



FOCUS CONSULTING GROUP

## THE “SAME PAGE” CHALLENGE

Jamie Goodrich Ziegler

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“The single biggest problem in communication is the illusion that it has been accomplished.”  
—George Bernard Shaw, *Irish Playwright*

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Last summer, the chief investment officer of a mid-sized value manager called us to discuss his concerns about the firm’s culture. “Don’t get me wrong,” he said, “I think it’s great that we’ve tripled our assets under management over the past three years. But we’ve added so many new people to support that growth – our staff size has more than doubled and we’ve opened new offices on both coasts – that I don’t know everyone individually any longer. I’m worried about how well the new people understand our culture, and whether they really know where we are going. Our culture has always been a competitive advantage for us...but now I’m not so sure.”

I listened as he told me about the firm’s founding ten years earlier, with four partners and six staff members, and how they operated in an office so small that communications were never an issue. “We just stood up and yelled over the sides of our cubicles,” he laughed. “Talk about having no privacy. But we all knew everything about every client, and we operated as a very tightly knit group. We were more like a family than a company, in those days. Now, however, we have more than 200 employees, and I barely know all their names, let alone anything about them as individuals.”

We hear this story frequently from our investment clients. A firm is founded by a handful of intelligent investment professionals who like and trust one another. With a well-thought out investment process (or sometimes just sheer luck), they produce good results, and they’re off to the races. Investment success attracts clients, which leads to growth, which supports additional



resources, and if they adhere to their process (or the stars align) and investment success continues, they attract more clients, which leads to more growth...and before you know it, the tight-knit family with one superior product has turned into a mid-sized (or even large) business with more than 100 people, organized into divisions, with multiple products and services for a spectrum of markets, working from regional – or international -- locations and suddenly dealing with communications issues they never dreamed of during their cubicle days.

The common response to these issues? Well, join me in our subsequent meeting with the CIO, his CEO and the other senior leaders of this firm, and you'll see firsthand why communications can be the Achilles' heel – or a competitive edge – for investment firms.

We started our conversation as we typically do, by asking the CEO about his vision of success.

“My vision is simple,” the CEO stated. “It’s to reach \$20 billion in AUM by 2010, increase our market share in the institutional business by 25% and grow our high net worth business at the rate we’ve been achieving over the past three years. We will continue our U.S. expansion in the wealth market by opening five more regional offices, and we will begin our international expansion by establishing a London presence. Throughout all of this, we will adhere to our investment style no matter what the market conditions are, which will contribute to maintaining our top decile ranking for three year performance for our cornerstone products.”

That seemed pretty clear to us. But was it clear to all the staff members? So we asked the CEO whether he thought all the employees understood this vision. He responded with a frown, “Of course they understand my vision. I talk about it all the time.” Then he looked around at his senior staff, and said, “Yes, I’m sure they all know we’re going.”

The other leaders said nothing. There was a knock on the door, and the CEO was called away to take a pressing client call. After the door closed, the rest of the leaders looked at each other uncomfortably. Finally, the CIO cleared his throat, leaned toward us and said, “No, they don’t. They don’t understand his vision at all. Particularly the new people. He thinks he talks about it all the time, but he’s really only talking to himself, and a few of us about it. But he blows up if we point that out, so we don’t say anything about it to him anymore. And that’s the problem.” The other senior leaders nodded in agreement.

This example aptly illustrates the various levels upon which communications issues can be found within an investment firm. The first level identified by the CIO – that the ranks didn’t understand the vision – indicated a weakness in the communication loop between the leadership team and the rest of the staff. We see that fairly often with rapidly growing firms, because senior management efforts are typically focused more on managing the investment process or on building client relationships, rather than on managing – and communicating with -- a growing staff.

However, the larger a firm grows, the more time the senior leaders need to spend with their teams, across all functions, to ensure that everyone is pulling in the same direction. David



Fisher, chairman of Capital Group, knows this well. With more than 9000 employees in 19 locations in seven countries, Capital Group has cultivated a culture that focuses heavily on the team members. “After all,” Fisher points out, “this is a people business. We want to attract, retain and motivate talented people so we can provide our clients with the best experience possible.” And implicit in this people-oriented culture is world-class communication. Fisher stays in touch with his large group by spending a significant amount of his own time -- roughly 75% -- internally. He and his senior team travel to their different locations regularly, using in-person meetings, retreats and other face-to-face forums to keep communications flowing freely. They supplement in-person meetings with technology tools that include video-conferencing, daily conference calls and, of course, e-mail, though Fisher is quick to point out that e-mail is never used as the primary tool for conveying sensitive information. “Key messages need to be discussed in person,” he explains.

So if one of the largest investment firms in the world has a handle on the communication challenge, why do so many smaller firms struggle? We believe it often has more to do with mindset than method, though both are important -- and this brings us to the second, and more troubling, communication issue we observed for our mid-size value firm -- the interaction of the senior leaders with one another. First, the refusal by the CEO to listen to the feedback from his leadership team about whether his vision was understood by everyone indicated that, on this issue at least, he was closed, rather than open and curious. This was a red flag for us, because the ability to listen openly and non-defensively is critical, especially for the person at the top. Good listening is the “receiving” half of the communications equation. Without it, even the most accurately sent message will wind up as an incomplete pass.

On the “sending” side of the equation, we noted weaknesses there as well, as illustrated by the lack of candor among the senior leaders. Their unwillingness to directly challenge the CEO about whether his vision was understood was also contributing to the problem. The other leaders appeared to be more willing to talk “about” the CEO after he left the room, rather than “with” him while he was in it.

We find that, unfortunately, this type of unhealthy dynamic feeds upon itself if it’s not addressed, as poor listening by the leader typically breeds a lack of candor among the rest of the staff, which breeds more poor listening, and more lack of candor. The result can be a passive-aggressive environment where trust levels are low and communication is transmitted among the troops informally via “gossip” rather than by direct and healthy dialog. In this type of environment, the leader is often cut off from the true communication, thus losing some of the most important sources of feedback and information. And without accurate information, the leader may end up making decisions that are suboptimal – or even downright disastrous, like the emperor in his “new clothes.” (Trust us on this one. If you haven’t seen it happen, we can tell you that it’s not pretty.)



## THE ART OF CLEAR COMMUNICATION

Our example above focused on common issues we see in internal communications for investment firms. But the same issues often surface in external communications -- with clients, consultants, third party distributors, and the media -- as well. That's not surprising, since the same skill set is involved in the art of clear communication, regardless of the audience.

So what are those skills? We touched on two of them in our example – openness and candor – which, along with relationship orientation, awareness and appreciation, are the building blocks of clear communication.

Messaging and method are also important; because how the message is framed and the manner in which it's delivered will also have an impact on how well it is received.

So let's take a look at the role each of these skills plays in addressing the communications challenge.

### *Relationship Orientation*

The first, and most important, competency of world-class communication is having a positive, and genuine, relationship orientation. Jon Hunt, chief operating officer of Convergent Capital Management, LLC, has a good perspective on this, given his role in working with the leaders of eight investment management affiliates in 14 offices across the country, preceded by nearly twenty-five years in a variety of leadership roles at Northern Trust. Hunt points out, "Communications improve significantly when the players are approachable, have empathy and show the ability to really listen." Ginger Lapid-Bogda, Ph.D. and author of "Bringing Out the Best in Yourself at Work" (McGraw-Hill, 2004) agrees, ranking the ability to create positive relationships as one of the top competency components to becoming an excellent communicator. She defines this competency as "being approachable, making time for people, and putting others at ease; being warm, gracious, open and non-judgmental; showing empathy, having personal credibility and integrity based on congruence between action and words; demonstrating respect for diversity of thought, style, culture, skill sets, and perspectives, relating comfortably with people from diverse demographic groups and various levels; and generating trust by honoring confidences and being honest."

Now, does this sound like your typical investment professional? Perhaps some parts. But the aspects of "being approachable, showing empathy, and putting others at ease" are not usually part of an investment professional's DNA. In fact, many investment professionals would see such a relationship orientation as a sign of weakness. However, in the best performing firms, we actually do find that on display – and most often modeled by the people at the top. And in terms of world-class communication, a relationship orientation literally opens the door to the natural flow of information that is the lifeblood of any human organization, and thus, represents a competitive advantage to those who decide to master it.



## *Openness*

Once the door is open, being curious about the new information that comes in – particularly if it is at odds with what one believes – is another important requirement to becoming a world-class communicator. It's also the number one predictor of success for leaders, according to the Center for Creative Leadership in Greensboro, North Carolina. Openness is the listening – or receiving – half of the communications equation, and it is another skill we often find overlooked by investment professionals. As Jon Hunt points out, “Listening is the most important – yet most underappreciated – aspect of communications. Most people are busy doing one-way communicating, and few people stop to really listen.”

We see this often when we first begin our work with investment teams, particularly if the topic at hand is controversial, emotionally charged or if the stakes are high. While one team member is sharing his or her point of view, the others are comparing what's being said with their own beliefs about the matter, and if it doesn't align, they begin planning their responses before the first team member has even finished saying all he or she has to say. (My partner, Jim Dethmer, refers to this as “reloading.”) When this happens, the true meaning of the first message is often missed.

One antidote to this problem is active listening. As Mellody Hobson, president of Ariel Capital Management and Good Morning America's financial contributor, notes, “It's critical to be an active listener, with the goal of truly understanding the other person.” Active listening means suspending your own beliefs and judgments, and focusing all your attention on the speaker, to improve your understanding. An important step in active listening is checking back with the speaker to ensure that you really “got” the message. “When we have our team mates practice this with one another, they are often surprised at how often they ‘miss’ the intended message,” Hobson says. “They sometimes need to hear it several times before getting it right.”

Openness may not come naturally to many investment types, yet it can be learned, practiced and mastered. One of the most useful related skills is learning to seek and listen to feedback. And along with that, it's important to learn how to recognize if the feedback triggers defensiveness (because some of it will), and then shifting from defensiveness to openness quickly. This is a skill that is not gained overnight, but with ongoing practice, we've found that even the thickest-skinned investment types can learn to be better listeners. And the payoff for doing so can be significant. As Warren Buffet, chairman and CEO of Berkshire Hathaway advises, “Continually challenge and be willing to amend your best-loved ideas.” And the only way to do this is by hearing -- and really listening to -- different points of view.

## *Candor*

Candor is the “sending” half of the communications equation. Having a candor mindset means being willing to tell the whole truth – without withholding. It also means knowing the difference between opinion and fact, and holding your opinion lightly. A third dimension of candor – and the one most frequently misunderstood – is being aware that there is always more to the picture



than meets the eye. Thus, if you have mastered candor, you are committed to sharing what you know openly and non-defensively, in the belief that what you have is only one part of the story, and by combining everyone's story, you'll have the most complete picture of reality. Michelle Seitz, Head of Investment Management at William Blair & Company, is well-regarded by her team for her commitment to candor. She understands the importance of getting the complete story, remarking, "The power and nuance of communication can be vastly underestimated, especially in an intellectual capital business like investments. As a leader, it's critical to keep your communications open and clear, and that your team members do the same, so you can assess reality clearly."

### WORLD CLASS DISCUSSION MODEL

The relationship between candor (sending) and openness (receiving) is an important determining factor in the quality of a team's overall communications, as well as a good indicator of the type of culture that has been created. The accompanying model, developed by my partner, Jim Ware, illustrates the four basic communication cultures we find most often among investment firms, as well as a fifth culture, which we consider to be world-class, and have found in only a handful of firms. In this model, the x-axis is openness, or receiving, and the y-axis is candor, or sending. The four resulting communication cultures are:

**Fear-Based:** Groups with low levels of candor and low levels of openness tend to experience high levels of fear, so we call this the fear-based culture. Here, we find a concentration of people with "victim" mentalities, where they believe themselves to be helpless, and unable to speak up for what they want, because of the low level of openness in the culture. People operating in fear-based cultures tend to become cynical and closed, even to new ideas that could improve the situation. As a result, they often exhibit passive-aggressive behavior, which clearly undermines decision-making and productivity. In our survey work, we find firms in this quadrant tend to have the highest overall levels of sludge (non-constructive values and behaviors), with specific sludge values that include gossip, defensiveness and blame. This group also exhibits the lowest levels of trust of all types. Fear-based firms also, unfortunately, are the least likely to succeed over the long-term (and even the near-term, in some cases), unless direct and focused changes are made to improve the unhealthy dynamic.

**Aggressive:** In an aggressive culture, openness is as low as in a fear-based culture, but candor is higher. That means that although people are willing to "send" their messages out, they are not willing to really listen to one another. And when a sender isn't being heard, it's human nature to turn up the volume, which results in more aggressive behavior. Here we often find intimidation used as a tool to persuade, thus producing the "villain" drama persona. The result is a win/lose mentality, where the sender appears to seek to win at the expense of the others. Firms that are identified as having this type of culture tend to exhibit above-average sludge values, with blame surfacing as the number one non-constructive value. Unlike fear-based cultures, aggressive cultures have a better chance of longer-term





survival, but the cost is often higher levels of staff turnover due to higher levels of job-related stress.

**Receptive:** In a receptive culture, candor (sending) is low, but openness (listening) is high. That implies that people are willing to listen to other points of view openly and curiously, but are not willing to share their own opinions completely. Here we typically find polite and well-mannered exchanges that don't really address the true issues because of high levels of withholding. We often find receptive cultures in large organizations, including banks and insurance companies, where it may be more important, from a political standpoint, to be supportive of senior management decision-making than to challenge it. In our survey work with receptive firms, the most common sludge factors we find are gossip, reactive, bureaucratic/territorial and slow-moving. These cultures sometimes exhibit above-average levels of loyalty to – and among -- long-term staff members, (sometimes unrelated to their perceived relative contributions) which can, unfortunately, serve to de-motivate other staff members. Thus, receptive organizations sometimes have lower overall staff turnover, but also suffer from lower levels of creativity and energy, and greater difficulty attracting top investment talent.

**Competitive:** When candor and openness are present but not fully mastered, we find cultures that are higher-functioning than the first three, with a debate orientation and full engagement among team members. Sludge levels tend to be lower, trust scores tend to be higher and decision-making is usually faster, thus improving the chances for superior performance. However, because the highest levels of candor (speaking in a non-threatening way, yet still open and revealing) and openness (listening with the intent to learn, and depersonalizing the discussion) have not yet been reached, the tone of the discussions is more competitive than collaborative. Many investment professionals are highly comfortable in this type of environment, and teams that operate here tend to have below-average staff turnover and a solid ability to attract top talent.

**World-Class (Collaborative):** If you have the good fortune to work in what we define as a world-class culture (or have had the opportunity to visit one), you will find an environment that is distinctly different than the previous four. These elite firms experience very little sludge, enjoy high levels of trust, have speedy decision-making, and not surprisingly, often have superior long-term track records. Turnover is very low, and talent attraction is a non-issue. As employers-of-choice, these firms have their pick of talent pool, and tend to be very selective about finding individuals who are not only skilled in their roles, but also are good cultural fits. Their team members typically have high levels of energy and creativity and, with a win/win mindset, tend to have lower than average levels of stress. (In fact, if you walk through the hallways of these firms, you'll often hear a lot of good-natured laughter coming through open doors, in sharp contrast to the fear-based environments where the only laughter is usually sarcastic and done behind closed doors.)



### *Awareness*

Awareness is important to world-class communications at several levels. Daniel Goleman, author of *Emotional Intelligence*, describes awareness in an emotional competence framework, which includes both personal and social awareness. These skills determine how well we manage ourselves, and how well we handle relationships, and thus are critical components of a communications mindset. Specifically, self-awareness means knowing one's internal states, preferences, resources and intuitions. Social awareness means understanding others' feelings, needs and concerns. In the world of investments, where facts are typically valued more highly than feelings, awareness is often a missing ingredient that can add significantly to a team's ability to communicate well and thus improve their chances of winning in the game.

However, that is beginning to change at some investment firms, where leadership teams see the value in understanding what motivates people to do what they do. By using tools like the Enneagram personality system and the Myers-Briggs Type Indicator, team members can learn to understand their own personal operating systems better, as well as how to optimize working with others.

We find the Enneagram system particularly helpful when it comes to identifying communication strengths and areas for improvement. The nine-point Enneagram system dates back more than 2000 years and suggests that there are nine basic world views, with related patterns for feeling, thinking and communicating associated with each one. These types are known as the Perfectionist, the Helper, the Achiever, the Individualist, the Investigator, the Loyal Skeptic, the Enthusiast, the Controller and the Peacemaker. By identifying and understanding your own type, you can become more effective as a communicator. For more information on the Enneagram, you can refer to Jim Ware's April, 2008 column, "What Type of Investor are You?" on the CFA Institute website (<http://www.cfainstitute.org/memresources/communications/warecolumn/april08.html>).

### *Appreciation*

Having a mindset of appreciation means finding the positive in other people and in oneself. However, like openness, appreciation is among the most poorly developed skills among investment professionals. That's not a surprise, given the critical and analytical mindset that helps in the investment process. Yet by adopting a mindset of appreciation, it's much easier to build trust. And the greater the trust on a team, the faster the decision-making.

Mark Anson, president of Nuveen Investments, shows appreciation and respect for his team in a number of ways that include – and extend beyond – one-on-one expressions of gratitude. First, consider how he describes his role at the \$162 billion firm. "My job is to work for the employees, not vice versa. I focus on making sure they have the resources, the support and the structure they need in order to perform at their best." Anson spends time visiting the teams "where they live," so they know he is accessible. "I get bored sitting at my desk," he adds. (In fact, Anson spent the morning of our interview meeting – which took place in the midst





of the market turmoil in March 2008 -- sitting with the traders, to stay in close touch and lend support. Contrast that with the executives in some organizations who never leave the executive suite.) Along the same lines, after joining the senior team at Nuveen in 2007, he and the recently promoted CEO, John Amboian, moved to reconfigure their executive suite into smaller offices, turning much of the private area (with some of the most spectacular views of the city of Chicago) into conference rooms and other common space. This action of literally “tearing down the walls” between themselves and the rest of the team sends a strong message of connection and respect.

Appreciation is important in groups of all sizes, but is particularly key for teams that are growing rapidly, such as Michelle Seitz’ investment team at William Blair & Company, which has more than tripled in size over the past five years. With a team of 350 people, Seitz says that she now delegates more decision-making to her senior leaders, and thus, trust – and communication -- are more critical than ever. “When you’re growing as rapidly as we are,” Seitz says, “you have to develop trust quickly, and mutual respect is essential to that.”

Jon Hunt also recognizes the value of connection in world-class communication. He says, “When you communicate, you should engage your head and your heart, and show that you really care. If people feel genuinely appreciated, they’ll go to the ends of the earth for you.”

We believe that having these building blocks in place – openness, candor, a relationship orientation, awareness and appreciation – provides the foundation for world-class communications. But obviously, that’s not all it takes. Next comes the actual implementation, which has two elements: Messaging and method. Messaging answers the “what” question, and method answers the “how.”

#### MESSAGING WITH IMPACT

Good messaging means crafting your message in a way that makes it clear and understandable. Remember, you’re competing for shelf-space in the mind of your audience, whether that’s another teammate, a client, a consultant or a reporter, so it’s important to frame your message so it can easily be heard and understood.

First, consider your audience, and how their “receiver” is set. This is where your skill of social awareness comes into play. Do you understand your audience’s feelings, needs and concerns? Try putting yourself in their shoes as you craft your message – it will help in making the connection stronger.

Next, keep in mind that words have real power. The right words can clarify, motivate and empower. Poorly chosen words can create confusion or defensiveness.

In the sending/receiving analogy, think of the words as the ball that’s being tossed. If the ball is easy to see and easy to catch, then the sender has a greater chance of success in having the



message “caught”. On the other hand, if the ball has sharp edges or is hard to see, then the receiver will have a hard time catching it (or even wanting to!)

Ariel’s Melody Hobson know this well. She says, “World class communicating means keeping the message clear and simple, and staying focused on one key theme. I’m amazed at the jargon-laden investment world. It’s far behind the rest of the consumer products industry in terms of good communication.” Hobson credits her well-honed communication skills to her eight years as the financial spokesperson on Good Morning, America. “I learned to speak in headlines,” she explains. “I identify the most important concept, and then I say it in as few words as possible. If you can’t keep it simple, you’ll lose your audience.”

The words you choose will also depend on the type of communication at hand. Three common types of communications in business are information-based, feedback-based, and motivational. Information-based: Sharing information quickly and accurately is critical in the investment world, and here, clarity and precision are key. A clear message is one that uses precise words that leave no room for misinterpretation.

Compare: “I’ll try to get the quarter-end report out to you as soon as I can.”

With : “I will send you the quarterly report via overnight mail so that you receive it on April 6.”

Which message has greater clarity? Which one gives you greater confidence in the sender of the report?

Precise words don’t leave wiggle room for another outcome. Imprecise words (such as “trying to,” “maybe” and “hopefully”), on the other hand, are all just indirect ways of not agreeing to an action. Precision inspires confidence, while lack of precision creates doubt.

Information-based communication often revolves around agreements – making them and clarifying them. So remember that all agreements have three parts: Who, What and When. When you make an agreement, it’s important to ensure that the other person understands it, also agrees to it, and that you record it so you don’t forget it. And then, of course, you keep it! And if you see that you won’t be able to keep it, you renegotiate it with the other person as soon as possible. While all this sounds straightforward, we find that many investment professionals are actually sloppy around their agreements, which can lead to communication breakdowns, drama and stress.

### *Feedback-Based*

If you are giving feedback, especially if it’s constructive criticism, it’s important to select words that are neutral and factual, rather than subjective or judgmental. Compare the following two statements:



“You are undependable and clearly don’t care about your work.”

“I’ve noticed that you have been a half hour late every day this month and have missed your deadlines on the last three projects you did. I’m wondering about why that is happening?”

Which one would be more likely to land constructively? On high-performing teams, ongoing feedback is a way of life, and when handled well, can provide a real opportunity to clear up misunderstandings and improve relationships. We use the following clearing model with our clients to help them learn how to give and receive feedback effectively.

1. Start with your intention: “I want to clear up some misunderstanding so as to have a better working relationship with you.”
2. Assume 100% responsibility for the outcome, that is, no finger pointing or blaming.
3. State the facts (what you saw, heard, etc.).
4. Identify your feeling (choose one of these three basic ones: mad, sad, afraid).
5. Make your request (what is it that you want? You may not get it, but ask for it directly).

If the feedback receiver is a skilled active listener, he or she will listen carefully and non-defensively to all that is said, with the goal of gaining a better understanding of the situation and the feedback provider’s perspective. Easier said than done! Becoming proficient at this give-and-take process is something that requires a lifetime of practice for most people. We have yet to see anyone do this perfectly all the time. So the key is to keep working at it, knowing that sometimes it will come more easily than others.

### *Motivational*

Investment leaders at all levels have the opportunity to use their communications as a way to motivate and inspire their teams. This is particularly critical when the markets are difficult and stress levels are high. As Mark Anson pointed out in the spring of 2008, “It’s been a tough time in the market over the past few months, and no one’s having much fun. So I felt it was important to get a message out to the team that despite the market turmoil, we are the right part of the industry, and while other firms are cutting back (or worse), we are continuing to build. That way, we’ll be in an even stronger position when the markets turn around.” Anson believes that the one of his key roles as a leader is to find the silver lining and send an upbeat message to the team, while still addressing the straight facts. He adds, “That’s a skill you have to learn and practice, because it’s not taught in business school.”

### CHOOSING THE RIGHT METHOD (HINT: IT’S PROBABLY NOT E-MAIL...)

Now that you have the right foundation, the right mindset, and just the right words for the occasion, you should be in good shape to get that message out, right? Wrong. The next question you need to ask yourself is, “What’s the best method?” Is it face-to-face, or via phone, memo or e-mail, in a meeting, or in a voicemail, or on a posting in Linkd In, My Space or Facebook?



(What? You don't have a Facebook page? Get ready...that will be in your next chapter.)  
The right method isn't always the most convenient method, on the surface, but using the right method will almost always save you time in the long run. For example, if you want to give one of your team mates some constructive feedback, the best way to do so is privately, and in an unrushed manner. The worst ways to give that kind of feedback would be in a public forum, or in a one-way delivery method (via e-mail or voice mail.)

As a rule of thumb, the more sensitive the information, the more the need for an in-person, private meeting. The less sensitive the information, the more appropriate to use group forums or e-mail distributions.

At Ariel Capital Management, Mellody Hobson uses a variety of forums and methods to share information with her teammates, including:

- Weekly Status Reports from each department, distributed to everyone in the firm. (“By avoiding surprises,” Hobson says, “ We stay on the same page.”)
- Staff meetings after every board meeting, to provide a complete debrief to the entire team
- Open “office hour” every day where Hobson is available to her direct reports, for discussions that are less than ten minutes long. (Longer discussions are scheduled as separate meetings at another time.)
- Open staff meetings every Friday, where direct reports attend and present, and all team members are welcome.
- Direct reports (only) meetings for one half hour per week
- Posted agendas for Hobson and CEO John Rogers, accessible by all staff members
- Judicious use of e-mail, and the Rule of Three (if an e-mail goes back and forth more than three times, then an in-person discussion takes place.)

At William Blair, Michelle Seitz is also sensitive about which communication methods are appropriate for various situations. “E-mail can cause more harm than good,” she points out. “It should never be used to communicate sensitive information.” In fact, most of the leaders we speak with have the same view about e-mail. It can be extraordinarily useful in its speed and its scope. But for the same reasons, it can be just as harmful. E-mail guidelines can help a team avoid common e-mail pitfalls. For example, Convergent’s Jon Hunt saves his non-routine e-mails as drafts so he can review them again before sending them to ensure that their tone is what he intended. “Measure twice, cut once,” he says. He also picks up the phone and calls the other person if he believes there’s been a misunderstanding, rather than starting an e-mail volleyball series.

So given the focus on the trials and tribulations of using e-mail, we’re pleased to share here a compilation of the best advice we’ve heard. (Feel free to copy this and e-mail it to everyone on your team, with our compliments!)

Before you hit send, you should CYA:



1. *Consider Your Audience:* who they are, what they know already, what they need to know now, how they can be expected to react, questions they might have. Based on that, include as much relevant information in the message as possible.
2. *Check Your Attitude:* Are you in the right frame of mind to send an effective e-mail? If you're upset, annoyed or even rushed, take a breath and wait. Better to draft the e-mail, and then come back to it later to review before you send. And if it's a sensitive situation, don't use e-mail at all. Schedule a meeting!
3. *Clarify Your Assumptions:* Know the difference between fact and story, and let the reader know that your assumptions are simply that. This helps to reduce defensiveness from your readers.
4. *Check Your Attachments:* That's right. After you attach them, click on each one to open it, and read it through. Be sure you have the right version of the document and that the "track changes" function is turned off, with changes accepted (unless you really want your readers to see the path of changes made...) We've seen many instances when the wrong attachment is sent, which can be embarrassing in the best case, and disastrous in the worst.

#### COMMUNICATING WITH THREE KEY AUDIENCES: CLIENTS, CONSULTANTS AND REPORTERS

We've focused most of our comments in this chapter on general communication skills, and specific advice for internal communications. Much of that advice also applies to your external audiences, including clients, consultants and reporters. After all, as you've seen here, the biggest key to communicating well is establishing and maintaining personal rapport, no matter who the audience may be. But for your key external audiences, we think it's helpful to list some additional thoughts and suggestions.

#### CLIENTS AND CONSULTANTS: SIX RULES FOR SUCCESSFUL COMMUNICATION

There are six key areas that are most important in client and consultant communications, according to Kris Ford, senior consultant with Ennis Knupp + Associates. These include flexibility, recognition of "reportable events," frequency of contact, meetings with key personnel, availability for inquiries and sharing research.

##### *Flexibility*

Ford says, "Depending on client preference, we find that e-mail, phone, mailings, webcasts, and in-person visits are all important and used to varying degrees at different times." Multiple tools are critical for getting important issues communicated to consultants, as well, in a timely, direct manner, and help to accommodate consultant travel and meeting demands.

Recognition of "reportable events." "Recognizing the important events that should trigger immediate contact is absolutely critical to both clients and consultant audiences," says Ford. Consultant callers should be aware of shared clients and the kinds of events that clients and consultants want to hear about directly from the investment manager. That means really knowing what is and what is not important to your client. Changes in ownership and key



personnel are two issues that should be communicated as soon as possible (hence the need for multiple tools). Performance that falls short of expectations as well as difficult markets are also issues that should be high on the reportable event list. New products are not a “reportable event.” “Know your consultant, know your client.”

### *Frequency of contact*

Unless there is a change underway, unusual market conditions, or an event requiring ongoing communication, the need for quarterly contact other than written hardcopy or e-mail is low. Annual in-person meetings are important for staying in touch and keeping up to date with the growth of the firm. But overkill is not attractive. “Think ‘dating,’” Ford advises.

### *Meetings with key personnel*

Firms that use their meeting time with consultants to allow interaction with key investment personnel are using meeting time to their best advantage. Generally, consultants will make those meetings known outside of the specific research group assigned to the firm in order to take advantage of and learn more about the investment manager’s expertise, which translates into a higher profile with the consulting firm.

### *Availability for inquiries*

Consulting firms have, from time to time, the need to quickly update current client data or positions, gather data for search work or simply get another opinion. Investment firms that have dependable, knowledgeable staff available for these kinds of “fire drills” have an edge. Unresponsive firms leave the impression – especially during search activity – that the future will not be better and if there is a serious need for information, it will be unavailable. Competitive firms respond.

### *Research*

Sharing relevant research is helpful to differentiate firms, add to the general discussion about investments, and develop a deeper relationship with a consulting firm. Good research is useful to clients as an educational tool as well.

## REPORTERS: BUILD RAPPORT AND RESPECT THE DEADLINES

There are many benefits to establishing good relationships with reporters, and by following these guidelines, you can increase your effectiveness with this important group. First, however, be aware that not all publications – nor all reporters – are created equal. Some publications have reputations for excellent journalism and professionalism, while others...well, don’t. (During my years as chief marketing officer at Northern Trust Global Investments, I received many calls from reporters looking for industry gossip, and promising me that anything I shared would be





“off the record.” Needless to say, we always politely declined those calls, believing it was more important to only say whatever we were comfortable saying “on the record.”)


Just as it’s important to know your client and consultant, it’s also important to know your reporter contacts. The best way to get to know them is in person, over breakfast or lunch. Once you’ve established some rapport with them as individuals, you can manage your relationship just as you would any other key relationship – by staying in touch and being available.

Joel Chernoff, executive editor for Pensions & Investments, has been covering the investment management industry since 1982, and has talked to hundreds of investment firms over the past 26 years. He offers this advice, “The best relationships in my view are with senior people willing to have a healthy exchange of information, a true back and forth, where we develop a high level of trust for each other.” Developing good relations with a news outlet also means being willing to spend time educating junior reporters, being willing to provide background information and being accessible.

The accessibility point cannot be overemphasized here. It’s critical to understand that reporters work under tight deadlines, so a quick response to a call (even if it’s “no comment”) is very much appreciated. Also, offering accessibility to the right people is important. While professional media relations people play a key role in coordinating meetings, reporters want to talk to the subject matter experts when working on a story. And reporters have keen noses for smelling a sales pitch versus true information. It’s best to be candid and authentic – and your message will have a much better chance of being heard. (Does this ring a bell?)

“It’s irksome to have firms come to us to pitch their stories, but then refuse to talk to us later when they feel their story is not so glowing,” Chernoff says. “It’s so much better to have long-standing relationships with people I trust.” It’s clear that staying in touch through thick and thin goes a long way with reporters.

#### RELATIONSHIPS MATTER

So no matter who your audience is, world class communicating really comes back to good relationship building, which can be done using the skills we covered in the beginning of this chapter: openness and candor, relationship orientation, awareness and appreciation. For more information on developing and refining these skills, please see “*High Performing Investment Teams*,” (Wiley, 2003). 



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