a group of some of the best from each office got together to discuss. Here are some key takeaways.

Nancy Wiser, executive vice president, Wells Fargo Asset Management: The industry is evolving very quickly, and there are a lot of changes going on, putting pressure on our operational units and being able to step up and deliver for our shareholders in a precise manner and in a quick manner. I think there are a lot of solutions out there.

Ortals-Tibbs: What did you hear from the panel about some key strategies to use these days?

Wiser: One thing that I thought was really interesting was, Goldman Sachs offering up the way that they are using big data. And they're using big data—really, they're using shareholder flows—to give insights into their investment teams for liquidity purposes. And I thought that was a really interesting use of big data, and one that I hadn't considered.

And I think some of the remarks that I made around trust, and building trust with your team members, and how you talk about culture and how you develop that—resonated with a lot of members. What we were talking about was, making sure that our employees—the team members that work with us—the way that we build trust with them is really through creating an environment where it's safe to say, "I've made a mistake." Because we want to innovate, and by innovating, that inevitably leads to some element of failure, and so you have to make room for some failure. And if you can build a trusted situation where your team knows, "If I fail, I'm going to tell my boss right away—communication is key—but beyond that, it's not going to be a punishing experience."

Ortals-Tibbs: You could also see from your discussion that the front, back, and middle offices are interacting with each other in new ways.

Wiser: Developing interpersonal skills is an important factor to be able to navigate that varied terrain. There are different personality types, and I think as investment professionals it's important that we understand the different needs, the different behaviors, and we adjust, and we're nimble in how we interface with the various parties. So, working with a distribution partner is very different from working with an investment professional, which is very different from working with another Ops group.

Ortbals-Tibbs: And within Operations, one thing that people might not realize is that it's not just a "keep the wheels on" role—it's really a leadership role.

Wiser: It requires very strong leadership to run an operation because you are often the recipient of everyone else's demands. You sometimes have to push back, you sometimes have to be the "no" person. You sometimes make mistakes. So, I think you have to be able to navigate that and not damage relationships. You have to be able to build relationships across a lot of different spectrums.

It was described on the panel as being the heartbeat of the business, where the veins and the arteries flow to every aspect and every function, and I think that's very true. I don't think that Operations is in the background; I think that it is very much central to everything that we do. I think that the leadership required in Operations is actually a much higher bar that certainly people felt it used to be.

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