

By: Jim Ware, CFA



Praise for FCG's Greatest Hits:

In forty years of running companies no one helped me more than Jim Ware and his team. Jim teaches leaders how to bring life to their organizations and to see them flourish. Read this!

Britt Harris, formerly: CEO/CIO UTIMCO; CIO TRS Texas; CEO Bridgewater; CIO Verizon

Valuable insights for investment leaders, a great summary.

Heather Brilliant, CFA, CEO of Diamond Hill and former Board Chair of CFA Institute

Jim Ware is a master original thinker. He has attracted and developed a crack team at FCG. Over the last two decades, FCG has played a critical role in our success.

Fred Martin, Founder of Disciplined Growth Investors

Good insights for investment professionals. A valuable read.

Christine Hurtsellers, formerly: CEO Voya Investment Management

The wisdom and actionable insights of Jim and his partners at FCG have been positive transformational forces for UTIMCO and its professionals!

Rich Hall, CEO and CIO of University of Texas Investment Management Company

Wow, great piece! You have done some great work over your 25 years. Congratulations on this milestone and thank you for all the insight and assistance you have provided. Here's to another great 25 years.

Steve Kneeley, formerly: CEO of Turner Investment Partners; CEO of Driehaus Capital; Spider Management Company



FCG's Greatest Hits: Celebrating 25 Years

Have we achieved anything in 25 years? If we were a rock band, did we have any hits? Would our clients stand up and wave their lighters? Would they remember the words to “Red X” or “Under the Line” or “The Drama Triangle?” In my view, this paper is our Greatest Hits album. It’s a summary of our consulting practices that clients find most valuable. And the recaps are purposely designed to be user-friendly, devoid of the statistical abstractions, all of which are included in the original papers. You’re welcome. The purpose of this paper is to boil down the key learnings that clients find most useful. The ones that help them become great places to work.

The style of this paper is purposely informal, as if we’re meeting for coffee and you’ve asked me to share some key lessons learned over 25 years. And I know: If I don’t give you good stuff, you’ll settle the check and politely excuse yourself. So, here’s my best shot at keeping you seated for several cups and maybe a Danish.

Oh, and at the end of the paper I’ll summarize FCG’s secret sauce: how we partner with our clients.

Okay, track one, side one of the Greatest Hits...

Teaming Effectively: 3 Key Factors¹

In this piece we carefully examined the data from dozens of Team Scorecards, which is the diagnostic we use for evaluating the functionality of a team. It looks at 24 factors that are important to team success. The leader and team members rate themselves on these factors. One of the factors is: *our team achieves quality results*. We used this factor as the dependent variable. We wanted to know: what factors most drive quality results? The outcome was clear; the three factors are:

1. Clear Purpose and Direction

Repeatedly, we’ve seen that purposeful leaders are the most effective. They remind their teams often that investment work matters. Two big concerns for people are health and wealth, and the latter is the work of investment firms. Today especially, young workers are looking for work that is meaningful, so leaders: pitch the importance of financial health. Beyond purpose, staff members also want a sense of direction: HOW will we achieve our purpose? So, let your team know that the work they are doing is valuable. And explain how their role contributes to overall success.

2. Right Team Members

This is crucial. The right team members align with the purpose and direction, practice the cultural norms—like integrity, excellence, collaboration, etc.—and deliver top notch results. If there is one member of a team who—for whatever reason—is a poor fit, it will crush morale. FCG coined the term “Red X”² years ago to describe a team member who doesn’t fit. Often the Red X is egotistical and disrespectful. But the concept of Right Team Member is more nuanced than Red X. There could be a “wrong” team member who is pleasant and reasonably competent but for other reasons doesn’t fit well with the team. Maybe the chemistry is wrong. When this is the case, we

¹ *Teaming Effectively: 3 Key Factors* [white paper] by James Ware, CFA and Bryan Kozlowski

² *The Red X: Managing the Outliers in the Investment Firm* [white paper] by James Ware, CFA and Keith Robinson



encourage leaders to address the situation rather than hoping for the best. We counsel the leader to frame the situation as: position the team member (i.e., the “misfit”) for success. Specifically, is there a better role for the team member in question? One that allows them to tap into their natural talents (i.e., their “genius”). Often, we’ve seen courageous leaders address these situations successfully such that the intact team feels they finally have the right members around the table. Everyone heaves a sigh of relief³ and appreciates the leader for taking action.

3. Trust

Trust is also crucial to high performing teams. Recent studies have associated trust with psychological safety⁴, showing that teams with high trust also tend to feel safe doing the following:

- Asking questions
- Challenging conventional beliefs
- Taking appropriate risks
- Trying new approaches

Clearly, teams that feel safe to act this way will be freed up to think more creatively. We have also seen much higher levels of accountability and candor in teams with high trust. Our work with clients has revealed six factors that drive trust levels:

1. Alignment of interests
2. Benevolent concern
3. Capability/Competency
4. Predictability & integrity
5. Communication frequency
6. Vulnerability (ownership of feelings vs. blame)

Here’s the key with trust: intention does NOT equal outcome. All employees see themselves as well-intentioned and good-natured, so they assume that they are viewed as trustworthy. Wrong. We know this because our trust work reveals big blindspots. In other words, some of the least trusted people think they are highly trusted by colleagues. Blindspots are tricky. How do you address them if you don’t know about them? One technique we’ve found useful is to ask your most trusted teammate for an honest assessment of how you are viewed by the team. If they’re not sure, then ask if they are willing to be your “ambassador” and ask around. You need honest feedback to see your reality accurately.⁵

So, if you are leading a team take a close look at these three factors—purpose, team members, and trust—and sharpen them as best you can. They are the “big 3” when it comes to teaming effectively.

³ It may take the outlier a little while to see the benefit but they almost always do in the end. A bad fit isn’t fun for anyone.

⁴ See the Google study in which they examined their best teams and found psychological safety to be the key commonality.

⁵ Trust can be a blindspot for team members, so FCG has developed diagnostic tools—like a Trust Survey and 360 Degree feedback report—to help people get accurate measures of how they are viewed by colleagues.



Top Performing Investment Teams⁶

In this article, our late and beloved teammate Michael Falk, CFA and I explored teamwork for investment teams. What were the common factors beyond Purpose, Right Team, and Trust that allowed investment teams to outperform? Again, the details of how we did the study are in the original white paper. Our approach: we got ten top performing investment teams to participate in providing us with their view of which factors contributed most to their success⁷. Interestingly, the results showed that success was equally driven by hard and soft factors:

Hard Factors: Processes, policies⁸

1. Disciplined investment process (95% of respondents)
2. Continuous improvement (94%)
3. Independence from outside influences (91%)
4. Diversity of thinking styles (86%)
5. Development of team members (85%)

Soft Factors: People, relationships

1. Committed to one another's success (93%)
2. Passion for our work (90%)
3. Enjoy working together (89%)
4. Capacity for good debate (86%)
5. Emotional intelligence (85%)

A key takeaway from this study is captured in Dan Goleman's insight: "IQ gets you hired, but EQ gets you promoted."⁹ In short, the best performing investment teams demonstrated high emotional intelligence. We use this four square to define emotional intelligence and give Daniel Goleman credit for his original work in this area¹⁰:

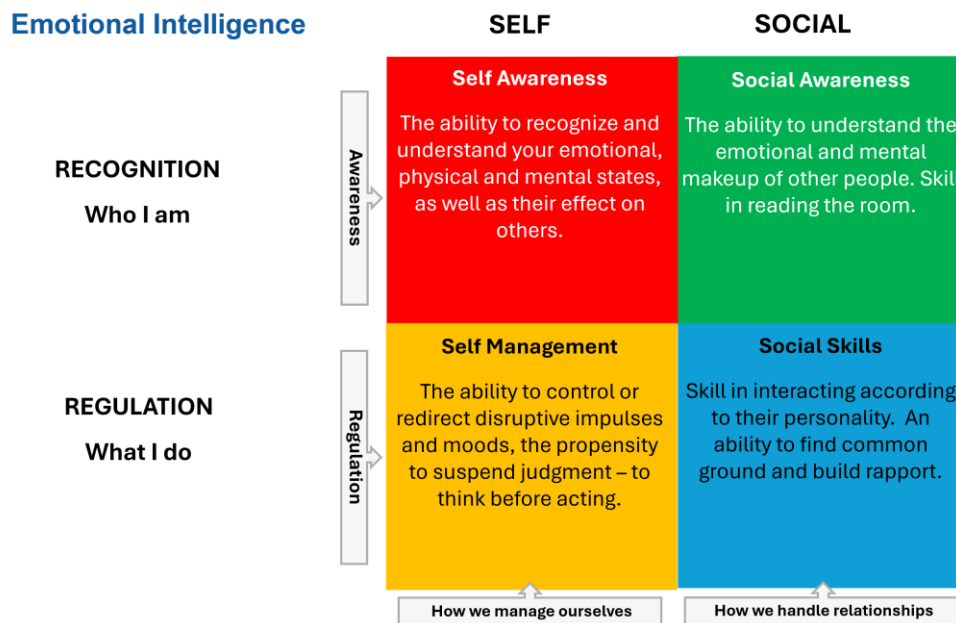
⁶ *Top Performing Equity Teams: The Common Factors They Share* [white paper] by James Ware, CFA and Michael Falk, CFA, CRC

⁷ All the participating firms had excellent performance over 5 and 10 year periods

⁸ The percentages are the number of participants who agreed that this factor was key

⁹ *Emotional Intelligence: Why It Can Matter More Than IQ* by Daniel Goleman, Bantam, 2006

¹⁰ Ibid.



When the highly intelligent members of an investment team raise their level of EQ, they have better discussions and debates leading to better decisions. EQ is core to all FCG’s work. It’s described well in our best-selling book, **High Performing Investment Teams**¹¹, which emphasizes the Core Four behaviors: (acronym is CACA, as in: that’s a lot of caca.)

1. **Curiosity.** Encouraging team members to develop the skill of being curious and open instead of defensive and closed when discussing or debating an idea. FCG calls this practice: operating “over the line.”
2. **Accountability.** Reducing blame and fear by encouraging team members to take responsibility for outcomes. Making and keeping clear agreements. Providing constructive feedback in postmortems. Learning from mistakes.
3. **Candor.** Skillful delivery of messages so as NOT to create defensiveness in the listener. The skill involves amping up both aspects of your delivery: 1) clarity and precision of the message (separating fact from opinion, i.e., story), 2) empathy and caring towards the listener. The result is what we call forthright diplomacy.
4. **Appreciation.** Developing and maintaining a positive attitude towards your colleagues. Research shows the power of appreciation vs. criticism. Learning to “right spot,” namely catching your colleagues doing it right and praising them for it. Focusing on whatever you want to expand or grow. For example, if you want to see team members behave more professionally, then define those behaviors and praise staff members for doing them. Don’t harp on non-professional behaviors, like gossip and blame.

¹¹ *High Performing Investment Teams: How to Achieve Best Practices of Top Firms* by Jim Ware, CFA, et al., Wiley & Sons, 2006



If you and your teammates simply worked on CACA and got good at it, you'd improve teamwork and engagement markedly.

The papers summarized above provide guidance for how to create a high performing team. Let's take a deeper look at blame and why it's so toxic.

The Folly of Blame¹²

Jason Hsu, PhD, and I teamed up to write a paper exploring blame in the investment firm. He has big-time fire power in statistics while FCG has tons of data on the culture of investment organizations. Our thesis was that blame was toxic and that investment cultures which contained a lot of it would perform poorly. Using FCG's database, Jason was able to prove that "a culture of blame could have a significant negative impact on the effectiveness of financial analysts and portfolio managers, leading to poor long-term performance." Specifically, high levels of blame correlated negatively with these culture attributes:

- Creativity
- Teamwork
- Entrepreneurial spirit
- Excellence

The study also showed that many other important cultural attributes also suffer when blame is high: loyalty, attracting/retaining talent, ownership mentality, client experience, and employee engagement. In short, blame creates a toxic culture and performance and enjoyment suffer.

So, what is to be done? The article includes tips from leaders we know who have created strong non-blame cultures.¹³

"Our firm's culture is: recognize your error, learn from it, and do better next time. We encourage honesty. We don't punish people for errors... If people see others getting blamed when mistakes are made, then they'll do the same, and it will become acceptable... Everybody makes mistakes. The challenge is, how do you avoid making them a second or third time? We learn a lot by looking at what went wrong, as opposed to who did what wrong. Then we fix the processes so it doesn't happen again."

"[When examining mistakes], stay away from 'who' questions and focus on 'what' questions. As soon as you go down the 'who was involved' [path], then immediately [you are] trying to figure out how many people were involved and what percentage to blame for each person. From a practical standpoint, if an error has happened, [we are] very focused on what happened, what steps are taken to remediate it and what learnings are we going to apply— what are we going to do differently and what process are we going to change for next time."

"I think if the head of a firm wants to measure the blame factor, he needs to look in the mirror. If he's engaged in blame, then his firm will be engaged in blame. It starts at the top. The top person has to follow the suggestions of

¹² "The Folly of Blame" by Jason Hsu, Jim Ware and Chuck Heisinger, *The Journal of Portfolio Management*, Spring 2015.

Never thought I would be published in a highly technical journal like the JPM, but thanks to Jason... 😊

¹³ Ibid., pages 28-29



being open, curious, and accountable... I know my guys are smart. If I beat them up on their mistakes—and we don't win on all our stocks— they would slowly buy less controversial stocks and it would hurt our long-term numbers. We actively practice forgiving mistakes, just letting go. That is something that really helps us."

"[You have] to negate blame to have that entrepreneurial spirit to step out on the line in order to achieve more. With risk comes reward. We have to foster a culture where our people are not afraid to think outside of the box and try something new."

"When you grow the way we have grown, and you get more complexity, [you really need to] spend the time to be open and curious, to celebrate successes but also, when failures come, to foster continual improvement rather than blaming. When we have these moments where we are very defensive, we say, 'Hey, listen, I think we should become open and curious again.' It really helps to have this knowledge [on the dynamics between blame and learning]."

The article also includes a number of quotes from professionals at high blame organizations. These quotes clearly indicate the cost of blame. One example:

"The culture here is very blame-oriented. And after a while, there is a learned helplessness that sets in with people. At my prior job—a hedge fund—the environment was demanding but fair. I felt like I was performing at about 90% of my effectiveness. Here I am at 30%, tops. I will leave for another job as soon as an opportunity arises."

The point of including all these quotes is to really hammer home the message: as leaders, your job is to reduce blame as much as possible for your team and in your firm. The underlying problem is fear. A blame culture creates fear. And fear destroys psychological safety which is fundamental to high performance. Here are some additional tips on reducing blame:

1. **Hire conscientious people.** As obvious as that sounds, it's crucial to building a blame-free, accountable culture. I'm happy to report that at FCG we operate in a nearly blame-free environment. When a project goes south, each team member immediately looks in the mirror and asks, "What could I have done differently?" This is a very different mindset from someone who thinks, "Uh-oh, how do I avoid getting blamed for this failure? I think I can push the blame on to Joe..." Fortunately, people can learn to be curious and open in the face of challenges.¹⁴
2. **Reward responsible behavior.** When a staff member owns a problem, praise them. Make it clear to the staff that your firm has a learning culture. Mistakes will happen, but staff members own them and learn from them. Note: one person making the same mistake repeatedly is a different issue...
3. As a leader, **own your tendencies to blame.** We all have that natural inclination to avoid blame and push it on others—seems kind of primal, like a survival instinct—so on a bad day, when it happens, own it. And then, this is important, make amends. If you blamed someone in a team meeting, go to that person and own up to it. Say something like, "I wasn't at my best today, I think I leveled some blame on you. That's not the mindset we're developing here at the firm, so I will do better next time."

¹⁴ For a good book on this topic: *Mindset: The New Psychology of Success* by Carol S. Dweck, Random House, 2006



4. Also, as a leader, **model the positive behavior** of being responsible. When something goes south, be the first one to own it. Have the courage to say to the team, “The project didn’t go the way we hoped, and I’ll take responsibility for my part in (whatever actions you could have done differently) and what I’ve learned is (an insight from the experience).”

So, in short, blame creates fear and fear destroys culture. Develop a learning culture not a blame culture.

Next, let’s take a quick look at motivation. What factors motivate your staff members to perform at a high level, with lots of energy?

(Are you ready for side two of the album? Order another cup...I’ll flip the vinyl... 😊)

Motivating the Team

Here are four key factors to think about in motivating your team. We’ve written and spoken about them for years and they are well documented in FCG’s research and independent sources as well.¹⁵

1. **Autonomy.** Trusting team members to do their assignments when, where, and how they want. Our experience with clients who provide lots of autonomy for their teams aligns with Dan Pink’s findings in his book **Drive**: workers feel more engaged and motivated when they are given autonomy. Don’t micromanage; it kills motivation. Coach and guide when you must, but lean towards autonomy as much as your courage allows. And by the way, don’t confuse autonomy with work-life balance or remote work.
2. **Mastery.** Knowledge workers—which is what we all are—enjoy getting better at their craft. So be aware of this and always be thinking about ways that you can develop and grow your people. We know from our culture research that a strong aspirational value in investment firms is: mastery and development. People want to feel that they are improving and becoming more skilled. Progress is a big motivator.
3. **Purpose.** We covered this earlier. When people feel that their work matters, they become much more engaged. Remind your team members frequently that their jobs are important. They have meaning. It matters.
4. **Genius.** We use this term to describe the talents and abilities that really light you up. What is it you love to do such that time flies by? What are your natural gifts? For example, some investment professionals are great problem solvers. Give them a juicy problem and they will dive into it and come up with all kinds of possibilities. Find out where your team members shine and give them lots of those assignments. The metric we use is 80%. In a given job, are you able to spend 80% of your time engaged in your genius activities?

There is much more we could say about motivation, but these four factors clearly satisfy the 80/20 rule. These four if employed skillfully will keep your staff fully engaged and free of burnout.

¹⁵ See Dan Pink’s book *Drive* for much more on motivation



Leadership Style: Your Personality

Here I'll be summarizing the book that FCG wrote called **Type, Talent, and Teams**.¹⁶ In our 25 years of investment consulting and coaching, we've used a variety of assessments to analyze and understand the personalities of leaders and professionals. The tool that has proved most useful to clients is the Enneagram. So, if you want a tool that will help you understand yourself and your teammates better, it's a good one. We use it in the context of Emotional Intelligence (EQ), which is defined above.

The main takeaways from the Enneagram are:

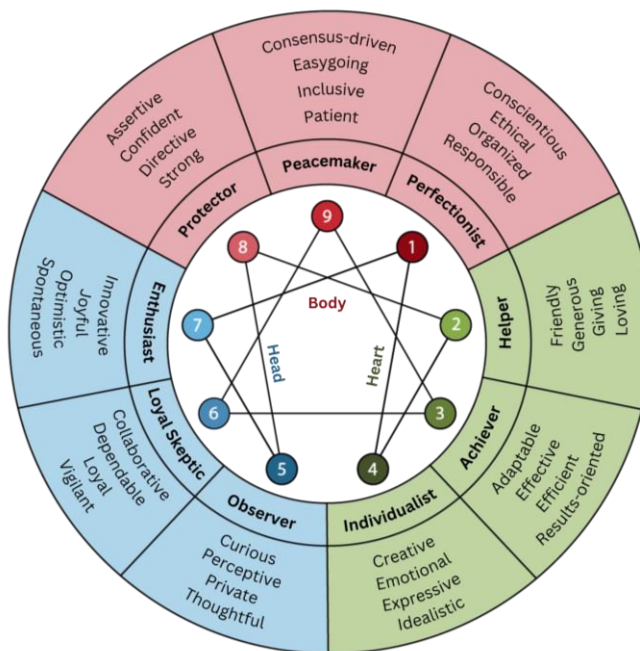
1. **Understand that people are different...**really! Most of us assume that others are like ourselves so we default to that viewpoint. Big mistake. Move from the Golden Rule—treat others as you would like to be treated—to the Platinum Rule: Treat others as THEY would like to be treated. Simple example: you may like to deal with others in a quick and efficient way, whereas some people like a little warmer, more personal touch.
2. **Learn the basics of your type.** You don't need to lie down on a couch three times a week to know the basics of your personality. Navel gazing is not required. The Enneagram does a great job of highlighting the core motivation and behaviors of each of the nine types. Take the quick assessment at <https://www.eclecticenergies.com/enneagram/dotest> and see what type is most likely home base for you. Then read the description and see if it largely fits for you. If you are not sure, share it with your significant other. Often their response is: oh yeah, that's you!¹⁷ 😊
3. **Get a general sense of the other eight types** from the chart below. You don't need to be an expert, just familiar enough to improve your ability to read a room. Think of your teammates and relatives: can you picture them on the circle? For example, *Aunt Susan may be a 2, she is always trying to help people and solve their problems. Conversely, the CFO at our firm is the opposite: he hides in his office and wants little to do with people. He loves numbers and solitude. He is probably a 5.* You get the idea.
4. **Speaking different languages** is a good analogy for typing. Your goal is to identify which language is their "home" language, then try your best to speak in their language. Similarly, know your own language so that you can tell colleagues: *here's how to best communicate with me.* For example, do you like headlines and then bullets? Or, do you like the context and all the details, i.e., the longer version?
5. **Tolerance and flexing.** Finally, once you've attained some understanding of personality types, try your best to be aware of different styles and flex into them, rather than getting defensive. For example, a type 6—the loyal skeptic—will respond to your new idea with all the things that could go wrong with it. If you are unaware of this "6" tendency, you may react defensively by thinking, "Geez, he poured cold water all over my idea. I'm done with him..." Rather than seeing the upside which is, "I'm glad that he pointed out

¹⁶ *Type, Talent and Teams: Using the Enneagram for Investment Firm Success* by Jamie Ziegler, Jim Ware and Liz Severyns, 2018

¹⁷ Please reach out if you have questions about our Enneagram offerings.

the risks and dangers of my new idea, so that I’m aware of them and won’t get blindsided.” Every type has something valuable to offer but also a downside that they may be unaware of (i.e., a blindspot).

In FCG’s experience, clients don’t need to become experts in the Enneagram to get lots of value from it. Just know it well enough so that you can spot the basic differences and use them to be more effective in communication with colleagues. For much more on this, read our book. 😊



The Red X¹⁸

Mentioned earlier, the Red X is the term FCG coined for difficult employees. Stanford professor Robert Sutton addressed the problem rather directly in his book, **The No Asshole Rule**.¹⁹ Sutton uses the same measure that we like, namely energy, to describe the problem with brilliant jerks, as Netflix calls them. They suck energy out of the team. Further he says that they often are bullies who make teammates feel small. They are egotistical and narcissistic. Sadly, we’ve all experienced people like this in the workforce.

Here's the problem: often Red X’s do NOT recognize themselves as such. For example, one CEO asked us to come and deal with the Red X factor on her senior team. In person, we asked the team: how many Red X’s are present? The team responded—using our clickers for anonymous voting—that indeed there were between two and four Red X’s. Then we asked: are you one of the Red X’s? The answer? Zero. No one identified as a Red X! Frequently

¹⁸ *The Red X: Managing the Outliers in the Investment Firm* [white paper] by Jim Ware, CFA and Keith Robinson

¹⁹ *The No Asshole Rule: Building a Civilized Workplace and Surviving One That Isn't* by Robert I. Sutton, PhD., Business Plus, 2007



this is the case. As one Red X on this team put it: “I’m not a Red X. I’m the one guy who is pushing for excellence and willing to speak the truth!” Hence, he did not identify as a Red X but rather a valiant warrior for excellence! So, valiant warrior or pain in the ass? The team saw him as the latter.

Here’s our advice on Red X’s:

1. **Watch for Red X’s on your team.** If there is enough evidence to suggest that they are subverting your team and culture, then you need to take action. But be clear about which culture norms they are violating. For example, if your culture values respect and they are treating people disrespectfully—say calling them names or shouting at them—then that’s a clear violation of your culture. If you don’t address it, then staff members think, “culture doesn’t really matter here. As long as you produce or have a friend in high places, you can do what you want.” Morale and performance will suffer if you don’t act.
2. **Coaching for the Red X.** We have had some success coaching Red X’s. Probably 50/50. They need to be open and curious enough to accept feedback and learn from it. Often the level of Ego is such that they dismiss coaching and double down on their bad behavior, with the rallying cry, “Valiant Warrior!”
3. **Some Red X’s are benign.** One client employed an eccentric statistician who behaved inappropriately with clients. The solution, of course, was to exclude him from client meetings. Problem solved.
4. **Super Star Red X’s.** An especially thorny Red X challenge is when they are a super star performer. We’ve seen this one go both ways. Sometimes the CEO decides that the star’s effect on the culture is so damaging that they need to go. But other times, the CEO decides that the benefits of employing the Red X outweigh the costs. This was the case with a firm on the East Coast where a star PM turned over almost 20% of the analyst staff each year due to his bad behavior and blame storming. The PM kept his job and the firm paid top dollar to bring in new analysts every year.
5. **What if the boss is the Red X?** Okay, saved the worst for last. Again, we’ve had some success coaching CEO’s who are bullies, but it’s difficult. Many are the founders and can rightfully argue that their personality built the firm and led to all the success they’ve had. The main leverage point we have with CEO’s is legacy. We establish enough rapport with them to candidly inquire: do you want your legacy to be that employees were scared of you and resented their experience at the firm? Obviously, this conversation must be handled very skillfully and only after the facts are clear: presumably from the data in a survey. The point is not to villainize the leader but to present them with the reality of their situation. Happily, FCG has had some success with this heart-to-heart method of coaching. But other times, we’ve been told pointedly: go pound sand.

I will make this invitation: if you find yourself having coffee with one of the FCG consultants ask them about their Red X stories. They are definitely the most entertaining aspect of the work we do. They highlight the advice we give to all leaders: it’s important to HAVE character, not to BE one! Oh, the characters we’ve met...

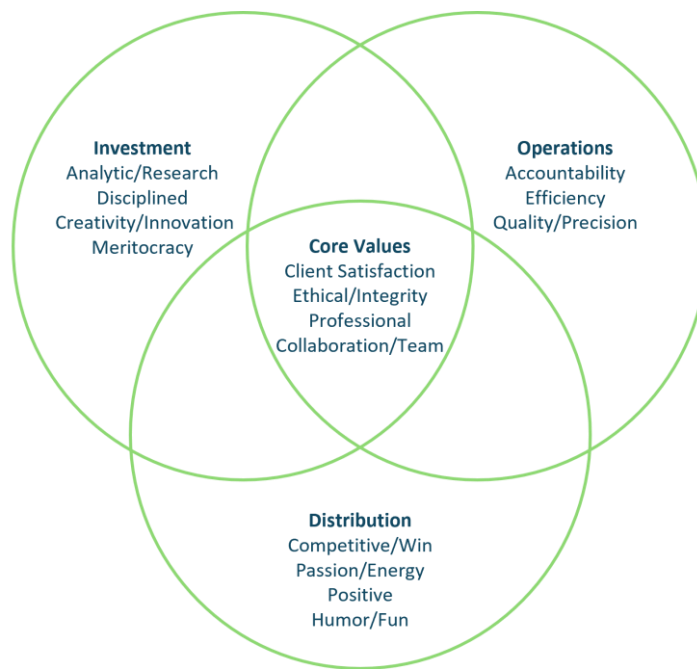


Investment Firm Tribes²⁰

A quick word on this white paper we wrote. Most investment firms describe themselves as having three main functional units:

1. The **investment tribe** that handles all the investment decisions
2. The **sales and client facing tribe** that deals with AUM growth and clients
3. The **operations tribe** that supports these two functions and handles all the necessary activities like accounting, compliance, legal, etc.

Given the wealth of data that we have from doing culture surveys on investment firms, we were able to study what values are core to each tribe. Not surprisingly, the tribes rally around different values which relate directly to their functions, which you see in the Venn diagram below:



So, if a picture is worth a thousand words, I'll let this diagram do the talking. The big takeaways from this paper are:

1. **The Core Values of an investment firm** are the ones that all the subcultures understand and practice. They should be front and center from the first interview with a hiring candidate to the final interview with a new CEO candidate.
2. **There are subcultures** within any investment firm and that's fine. Understand and appreciate the differences. For example, investment professionals are expected to think creatively so that their

²⁰ *Investment Tribes: Understanding the Subcultures in Asset Management Firms* [white paper] by Jim Ware, CFA and Keith Robinson



investments outperform the averages. However, the professionals in operations—say accounting and compliance—are not encouraged to be overly creative unless you look good in an orange jump suit.

3. **The Investment tribe is often referred to as the “front office,”** with the other tribes labeled as the “back office.” We discourage this languaging. The study showed conclusively that the mindset of investment professionals is often “first-class and second-class citizens.” The study showed that both Distribution and Operations wanted more of the following from the Investment Tribe:
 - a. Respect
 - b. Appreciation
 - c. Empowerment

So, as a cultural guideline, investment leaders should continually work to erase the “caste system” in place at their firm. It seems to be a fact of life in the investment world, but good leaders can mitigate the damage by being aware of it and addressing it.

Healthy Culture: shorthand

Finally, before discussing FCG’s secret sauce, I’ll just review what we’ve found to be a good shorthand way to think about healthy culture in an investment firm. After years of producing lengthy culture reports, clients asked us rather sheepishly, “Is there a one-pager on culture?” So, we came up with the following formula, borrowed and adapted from Abraham Maslow’s hierarchy of needs theory. If you take care of these four building blocks of culture, you’ll be enjoying a healthy work environment.

Maslow Level & Payoff	Basic Need
Purpose/Meaning Connected to a higher purpose, work is meaningful and provides benefit to all stakeholders	“I want my work to feel meaningful, like I’m doing something useful. I’m contributing and helping.”
Mastery/Development Team is engaged and becomes high performing	“I want chances to learn and develop. I want to feel progress. I want to be on a winning team.”
Belonging/Connection Team is engaged and functional	“I like being part of a team. I don’t want to be isolated, alone. It feels good to accomplish and succeed together.”
Safety/Security Team will: (Acronym: SCARE) Speak up Challenge Ask questions Risk Experiment	“I want to feel safe to be myself, to be real at work. I don’t waste time and energy pretending to be a certain way. I’m treated with respect.”

Hierarchy of Needs



As a leader, ask a staff member these four questions. If you get thumbs up, then you can be pretty sure they are positively engaged and happy at work.

1. Do you feel safe to speak openly and be yourself at work?
2. Do you feel connected to your teammates at work?
3. Do you feel you are learning and progressing?
4. Do you feel a sense of purpose at work?

Clients appreciated this simplified culture assessment. Our culture survey goes into much more depth in examining and defining a firm's culture, but these four questions meet the 80/20 rule. It would be hard to imagine an employee responding to these four questions with a strong yes and then declaring themselves an unhappy camper.

FCG's Secret Sauce

The partnering that FCG has enjoyed with clients goes beyond the insights and practices contained in these white papers and books. A personal example: I experienced this phenomenon myself when I founded FCG and decided to get better organized in my work practices. I read the premier book on the subject, **Getting Things Done** by David Allen²¹ and then started implementing his techniques. Despite my good efforts, I failed. So, I called his office and hired one of his staff members to come to my house and work with me. The process took two full days, with Martha Ringer carefully but sternly guiding me through the techniques. It was a bit painful—old habits die hard—but I learned and a month later I was much better organized. I asked Martha directly, “Why couldn't I do this on my own? It's all in the book.” She smiled and replied, “No one ever implements the system on their own. You need an expert coach to walk you through it.”

I think my experience with Martha and **Getting Things Done** is similar to FCG's work with clients. Many investment leaders are devoted readers of our material and very knowledgeable about our practices, but they still seem to need the “hands on” of FCG in order to change. As I did with Martha.

Below is a summary of ten factors that I think provide the “Martha” effect:

1. **Industry expertise.** All our consultants know the investment world. Three are CFAs and have managed money. Clients don't have to explain their world to us. We know the language: RIAs, alpha, beta, index funds, ETFs, duration, private equity, etc. Also, we are very familiar with the personalities and mindsets of investment professionals. For example, many of them are fast paced, a bit skeptical, and tough critics. So, when we do a training, we know the audience and prepare accordingly. No trust falls or group hugs.
2. **Minimal Ego.** All the FCG team members are committed to Emotional Intelligence (EQ) which means understanding themselves and others. It means practicing curiosity and openness and reducing drama and defensiveness. FCG calls the latter “under the line” behavior and labels that Ego. The Enneagram is a useful tool that we use to help one another understand how our Ego is operating in our life. Ego can be

²¹ *Getting Things Done: The Art of Stress-Free Productivity* by David Allen, Penguin Books, 2015



thought of as “auto-pilot,” the place we go when we’re in mush-dog-mush mode. As we slow down a bit and become increasingly aware of our Ego, it loses its power over us.

2. **Present Awareness.** Following the point above, we embrace the idea that being present in the “here and now” is a powerful practice to dissolve Ego and enhance intuition and performance. If you were to join one of our Zoom team meetings, you would see nine individuals who are actually paying attention to the speaker and not playing with their devices or responding to emails. I know, it seems unlikely but it’s true!
3. **Goodwill and Abundance.** We have a positive mindset of goodwill towards people in general and clients in particular. Basic karma. We try to send out good “vibes” and for the most part seem to get them back. For example, in 25 years, we’ve never been stiffed by a client and never had a lawsuit. Our abundance mentality is similar in that we practice generosity. We make all our materials—white papers, blogs, podcasts—free to everyone. Again karma. Generosity breeds generosity.
5. **Walk our Talk.** We work hard at NOT being the bald guy selling hair tonic. Or the cobbler with shoeless children. All the interpersonal skills we teach are embraced and practiced “at home.” We are nowhere near perfect, but we are pretty good at candor, curiosity, accountability, and appreciation. You won’t find us blaming each other, or keeping secrets, or withholding feedback. When we do mess up, we’re willing to own it and learn from it. We practice progress over perfection.
6. **Trust, Confidence, and Anonymity.** We are very conscious about establishing and maintaining trust with our clients. From the get-go, we assure them that we will maintain confidences and in survey work will promise anonymity to all participants. In this way, FCG collects very candid information from clients so that we can deeply understand their reality. When we gather written responses from clients, we run it through AI to see if there is a bias towards “polite and cautious” vs. “honest and open.” Invariably, AI tells us that the responses seem genuine, not guarded. And when we collect data in a roomful of people, we use our “clickers” which allow them to respond anonymously and which encourages honesty. Some of our most helpful and powerful consulting work occurs when we ask a team to weigh in on the “big three” team factors described above: purpose, right team members, and trust. Clickers inspire honest answers. We’ve been in team offsites where one or more of the big three gets a clear thumbs down. This honesty allows us to roll up our sleeves and partner with leaders and their team to address the issues.
7. **Depth of Participation.** A big part of FCG’s uniqueness is that we push leaders for inclusion. Whether the engagement involves compensation, succession, or strategy, we propose working with all the relevant stakeholders, not just a few leaders. This technique is contrary to most consulting work where the consultants work behind closed doors with leaders to arrive at solutions. When FCG engages in rewards work, we meet with all the people who will be affected by the outcome. In this way, after the discussions and negotiations are concluded, there is general buy-in to the approach and therefore higher engagement by staff members. They were a part of creating a fair, transparent and simple solution. I think the non-participative approach that is still common is left over from the military and “old” business model of command and control. There is a fear that doing it the FCG way will let “the prisoners run the asylum.” Leaders fear, “we’ll lose control!” But that doesn’t happen. Leaders retain what we call “decision rights.”



Leaders make the final call on what is approved. But by running an inclusive process, leaders gain the trust and respect of their team members. And best of all, at year end when bonuses are paid, participants don't complain because they helped design the process!

8. **Four Eyes.** Another deep principle that FCG employs is collaboration. Shocker, eh? We always assign two people (four eyes) to an engagement because one person, left alone, will bring their own biases to an engagement. Two or more FCG consultants working an engagement will be in continuous dialogue with each other about what they see and hear. Two heads are definitely better than one.
9. **Genius.** Another guiding principle is our practice of playing to people's genius qualities: the talents and abilities in which they are uniquely gifted. We continually ask our colleagues, "are you passionate about this assignment?" No one at FCG is asked to do work that is only marginally interesting to them. Our lead consultant on rewards is masterful at it and loves it. And to satisfy the "four eyes" rule, he'll work with an FCG consultant who also has passion for it.
10. **Purpose.** Our team is deeply committed to helping investment leaders build great places to work and ultimately improving investment returns. We recognize that what our clients do can impact the wealth and lives of thousands of people and are honored to work with them. Each of us approaches our mission in slightly different ways, depending on their genius, but the underlying motive is the same: to be helpful. No one is in it just for the money. (Although we have nothing against money!) In fact, several team members could retire tomorrow. But instead, they remain happily employed in the pursuit of helping. The work is fascinating, the clients are engaging, and the team camaraderie is joyful.

Okay, so those ten intangibles describe the secret sauce that FCG uses to help clients succeed. If you made it this far, then I'll pick up the check for our coffee and Danish.

And if the stadium fans are waving their lighters and chanting for an encore, I would offer this: FCG has developed diagnostics over the 25 years to measure the unmeasurable: behaviors like trust, culture strength, leadership and team effectiveness, and a host of other "soft" skills that are vital to success. Peter Drucker uttered the famous dictum: "What gets measured gets managed." A data driven industry wants data, so we found ways to offer it. And while AI is already helping us to provide accurate and insightful data, it won't replace the hands on, personal touch that FCG brings to every assignment.

Thanks for hearing me out on a brief history of FCG's greatest hits. Reach out with any questions or follow-ups. We're here to help. Hopefully for another 25 years.



FOCUS
CONSULTING GROUP INC.

OUR MISSION

Helping your firm succeed by strengthening culture, strategy, and talent.

OUR APPROACH

We partner with our clients, using a hands-on, data-driven approach, to influence the change that allows them to add value to all stakeholders.

OUR EXPERIENCE

For twenty-five years, Focus Consulting Group has served as a strategic partner to investment managers worldwide, helping firms develop and maintain outstanding workplaces by best leveraging their talent. We use our deep industry experience to help focus on the key areas they need to succeed.

Get to know us at: www.focusCgroup.com
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OUR SOLUTIONS

LEADERSHIP: *Increasing leadership effectiveness holistically: self, team, firm*

- Executive and management coaching and change management
- 360-assessments for strengths, weaknesses, blind spots and development
- Team assessment, diagnostics and development plans

CULTURE and ORGANIZATIONAL EFFECTIVENESS: *Building a high-performance culture and firm*

- Culture analysis, diagnostics and debrief
- Customized programs to develop and/or strengthen culture to attract and retain talent
- Assessment and initiatives to support a firm's ability to operate as a high performing organization.

MANAGEMENT DEVELOPMENT: *Developing managerial effectiveness in office, virtual, and hybrid environments*

- Assessing management talent across the organization
- Individual and group coaching
- Learner centered approach development programs
- Applying fundamental management tools and techniques for team success

EMOTIONAL INTELLIGENCE (EQ): *Increasing leaders' understanding of key individual and team motivators*

- A deeper comprehension of a leader's style, preferences and approaches
- Clarity of a leader's strengths and derailers
- Applied EQ in leadership for greater success

COMPENSATION, REWARDS, AND INCENTIVES: *Designing plans that are fair, transparent, and simple*

- Assess current plan relative to current market practices
- Discovery of current and preferred reward philosophy
- Design plan balancing extrinsic and intrinsic elements that supports a firm's unique culture and strategy

STRATEGY: *Helping your firm achieve its Vision of Success*

- Diagnose current state leveraging our industry experience
- Develop plan that address needs of key stakeholders
- Leverage tools to clarify responsibilities and monitor progress

SUCCESSION: *Creating clear transitions in both ownership and leadership*

- Equity and ownership succession transitions from generation to generation
- Developing a talent pipeline through a talent review
- Design and implement plans that create buy-in from stakeholders

TALENT MANAGEMENT: *Managing the three C's approach: competence, contribution and criticality*

- Developing plans to increase performance and retention
- Identifying talent gaps and creating development paths
- Improving performance through effective feedback process

WORKSHOP DESIGN AND FACILITATION: *Working together to advance strategic priorities*

- Skill development in a team setting (in person or virtual) focused on improving individual, team, and/or leadership effectiveness

COMMUNICATIONS: *Boosting the impact of messaging for leaders, teams and client-facing professionals*

- Enhancing presentation skills by leveraging individual style
- Utilizing communication to strengthen organizational messaging and client and prospect relationships