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How Leadership in the Funds Industry Needs to Change



Resetting for performance that is sustainable:

Covid-19 has uncovered some uncomfortable truths, particularly in the West. If we had seemed in recent decades to be immune to the disasters that have beset other countries – floods, famine, civil war – this disease has exposed our vulnerabilities.

The consensus now is that as we start to convalesce, we must 'build back better'. Founder and executive Chairman of the World Economic Forum Klaus Schwab has called for the world to 'act jointly and swiftly to revamp all aspects of our societies and economies.' Deloitte has highlighted the de facto changes to the social contract brought about by Covid 19, and the need to evaluate what these might entail.

A work and mindset revolution

The move to all but universal white-collar working from home has contributed to a profound shift in people's relationship with their work. More flexibility in time management and greater opportunity –or even obligation– to interact with your children have made any return to the rigidities of the daily commute and the office routine an unwelcome prospect for many. Despite employers' misgivings about working from home, their fears have not been realised. According to a survey by Internet provider TalkTalk,[1] over half of respondents reported that they had been more productive working from home – and their bosses agree: 30% of respondents agreed that their staff had been more productive, and 35% that they had been more collaborative. But what about younger workers and those new to a workplace? It's not so easy to onboard and train up staff in the absence of a physical focus point for corporate culture and expertise, and of colleagues modelling the required expected business behaviours. And yet research suggests that many people are looking to change jobs, and that this is seen as an advisable move as we come out of the pandemic.

As we begin to move out of lockdown, expectations will be high. Danah Zohar, expert on complexity and management, outlines the problem: 'The Chinese economy is the only economy in the world that's growing right now, whereas all the Western economies are shrinking and on the edge of depression. But how do you change an entire culture's mindset?'

Leaders in all sectors have a contribution to make to this effort, and an internal focus on mutual gains will be a winning strategy for businesses.

Whether you look at Generations X, Y or Z, it's clear that they demand more from work than stability and security, and if anything this feeling has been intensified by our unforeseen encounter with our own fragility. Even way back in the pre-Covid era, in December 2019, Forbes had identified a number of factors that millennials saw as essential for fulfilling work, including, unsurprisingly, work-life balance, but also, crucially, the consideration and respect not only of their peers but also of their seniors.

Their advice? 'Put an emphasis on training your leadership and managers.'



[1]Charley Ross, The Independent, 17 September 2020



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Perhaps someone should have mentioned this to KPMG, who last month found its teams up in arms at an exhortation from UK chairman Bill Michael to 'stop moaning' in response to their concerns about possible pension cuts and the use of a 'forced distribution curve' to measure staff performance.[2] All these are factors which the financial services industry may want to ponder, given their direction of travel in recent years: increasingly centralised decision making, the relentless requirement to meet targets, and ever more stringent cost-control. If proof is needed that millennials view the financial services industry with some mistrust, you need look no further than the recent Gamestock fiasco/triumph (depending on whose perspective you view it from). 'Investors' took their cue from Reddit rather than from the Wall Street Journal to set themselves collectively against some mighty hedge funds, in what some see as payback for 2008.

Sources in the industry are telling us that a number of asset management firms are focusing on 'higher growth, ambitious adviser platforms, savings and wealth and strategic partnerships.'[3] In order to achieve this, many of the leaders have been asking their management teams to engage with the employee workforce in a more inclusive and collaborative manner.

There is a distinct danger, that, unless some asset managers are willing to offer the same type of work ethos as the big tech companies, they will find to their detriment that they are losing their best talent to these companies. This is about more than colourful beanbags and free M&Ms; it's about recognising the individuality, creativity and commitment of teams.



[2] Madison Mariage, Financial Times, 21 February 2021.

[3] Chris Flood, Financial Times, 31 January 2021

The changing culture of organisations

Just as in retail Covid has accelerated the switch to online shopping. In organisational culture it has stepped up the pace of transition moving away from a command-and-control model. It's twenty years since Daniel Goleman's research established that the most effective leaders used a range of styles to steer their people and their organisations to success. In assessing the effectiveness of his six identified styles of leadership, Goleman showed that both the coercive and the pace-setting styles were likely to have a negative effect on an organisation.

Looking around, though, it's clear that adopting his approach has, at best, been patchy. The past decades have been punctuated by the failures to have emerged from a rigid, target-driven culture, with perhaps the most notorious resulting from the public sector in the form of the Windrush scandal, when Home Office staff, desperate to meet deportation targets, unlawfully pursued those who apparently offered the prospect of quick wins.

Nevertheless, the tide has been turning towards a more 'cultivate and collaborate' style. As noted, the big tech companies have led this charge, perhaps understanding that the best way to stoke the creativity of technophiles, and earn their loyalty, is to provide a freewheeling environment in which autonomy fosters effective problem solving and imaginative thinking.

The tech-inspired, Lean and Agile ways of working, have further embedded this approach, relying on small, flexible teams in which the usual hierarchies have been eroded to innovate on the basis of their own expertise and inspiration as well as at the client's behest. It's understood that experimentation and innovation entail constant failures from which you learn and progress, so no one lives in fear of failure.

Even the US Army received the message. Though it's well known that millennials feel they should change jobs at least every three years, those in the army tend to stay. Senior army personnel put this down to 'interdependent leadership', with its emphasis on collaboration.

Leader as Coach

Companies are always encouraged to nurture their talent, but what does this mean? At its most basic, it means, not neglecting the people who are an established part of your organisation. The last thing you want is people to leave your workplace because they can no longer see the benefit in remaining there.

What's more, they no longer perceive the benefit solely in terms of themselves. The pandemic has revealed the true value of formerly disregarded groups and occupations. Carers might be grossly underpaid, but no one can doubt the importance of their mission.

Those working, or considering entering the realm of financial services, will want reassurance, that even in the context of profits and competition, values will hold firm, and hence their personal integrity is respected. They will look to a leader who visibly espouses and rewards openness and challenge, to provide that reassurance.

One of the leadership styles that Goleman identified as having a significant positive impact on an organisation was 'coaching leadership', which he described as a style focused on helping people for the future and developing empathy and self-awareness.

If this style of leadership is not adopted by organisations, more regularly, it's because there is pressure to get stuff done, and get it done quickly. Without a doubt, developing people takes effort, but overall the improvement in team performance is commensurate with the time and energy that is put into it. So how can leaders embrace this more person-centred approach?

The solution proposed by the Henka Institute™ is to consciously develop a leadership practice based on connection, cultivation and collaboration.[4]

[4] Henka means change and transformation in Japanese, but more specifically has a nuance of 'having the power to make the invisible visible', leading to a more integrated perception of an organisation overall and of the individuals who are part of it.

In large part, this requires a deliberate and conscious effort to refrain from automatic advice giving. It requires to stay curious a little longer and support individuals and teams to find their own solutions or co-create them.

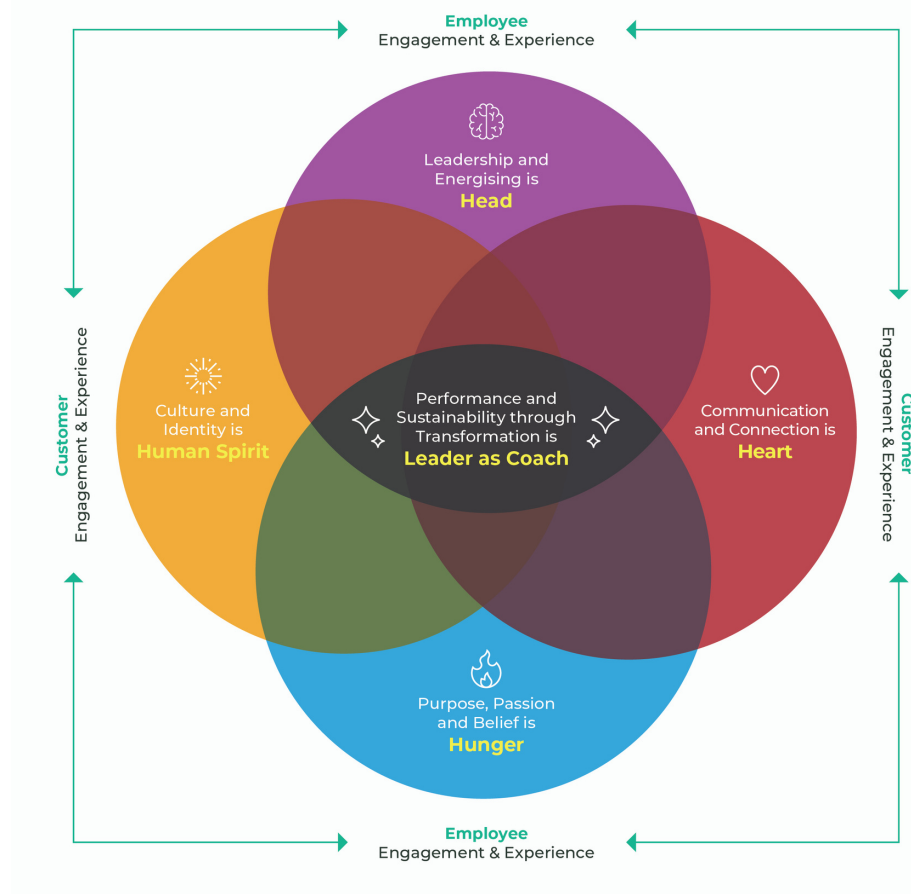
People are much more likely to action and follow-up on 'their' solution rather than one imposed on them. However, this does not imply that advice is never given, just that individuals and teams have the surprising ability to figure out the way forward for themselves when given the chance.

When leaders behave like coaches at every interaction with their organisation, command and control give way to collaboration and creativity. Blame gives way to feedback and learning, and external motivators are replaced by self-motivation. Barriers fall, teams build, and change is no longer feared, but welcomed. Short-term fire-fighting reactions are superseded by longer-term strategic thinking.

What the Leader as Coach aims for, and with guidance and practice achieves, is engagement of the whole person by addressing all aspects of their identity, as shown in the Henka Model, with Leader as Coach at its core:

- Head, through energising them and allowing them a degree of autonomy
- Heart, through positive connections and communications across the organisation
- Hunger, through harnessing the individual's passion, belief and sense of purpose.
- Spirit, through a stimulating organisational culture that resonates with their identity and values

This holistic approach, which has been created through years of development and refinement, is transformative both for the individual and for the organisation, and it is able to sustain continuing and responsive change.



fts global's 8* 'C's of high team engagement

1. **Conversations:** Bearing in mind that 75% of 'business' is transacted through conversations, make sure that your conversations with your teams are meaningful, powerful and structured, to advance mutual interests.
 2. **Connection:** Listen at a deep level to identify a wealth of strength and possibilities – to be heard is to be respected.
 3. **Consciousness:** Find enough space for yourself and your teams to allow your subconscious thoughts to permeate your conscious mind for maximum creativity.
 4. **Clarity:** Use coaching as a means to focus on one issue at a time and separate fact from feeling and constantly seek harmony between the two.
 5. **Challenge:** Reject the comforts of the status quo by encouraging scrutiny of your organisation's assumptions, habits and traditions.
 6. **Choice:** Expose limiting beliefs and identify more ambitious possibilities for change.
 7. **Confidence:** Believe in what you, your team and the organisation are good at and the positive impact you can make.
 8. **Courage:** Trusting your gut to let go and make changes, requires a courageous act of faith.
- * Underpinning all the rest of the Cs is Curiosity – the magic pixie dust that fuels impactful leadership, driving ahead on all fronts with the questions 'why?', 'what?' and 'how?'

In a competitive world, leaders are under pressure to deliver value: to be innovative, visionary and demonstrate the right behaviours to move their organisation forward. For this to happen, it's essential that organisations adopt and embed a coaching culture.

fts global seeks to facilitate the development of the 'Leader as Coach' who can bring about these changes. Transformation can only really be achieved by grooming future shapers, who use the power of coaching, to unveil new insights, while maintaining the core values that make each business unique.

Covid has shown us the potential for people to work anywhere in the world, and financial services has the scope to attract the best people from across the globe.

However, to ensure that they are more alluring, they need, as an industry, to develop a coaching-oriented leadership that is up there with the best.

