MERCER WEBCAST
INVESTMENT MANAGEMENT CAREER PATHS IN PRIVATE FOUNDATIONS/EDUCATIONAL ENDOWMENTS

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Anna Orgera
Ilene Siscovick
Today’s Speakers

**Anna Orgera**
Partner
Mercer
+1 212 345 5041
anna.orgera@mercer.com

**Ilene Siscovick**
Partner
Mercer
+1 212 345 4760
illene.siscovick@mercer.com

QUESTIONS?

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Agenda
What we’ll cover today

- Overview of talent challenges facing the sector
- Context: Mercer research on performance management and careers
- Career path design areas and examples
- Sample process for developing career paths
- Career pathing as focal point for talent and reward programs
Key Talent Challenges Facing Investment Management in Private Foundations and Educational Endowments

• Impact of 2008 financial crisis on investment management role expectations

• Compensation programs alone are ineffective

• Private foundation/higher education work environment presents an opportunity, but also a challenge
## Context

**Mercer research on performance management**

<table>
<thead>
<tr>
<th>Area</th>
<th>Critical Drivers of Success</th>
</tr>
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</table>
| Manager Skills                   | • Elements having most impact  
  – Having candid dialog  
  – Linking performance to development planning  
  – Setting “smart” goals |
| Executives Leading by Example    | • Holding one-on-one performance discussions  
  • Having formal performance planning discussions  
  • Holding team accountable  
  • Providing regular coaching/feedback  
  • Regularly talking about performance management as a core business process |
| Calibration                      | • Calibrating all employees                                                                                                                                  |
| Technology                       | • Providing access to information; supporting a comprehensive/timely process                                                                               |

*Source: Mercer’s 2013 Global Performance Survey Report (n = 1,056 organizations)*
Context
Mercer research on career frameworks

1/3 companies have a career framework

68% companies plan to implement one

Plan to implement a new framework (9%)
Do not plan any modifications (26%)
Plan to modify their existing career framework, including linking additional talent management or rewards programs (65%)

Plan to implement a career framework
Do not plan any modifications (32%)

Career Path Design Areas
Program objectives

• Provide employees with a map to own their careers
  – What career opportunities exist?
  – Vertical and lateral progression

• Manage employee expectations
  – What experiences/skills are required for success in the role and to progress?
  – Career opportunities reflect organizational need and employee capabilities
  – Discourage entitlement mentality

• Provide managers with a tool to be effective coaches
Career Architecture
Determining the right career architecture is the blueprint to a strong foundation enabling individual growth and better business performance.

DO I HAVE A CHOICE BETWEEN A TECHNICAL CAREER OR A MANAGEMENT CAREER AT SOME POINT?

HOW MANY RUNGS ARE THERE IN THE CAREER LADDER HERE?

WHERE ELSE CAN I GO IN THIS ORGANIZATION? WHAT OTHER Functions EXIST?

WHAT ARE THE ROLE EXPECTATIONS?

WHAT is expected of me?
HOW can I get there?

CAREER STREAMS
Career type within the organization, characterized by unique responsibilities.

CAREER LEVELS
The hierarchical position of a job within a career stream. Recognizes incremental changes in job scope and responsibilities. Consistent across job families.

JOB FAMILIES/ SUB-FAMILIES
Generally recognized major professional area, often requiring a unique set of skills. Most career development occurs within a job family.

ROLE
A specific point in a career journey, characterized by a combination of career level, career stream, and sub-family. Each role has a unique blend of competencies and technical capabilities.
Career Path Design Areas
Vertical and lateral progression

FUTURE OPPORTUNITIES

CURRENT ROLE

Group A | Group B | Group C | Group D | Group E | Group F | Group G

ROLE PROFILE

ROLE PROFILE

ROLE PROFILE
Career Path Design Areas
Career path design building blocks

Career Path Guides
Career Tracks
Role Architecture
Career Path Design Areas
Dual career track illustration for investment management roles

Individual Contributor

People Manager

Investment Management Team

Chief Investment Officer

Senior Investment Officer

Investment Director

Investment Officer

Investment Manager

Senior Investment Associate

Investment Associate

Investment Analyst
Career Path Design Areas
Career path guides: content areas for each role

Career Path Guides

Job Related Information

Major responsibilities
Job family specific experiences, e.g., investment management

Broadening experiences

Career Path Guidance

Typical feeder roles (within and outside the organization)

Potential next roles (within and outside the organization)

Core competencies/skills

Technical competencies/skills
Career Path Design Areas
Major responsibilities

• 3 to 8 major responsibilities
• Provide a picture of what’s critical
• Not every task or duty
• Show progression from role to role
Career Path Design Areas
Major responsibilities: simplified Investment Officer illustration

Investment Officer Major Responsibilities

- Assists in determining portfolio allocation
- Conducts new manager searches
- Presents business case for investment manager selection to Chief Investment Officer and President
- Monitors designated funds, including conducting due diligence, making on-site visits and both tracking and analyzing investment performance
- Prepares and presents reports evaluating performance of designated external investment managers
- Manages projects, including developing plans, assigning work, and ensuring that work is completed according to performance standards
- Assists in developing analyst staff by reviewing their work and providing on-the job training opportunities
- Leads cross functional teams, e.g., consisting of Investment Management, Finance and Operations representatives
# Career Path Design Areas

**Major responsibilities: simplified progression illustration**

<table>
<thead>
<tr>
<th>Role</th>
<th>Major Responsibilities Illustration</th>
</tr>
</thead>
</table>
| **Senior Investment Associate** | • Performs most complex quantitative analyses with limited supervision  
• Prepares reports for internal and external stakeholders  
• Assists in presenting recommendations to Chief Investment Officer and President  
• Reviews all work prepared by Investment Associates and Analysts  
• Serves on cross functional team to identify key information for financial reporting |
| **Investment Associate** | • Under general supervision, performs specialized quantitative analyses, including financial modeling and research, for specialty area  
• Contributes to report development for internal and external stakeholders  
• Reviews programming developed by Investment Analyst to track data |
| **Investment Analyst**   | • Under close supervision, conducts market research and analysis in support of the selection, evaluation and monitoring of external investment managers for a specialty area  
• Develops programs to track investment and risk management data |
## Career Path Design Areas
### Experiences

<table>
<thead>
<tr>
<th>Types of Experiences</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Management Specific</strong></td>
<td>• Demonstrated knowledge of assigned asset class and trends/developments in related areas</td>
</tr>
<tr>
<td></td>
<td>• Understanding of basic principles of risk management</td>
</tr>
<tr>
<td></td>
<td>• Ability to interpret investment financial reports and apply data for decision-making</td>
</tr>
<tr>
<td><strong>Broadening</strong></td>
<td>• Project management</td>
</tr>
<tr>
<td></td>
<td>• Financial analysis, statistical or econometrics</td>
</tr>
<tr>
<td></td>
<td>• Experience working outside of home country</td>
</tr>
</tbody>
</table>
## Career Path Design Areas

Career pathways: consider experiences and competencies/skills required

<table>
<thead>
<tr>
<th>Career Pathway Area</th>
<th>Examples</th>
</tr>
</thead>
</table>
| **Feeder Roles:** sources of talent within and outside the organization | • Within: finance and risk/compliance roles  
• Outside: MBA, foundations/educational endowments/pension funds, financial services industry, consulting |

<table>
<thead>
<tr>
<th>Next Moves: within or outside the organization</th>
<th></th>
</tr>
</thead>
</table>
| • Within: most typically vertical, but finance, risk/compliance, communications and advancement/development could be options  
• Outside: Non-profits per above, financial services, consulting |
Career Path Design Areas
Core and technical competencies (may pertain to behaviors or knowledge/skills)

### COMPETENCY/SKILL TYPE

- **Core**
  - Applies to all jobs and job families

- **Technical**
  - Applies to specific job families, e.g., specific to investment management

### PROFICIENCY LEVEL (EXAMPLE)

<table>
<thead>
<tr>
<th>LEARNING</th>
<th>Demonstrates beginner awareness and understanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>FULLY PROFICIENT</td>
<td>Applies intermediate understanding in own work and may guide others</td>
</tr>
<tr>
<td>ADVANCED</td>
<td>Leverages advanced understanding in own work and may act as a coach</td>
</tr>
<tr>
<td>EXPERT</td>
<td>Leverages expert understanding and acts as a role model, organizational coach and champion</td>
</tr>
</tbody>
</table>
Competency Model Assumptions

**Competency Framework**

- **Core Competencies**
  - that apply to all jobs regardless of geography or function

- **Specific skills and knowledge**
  - that are critical for function specific jobs

**Relationship and Application**

- **Core Competencies**
- **Technical Competencies**

**SAMPLE CAREER LEVEL**

- Level 1
- Level 2
- Level 3
## Career Path Design Areas Competencies

<table>
<thead>
<tr>
<th>Sample Behavioral</th>
<th>Sample Knowledge/Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Leadership</td>
<td>• Communications</td>
</tr>
<tr>
<td>• Personal influence</td>
<td>• Quantitative analysis</td>
</tr>
<tr>
<td>• Teamwork/collaboration</td>
<td>• Subject matter expertise</td>
</tr>
<tr>
<td>• Flexibility</td>
<td>• Business acumen</td>
</tr>
<tr>
<td></td>
<td>• Risk management</td>
</tr>
</tbody>
</table>
Building Blocks: Competencies
Defined company-wide competencies (leadership, employee) to drive performance management and career development

Key Career Framework Components

**WHAT**
Job scope and responsibilities/accountabilities

**HOW**
Key behaviors, skills and knowledge

**EXPERIENCE/PROGRESSION GUIDELINES**
Education and experience guidelines

### Key Behaviors

**Leadership behaviors**
- Understands the external environment, their customers’ perspectives, and the fundamentals of their business
- Actively seeks and synthesizes information to develop broad perspectives and priorities
- Looks forward, envisions alternatives, and connects with others to set a direction
- Works collaboratively and communicates actively within and across boundaries

**What**
- Develops a shared understanding of desired outcomes and strategies to achieve them
- Develops talent and manages resources effectively and efficiently
- Sets clear expectations and holds self and others accountable for results
- Anticipates problems, develops contingency plans, and is quick to adapt and act

**Key Elements**
- External Focus
- Big-Picture Orientation/Business Acumen
- Networking and Collaboration
- Translates Strategy into Action
- Optimizes Talent and Resources
- Accountability and Results
- Problem Solving

**Drive Results**
- Encourages open deliberation and consideration of diverse and independent views
- Takes initiative, innovates, and challenges the status quo
- Inspires and motivates others
- Takes well-considered risks, shares mistakes openly, and learns from them

**Create Meaningful Change**
- Models the Bank’s values and acts with personal integrity
- Creates a respectful and inclusive environment
- Listens empathetically, seeks first to understand them to be understood, and gives for mutual benefit
- Selects and provides feedback and recognizes the contributions of others

**Build Relationships and Trust**
- Bank Values and Integrity
- Emotional Intelligence
- Teamwork and Inclusion
- Communication and Influencing Skills
- Develops Talent
## Career Path Design Areas

### Core competency/skill example

#### Personal Influence

**Definition:** Has the ability to convey and communicate ideas in a way that is simple and enhances understanding, collaboration and engagement.

<table>
<thead>
<tr>
<th>Learning</th>
<th>Fully Proficient</th>
<th>Advanced</th>
<th>Expert</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Investment Analyst/Associate</em></td>
<td><em>Sr. Investment Associate/Investment Officer</em></td>
<td><em>Senior Investment Officer</em></td>
<td><em>Chief Investment Officer</em></td>
</tr>
</tbody>
</table>

**Impactful communication**

- Exhibits effective oral, written and non-verbal communications and delivers high quality work
- Listens attentively and asks effective questions to clarify understanding
- Understands verbal and non-verbal nuances while delivering messages to create simple and high impact outcomes
- Leverages knowledge of a myriad of communication styles and adapts own approach to convey complex concepts in a simple way to manage sensitive and diverse audiences

**Internal and external relationships**

- Exhibits awareness of different stakeholders (e.g. banks, investment managers, regulatory bodies, etc.) recognizing their impact on XYZ
- Leverages knowledge of different stakeholders and seeks opportunities to engage them in different ways that can have positive outcomes
- Understands priorities and deeper needs of different stakeholder groups while strategically utilizing them for the organization
- Is an expert in managing multiple varied stakeholder perspectives and objectives while providing risk advice with an impact on the wider industry

**Developing self**

- Shows eagerness to learn new business knowledge, technologies, tools or systems and makes a point to offer ideas/solutions
- In times of change, applies various learning experiences to proactively anticipate problems, create efficient solutions and avoids “over-analysis”
- Drives, anticipates and embraces the change process by quickly learning new concepts and techniques and helping others to do so as well
- Keeps abreast of innovative industry practices and external perspectives and shares data/reports that can improve XYZ’s position
## Career Path Design Areas

Career path guide simplified illustration for Senior Investment Associate

<table>
<thead>
<tr>
<th>Area</th>
<th>Senior Investment Associate</th>
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<tr>
<td><strong>Major Responsibilities</strong></td>
<td>• Performs most complex quantitative analyses with limited supervision</td>
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<td>• Reviews all work prepared by Investment Analysts and Associates</td>
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<tr>
<td></td>
<td>• Serves on cross functional team to identify key information for financial reporting</td>
</tr>
<tr>
<td><strong>Investment Management Experiences</strong></td>
<td>• Advanced understanding of assigned asset class and trends/developments in related areas</td>
</tr>
<tr>
<td></td>
<td>• Demonstrated understanding of investment quality standards, including performance in the context of risk management and managing liquidity</td>
</tr>
<tr>
<td></td>
<td>• Advanced understanding of how to apply financial/statistical modeling to investment analyses</td>
</tr>
<tr>
<td><strong>Broadening Experiences</strong></td>
<td>• Project management</td>
</tr>
<tr>
<td></td>
<td>• Demonstrated ability to present recommendations to senior management</td>
</tr>
<tr>
<td><strong>Required Core / Technical Competency Level</strong></td>
<td>• Fully proficient</td>
</tr>
<tr>
<td><strong>Feeder Roles</strong></td>
<td>• MBA, foundations/educational endowments/pension funds, financial services industry, consulting</td>
</tr>
<tr>
<td><strong>Next Moves</strong></td>
<td>• Within Investment Management, Investment Officer or Manager</td>
</tr>
<tr>
<td></td>
<td>• Within organization, finance, risk/compliance, communications</td>
</tr>
<tr>
<td></td>
<td>• Outside organization, foundations/educational endowments/pension funds, financial services industry, consulting</td>
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</tbody>
</table>
Building Blocks: Career Journeys
Defined critical experiences and skills that enable specific career journeys

Illustrative

Career journey 2: Leader
Prof to People Mgr within a function

On ramp roles
- Roles with background in finance
- External with finance/regulatory experience
- Proficiency test required to get commissioned

Off-ramp roles
- Audit
- Credit Risk
- Research
- Accounting
- HR
- Other roles where one could leverage finance and regulatory knowledge and experience

Movement Criteria and Experiences

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Experiences</th>
<th>Technical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnership building and mgmt internally and externally</td>
<td>Leverages proven skills in handling most complex banks and bankers, executives and teams</td>
<td>Keeps up to date with industry trends and regulatory changes</td>
</tr>
<tr>
<td>Relationship building and mgmt with other banks and people; People development</td>
<td>Trusted advisor: Handles most complex banks and bankers and interacts with executives</td>
<td></td>
</tr>
<tr>
<td>Team leadership and knowledge transfer to more junior staff</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership, communication skills</td>
<td>Examiner in charge</td>
<td>Commissioning courses and exams: 10 courses on technical and business skills 1 proficiency test within 18 months; another test before examiner</td>
</tr>
<tr>
<td>Examine to direct work to others</td>
<td>Detail in charge (DIC)</td>
<td></td>
</tr>
<tr>
<td>Increasingly complex, analytical work (e.g., trends, comparing peers),</td>
<td>Entry level examiner position</td>
<td></td>
</tr>
</tbody>
</table>

Individuals may switch between professional and people management roles as appropriate

Professional
People manager

Note: There are multiple opportunities to move laterally to different departments within SRC.

Developing technical skills and getting commissioned are more critical at lower levels with increasing emphasis on leadership skills as you progress to people mgmt roles.
Building Blocks: Role Profiles

A single document for each role that would bring all the pieces together. This would drive market pricing and employee development.

Each job standard profile represents a global level in the career ladder.

- Job Scope - Each grade is defined using organization-wide criteria such as scope/impact, complexity, span of control, etc.

- Responsibilities - Key areas of responsibilities are developed and assigned by career stream for each grade.

- Technical capabilities – Key skills, knowledge and behaviors that are articulated by sub-department for each grade. The types of competences include:
  - Core (generic): across the organization for all employees
  - Department-specific: Some specific capabilities can be identified for sub-departments

- Guidelines on key qualifications and experiences are developed and assigned by global job level
Competency models can include the identification of specific on-the-job actions to strengthen capabilities and facilitate employee development.

**Sample Development Actions**

**Technical Competency: Effective Communication**

**Illustrative**

- **Critical Reasoning**
  - Develop process map for critical process and assessment by different moderator groups.
  - Assess 9-12 communication activities, e.g., presentations, public forums, face-to-face and telephone meetings, highlight key elements and demonstrate different forms of communication.

- **External Perspective**
  - Identify at least two planned external audiences and study how emerging trends will change the world and influence the way information is delivered. Develop strategies and plan events.
  - Identify key events and channels by which to use information. Assess how information is delivered and demonstrate different forms of communication.

- **Writing, Oral, Listening, and Presentation**
  - Identify at least two complex written and oral presentations and study how they are delivered. Identify key ideas and demonstrate different forms of communication.
  - Facilitate effective group discussions, including decision-making, discussion, and feedback. Identify key ideas and demonstrate different forms of communication.

- **Strategic Planning**
  - Select businesses that have communication planning processes to adopt three critical communication plans: Oral, electronic, and face-to-face. Identify key ideas and demonstrate different forms of communication.
  - Conduct in-depth assessment of the business communications plan for each of the three critical communication plans, and determine how well the plan is structured and functional.
Mercer strongly supports baseline talent review and development through an assessment process. The assessment also helps socialize the competency model.

**Sample Competency Assessment Tool**

Mercer strongly supports baseline talent review and development through an assessment process. The assessment also helps socialize the competency model.

**Illustrative**

**Sample assessment page with free form comments boxes**

**Sample assessment pages**

**Sample administrator page**
Sample Competency Assessment Results: Individual Report and Talent Heat Map

**Illustrative**

**Individual Report: Overall profile** provides an overview of results.

**Talent Heat Map** provides an overview of aggregate results.

**Individual Report: Discrepancy profile** shows largest discrepancies between own ratings and the ratings of others.
Sample Process for Developing Career Paths

- Gather information on current roles
  - Organization charts
  - Existing position descriptions
- Consider market practice
- Establish design principles around
  - Desired degree of change from current state
  - Career tracks and alignment with organization-wide role architecture
- Involve employees and managers in building content, e.g.,
  - Steering Committee
  - Design Team
  - Broader employees
Key Learnings About Process for Broader Applications

Start career pathing with the right job family

Think carefully about project team structure

Project momentum is critical

And so is executive sponsorship
Career Pathing as Focal Point for Talent and Reward Programs
Today’s Speakers

Anna Orgera
Partner
Mercer
+1 212 345 5041
anna.orgera@mercer.com

Ilene Siscovick
Partner
Mercer
+1 212 345 4760
Ilene.siscovick@mercer.com

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