



Want to be an Asset Mgmt CEO? Sharpen Your Social Skills

Industry leaders are increasingly expected to speak out publicly on social issues. Internal communications have also taken on heightened importance in the era of hybrid work.

By Dervedia Thomas | July 12, 2022

Asset management firms are increasingly emphasizing softer skills when searching for CEOs and other C-Suite executives, as the pandemic and a wider focus on corporate responsibility has accelerated the need for effective communication.

Firms are looking for senior-level candidates who are “authentic leaders,” said **Paul Ciancarelli**, a partner at executive search firm **David Barrett Partners**. This involves assessing whether candidates are active listeners, empathetic and can empower employees to become the best version of themselves, he added.

“Because it’s a competitive market, firms are really pushed to be on their A-game and put their best foot forward when recruiting for talent,” Ciancarelli said. “The pandemic exacerbated some of these things because everyone was working from home. In order to be productive, in order to get people to communicate, for projects not to skip a beat, for hiring to be executed upon, for strategic initiatives to be carried forward, it required a special type of leadership to lead through change in a remote setting.”

During the pandemic, leaders have had to communicate frequently and spontaneously. **Wellington Management** instituted a program called “ask me anything,” and other forums in which employees could question leaders, the firm’s CEO and managing partner, **Jean Hynes**, said at the **Investment Company Institute’s** Global Leadership Summit on May 25.

“No question is off limits – they’re not staged questions,” she said. “I think [that] has brought a level of communication and transparency.”

In addition to communicating internally, leaders have also had to speak publicly on societal issues, said **Shawn Lytle**, head of the Americas for **Macquarie Group**, at the ICI conference.

“What it means to be a leader in our industry has clearly evolved,” he said. “We’ll be called on in our communities to be leaders to a greater extent than ever before – how is your firm responding to workplace flexibility and hybrid work? How did you publicly react to the war in the Ukraine? How did your company respond to the murder of **George Floyd** and the Black Lives Matter movement? How did your company continue to engage on the me-too movement? Where does your company stand on climate change? Are you working with nonprofit organizations to strengthen the local communities? The days are gone... when our companies can focus on markets and investment performance and nothing else.”

Though the pandemic accelerated the demand for effective communicators, this skill has been in demand over the last decade.

A **Russell Reynolds** and **Harvard Business School** analysis of 5,000 anonymized C-Suite job descriptions, across sectors, revealed that between 2000 and 2017, references to strong social skills increased by almost 30%, while mentions of proficiency managing financial and material resources declined by almost 40%.

In the asset and wealth management spaces, hiring priorities shifted away from finance skills possessed by actuaries, bankers and corporate treasury managers in favor of candidates with investment acumen, and then to client-facing distribution skills, including sophisticated chief marketing officers, according to a June 2019 hiring market commentary from **Wilbanks Partners**. Before the pandemic began, another shift was underway toward technology, finance, quantitative analysis and processing skills across all functions, according to the note.

The desire for good social skills in C-Suite roles comes in addition to the broader set of capabilities the industry is now demanding, said **George Wilbanks**, founding partner of executive recruitment firm Wilbanks Partners. But the right social skills differ by company. Some data-driven firms and hedge funds have more of a “confrontational” communication style, while at other firms, the ability to listen well “is prized above all else,” he said.

In 2020, 77% of new CEOs in S&P 500 companies were promoted from within, according to an analysis from executive search firm **Spencer Stuart**. Thirty-eight percent were promoted from the chief operations officer role, 36% previously served as CEOs of large divisions within a firm, 9% were former chief financial officers and 5% were appointed from one level below the C-Suite, the study shows.

Candidates in these roles have had the opportunity to hone their communications skills in different ways, said **Claudius Hildebrand**, head of **Spencer Stuart**’s CEO data and analytics team. For example, divisional CEOs are exposed to “complicated stakeholder management externally [and] internally,” including having to manage competing views, he said. CFOs go through “tremendous communications training,” as they lead quarterly earnings and annual earnings calls, but these executives would have to seize more opportunities to inspire staff and serve as role models, he said. COOs have experience overseeing a wide range of functions but should work on extending their followership, leading with vision and communicating their mandate, he added.

Positions that Launch CEOs

COO and divisional CEO roles were the most popular backgrounds for newly appointed CEOs in 2020, according to an analysis of S&P 500 companies.

| Position | Percentage of CEOs promoted from this role |
|-----------------------------|--|
| COO | 38% |
| Divisional CEO | 36% |
| CFO | 9% |
| One level below the C-Suite | 5% |

Source: Spencer Stuart

“It’s the ability to not only communicate, but also to an equal part to listen, and having a high level of self-awareness – recognizing yourself and then adjusting as needed,” he said. “These are fundamental elements of any CEO today that may not have been required to the same effect in the past.”

Employees who are at a rung below the C-Suite don’t typically have exposure to the complexity of issues a divisional CEO faces, but they still have a shot at the top spot, said Hildebrand. Additionally, the Spencer Stuart analysis shows that CEOs coming from this role, which the study calls leapfrog CEOs, were most likely to outperform chief executives with other backgrounds.

“Leapfrog CEOs grow up a little bit deeper in the organization, ... they have their finger on the pulse... they might speak the language of the organization, ... so they can develop this intuition to address a group,” he said. “The reason they get promoted from one level below is the tremendous potential there – the hope that they drive change in the organization, that they energize a business, that they bring a new perspective because they also tend to be a little bit more agile. When you think about your succession, you will want to weigh not only the person’s capacity and capabilities and experience, but also the context of the transition, the context of the organization, the strategy that the organization is pursuing as well as the future vision of the business.”

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