

# DIVERSITY & INCLUSION IN INVESTMENT MANAGEMENT WORKSHOP

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**CFA Institute**

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Director of Investment Strategy & Risk, CalSTRS

Past President, CFA Society Sacramento

CFA Institute Standard of Practice Council Member

# AGENDA

12:30	Welcome
12:35	Overview of the Diversity and Inclusion Guide
1:05	Best Idea for Your Firm
1:10	Discussion by Table on Ideas
1:40	Large Group Discussion
2:10	Overcoming Obstacles
2:25	Closing Comments
2:30	Workshop Ends

# AGENDA

3:00	Welcome
3:05	Overview of the Diversity and Inclusion Guide
3:35	Best Idea for Your Firm
3:40	Discussion by Table on Ideas
4:10	Large Group Discussion
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4:55	Closing Comments
5:00	Workshop Ends

## WHY DOES THIS MATTER NOW?

- Millennial talent
- Regulators and policymakers
- Client demand
- Society
- Teams dominate
- Awareness of biases

## CHATHAM HOUSE RULE

Participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed

# METHODOLOGY

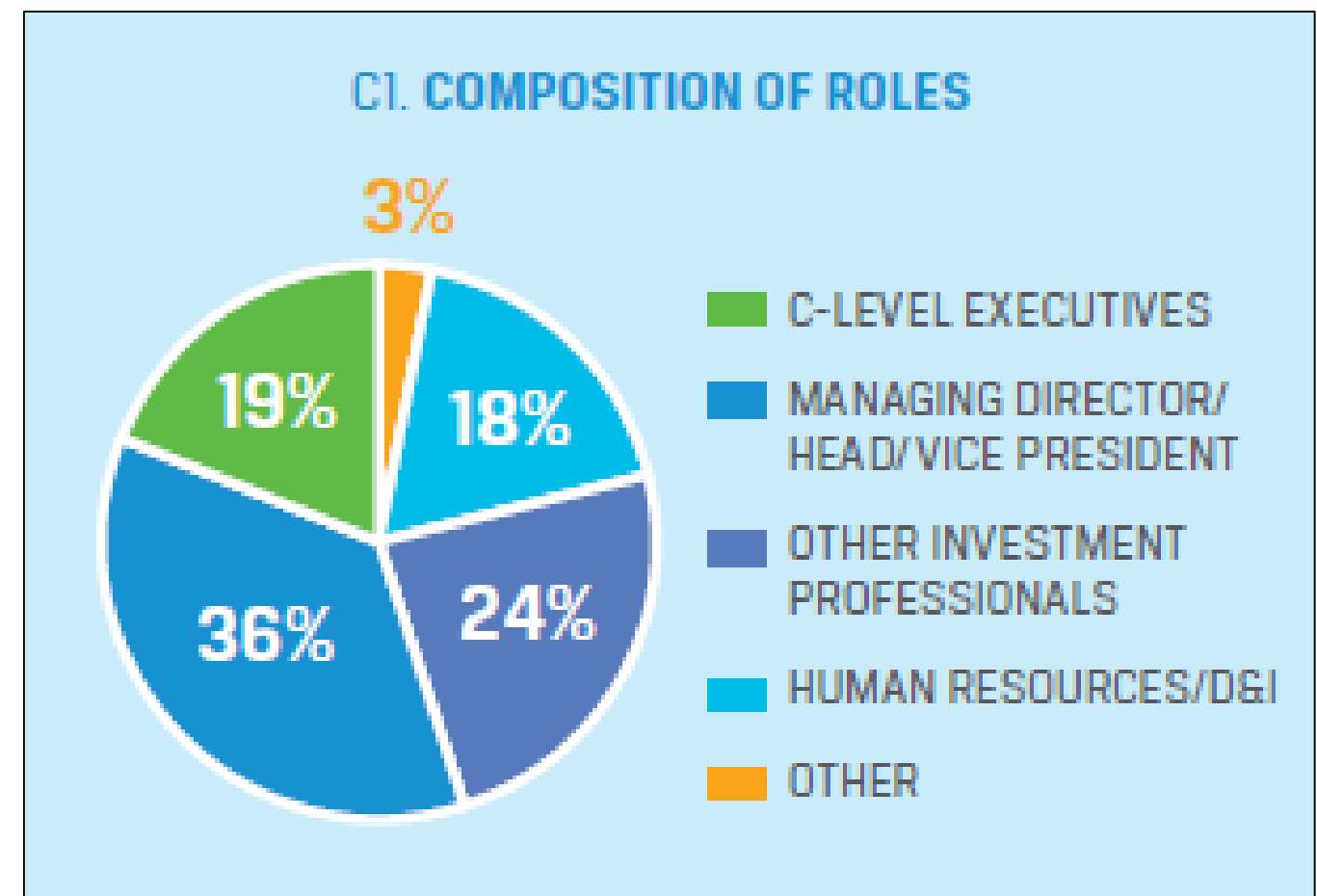


6 workshops

99 firms

344 participants

\$38 trillion AUM



<https://interactive.cfainstitute.org/DrivingChange>



# DIVERSITY & INCLUSION STEERING COMMITTEE: 2019-2020



**John Adler**  
Chief Pension Investment  
Advisor  
NYC Mayor's Office



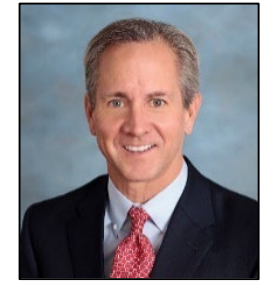
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Chief Investment  
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**Beth Bonacquist**  
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Officer NYSTRS



**Janet Cowell**  
Chief Executive Officer  
Girls Who Invest



**Erik Davidson, CFA**  
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**Frank Dobbin, PhD**  
Chair, Organizational  
Behavior Harvard  
University



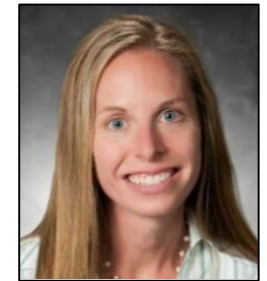
**Orim Graves, CFA**  
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State Street Global Advisors



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Investment Officer  
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**Daniel Miller**  
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**Oona Stock**  
EVP Talent & Performance  
Caisse de dépôt et  
placement du Québec



**Wylie Tollette, CFA**  
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Solutions  
Franklin Templeton



**Michael Trotsky, CFA**  
Executive Director and Chief  
Investment Officer  
Massachusetts PRIM



**Beth Tyndall, CHRL**  
Chief People Officer  
Ontario Teachers'  
Pension Fund

# Diversity definition

*The variety of differences and similarities/ dimensions among people, such as:*

Age	Generation	Parental status
Belief system	Geography	Personality type
Class/caste	Job role and function	Race
Culture	Language	Religion
Disability	Marital status	Sexual orientation
Education	Mental health	Thinking style
Ethnicity	Nationality	Work experience
Gender	Native or indigenous	Work style
Gender identity	origins	

# Inclusion definition

A dynamic state of operating in which diversity is leveraged to create a

- fair,
- healthy, and
- high performing organization or community.

An inclusive environment ensures equitable access to resources and opportunities for all.

It also enables individuals and groups to feel safe, respected, engaged, motivated, and valued for who they are and for their contributions toward organizational societal goals.

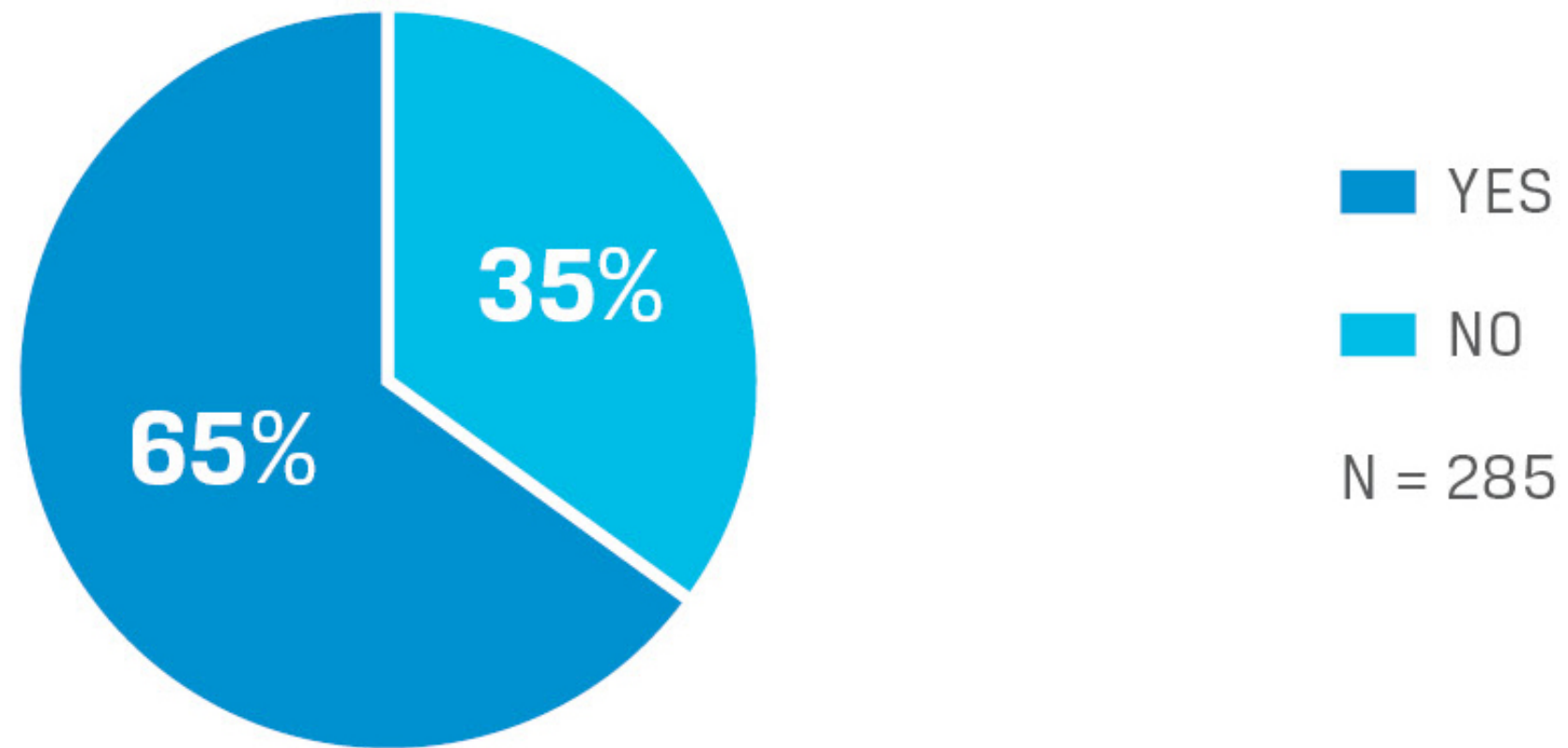
*Diversity is being invited to the party;  
inclusion is being asked to dance.*

**Verna Myers**

VP, Inclusion Strategy, Netflix

Author of “Moving Diversity Forward: How to Go From  
Well-Meaning to Well-Doing and What If I Say the Wrong Thing?”

## Q1. DOES YOUR FIRM HAVE A STATED DIVERSITY GOAL?



## Q2. WHAT MOTIVATES YOUR FIRM'S EFFORTS REGARDING DIVERSITY & INCLUSION?

(select up to three)

IMPROVED BUSINESS OUTCOMES



TALENT ACQUISITION



AN ETHICAL/VALUES IMPERATIVE



REPUTATION



CLIENT DEMAND



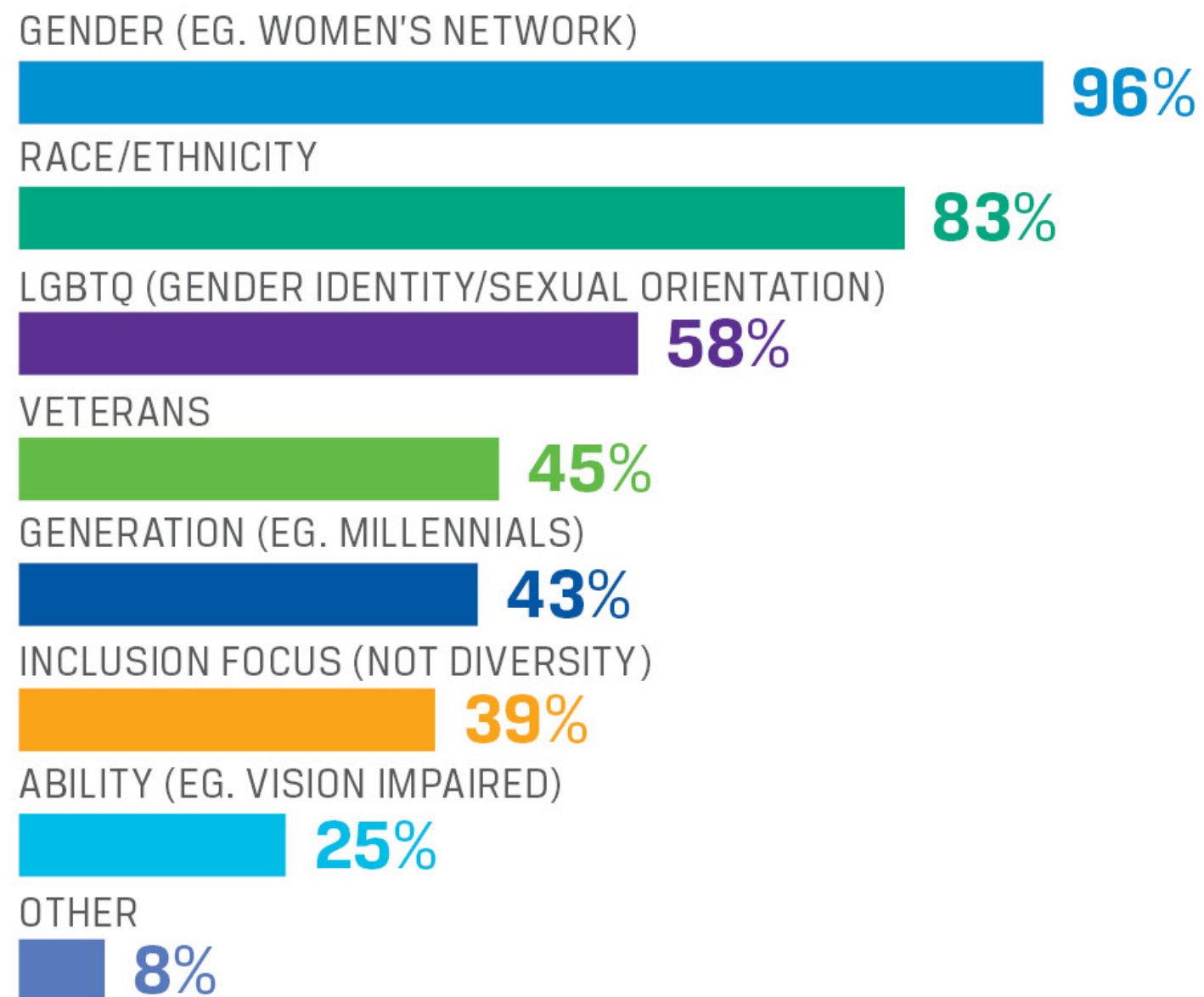
COMPLIANCE



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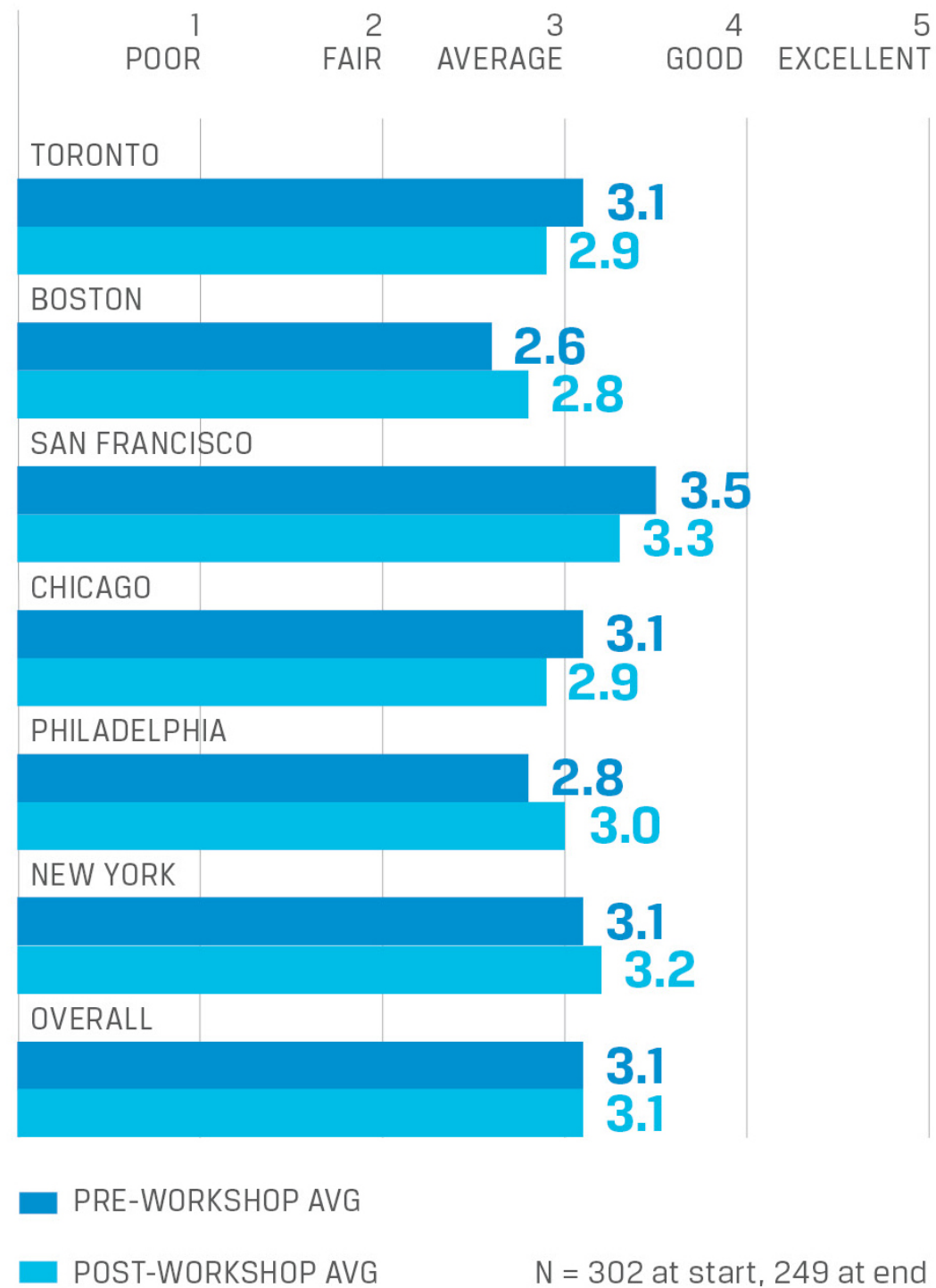


## Q5. WHAT FOCUS AREAS DOES YOUR FIRM HAVE FOR D&I? (check all that apply)

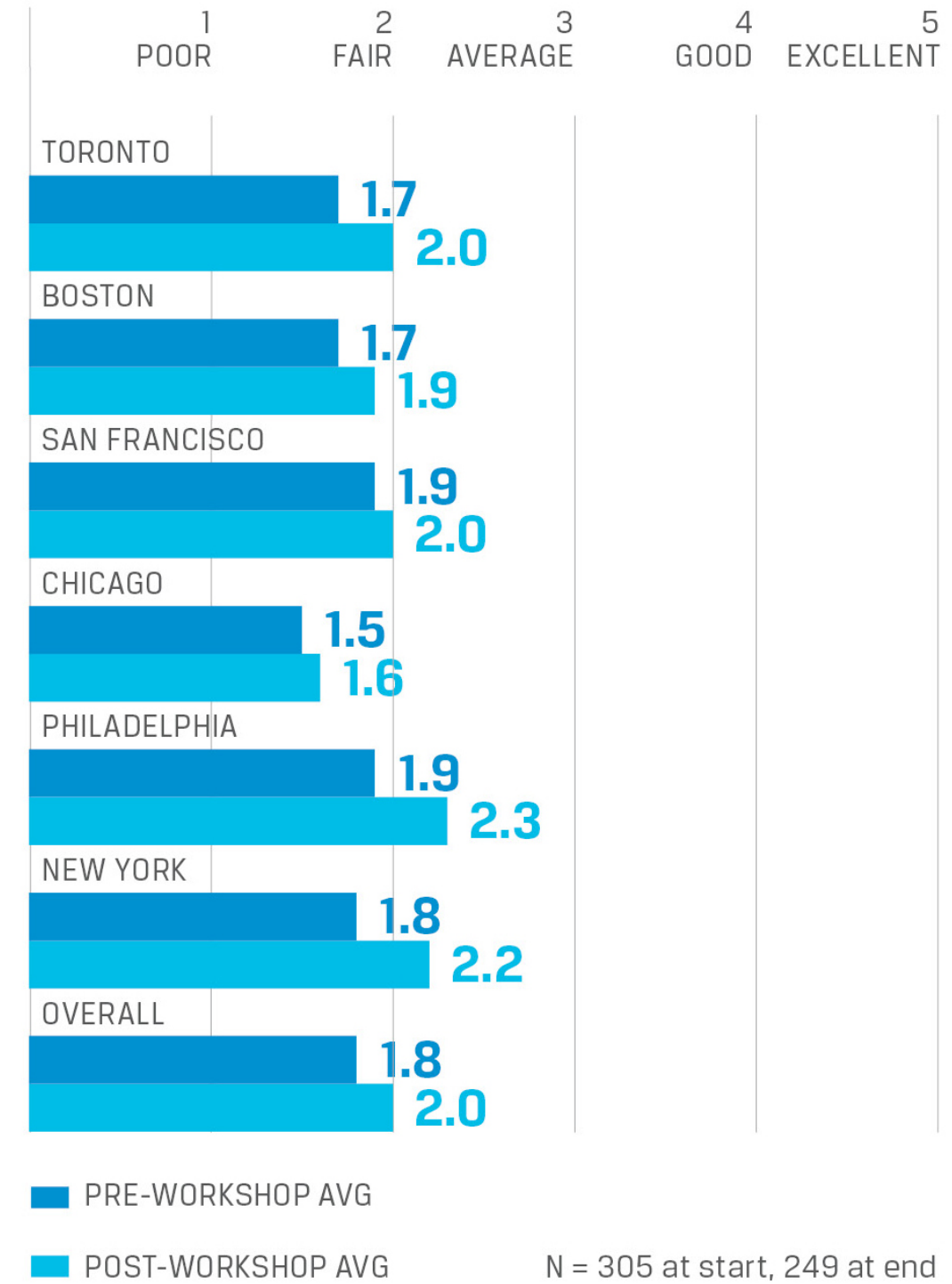


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### Q7. HOW DO YOU THINK YOUR FIRM IS DOING ON DIVERSITY?



### Q8. HOW DO YOU THINK THE INVESTMENT INDUSTRY IS DOING ON DIVERSITY?





## 20 RECOMMENDED ACTIONS

1. Define diversity
2. Intersectionality
3. Culture vs. policy
4. Biases
5. Storytelling
6. Data
7. Communication
8. Candidate slates
9. Know your candidate
10. Interviewers
11. Returnship
12. Mentors and sponsors
13. “Cultural taxation”
14. Internal networks
15. Retention
16. “Always on” recruiting
17. Compensation
18. Outreach
19. Open dialogue
20. Business diversity

# RECOMMENDED ACTIONS

## 1 Define diversity

Commit to a specific, useful definition of diversity that leads to common understanding and shared language. Discuss your firm's motivations for pursuing an inclusive culture, and be aware that individuals in your firm may have differing motivations around diversity.

## 2 Intersectionality

When creating an intentionally diverse group, do not oversimplify the demographic profile of individuals. Challenge assumptions based on a sample of one. Diversity should cover both visible and invisible dimensions.

## 3 Culture vs. policy

Track who talks about D&I, to understand how infused it is in the culture: Are you missing those in middle management?

## 4 Biases

Employ creative training techniques that will help uncover biases and provide tools to identify them in the future. Simulations and role-playing formats allow people to test real situations to see their natural reactions.

## 5 Storytelling

Encourage the use of stories within and across organizations, in two ways: (1) Personal stories help people understand how experiences have shaped their colleagues and thereby enable greater leveraging of diverse perspectives, and (2) stories are the basis of qualitative evidence about how D&I progress is made.

# RECOMMENDED ACTIONS

## 6 Data

Beyond tracking employee demographics, use such tools as the Global Diversity and Inclusion Benchmarks to identify gaps and strategic action items. Do a gender pay gap analysis. Ask about inclusion when conducting employee engagement surveys.

## 7 Communication

Have regular communications from senior leaders about diversity efforts. Provide talking points to help the broader management team initiate discussions, but with the caveat that "official" talking points are simply a resource for authentic conversations.

## 8 Candidate slates

When engaging an executive search firm, explain your firm's definition of diversity, and select search firms that have a track record of providing diverse candidate slates.

## 9 Know your candidate

During the hiring process, seek to learn broadly about the background and perspective of each candidate and consider how differences can be leveraged to improve your firm's effectiveness. Although every interviewer should be educated about the kinds of off-limit questions and topics that could offend or cause legal issues, being too hesitant to connect at a personal level also hinders the process and could give the impression of an intolerant firm culture.

## 10 Interviewers

Create diverse interview panels whenever possible, leveraging the diverse viewpoints in your firm. Structure the feedback process so that all voices are heard.

# RECOMMENDED ACTIONS

## 11 Returnship

Create a returnship program or other ways to "fill the pipeline from the middle." Encourage recruiters and interviewers to consider nontraditional career paths.

## 12 Mentors and sponsors

Encourage mentoring at your firm, and urge leaders who are well regarded and influential within the organization to become sponsors. Teach them what each entails.

## 13 "Cultural taxation"

Create processes to ensure that employees engaged in D&I efforts are adequately compensated and recognized for their time and that such efforts are considered when making personnel decisions. Build in time for these activities instead of making them add-ons.

## 14 Internal networks

Create programs that facilitate exposure to people across the organization—for example, internships, cross-training, rotational programs, and "ride-alongs" (e.g., shadowing or attending meetings with senior leaders).

## 15 Retention

Conduct "stay interviews" with employees to understand why they choose to stay at the company and what might make them leave. Third-party interviewers will be most effective, and consider carefully who is asked to participate so people do not feel singled out.



# RECOMMENDED ACTIONS

## 16 "Always on" recruiting

Adapt your recruiting mindset to an "always on" approach, recognizing that opportunities may arise quickly, outside of typical recruiting schedules. Attend conferences and expand the network beyond familiar recruitment pools (i.e., the usual colleges and alumni networks).

## 17 Compensation

Tie leadership-level compensation to progress on culture and diversity metrics. When making promotion decisions, consider a person's ability to hire, develop, and lead a diverse team.

## 18 Outreach

Align corporate citizenship with efforts that build the pipeline by generating awareness and interest in math and investment management.

## 19 Open dialogue

Encourage candid conversations about diversity topics and informal discussions about current events.

## 20 Business diversity

When selecting asset managers, ask consultants to propose diverse slates of firms consistent with your definition of diversity. Differentiate between emerging firms and firms with diverse ownership. Report results and metrics by firm category.

# BEST IDEA FOR YOUR FIRM: BRAINSTORMING ACTION PLANS

- 1. Review the item(s) from the list of 20 ideas that you selected as relevant for your firm.
- 2. Brainstorm for as many implementation ideas as possible in the three columns on your sheet.

WHAT HAS BEEN TRIED	WHAT SHOULD BE TRIED	POSSIBLE OBSTACLES

# TABLE DISCUSSIONS

Go to the table where you have interest

## Table 1: Foundational Concepts

- Define diversity (1)
- Intersectionality (2)
- Biases (4)

## Table 2: Communication

- Storytelling (5)
- Communication (7)
- Open dialogue (19)

## Table 3: Networks

- Culture vs. Policy (3)
- Internal Networks (14)
- Cultural Taxation (13)

## Table 4: Measurement and Accountability

- Data (6)
- Compensation (17)
- Business diversity (20)

## Table 5: Talent Acquisition

- Candidate slates (8)
- Know your candidate (9)
- Interviewers (10)
- “Always on” recruiting (16)
- Outreach (18)

## Table 6: Talent Development

- Returnship (11)
- Mentors and Sponsors (12)
- Retention (15)

## TABLE DISCUSSION INSTRUCTIONS

1. Each person shares their favorite ideas with the table.
2. You will have 25 minutes for discussion.
3. Each table will share one of their best ideas with the large group.



# OVERCOMING OBSTACLES | CIALDINI'S 6 PRINCIPLES OF PERSUASION

when given a  
gift | behavior | service  
people feel obligated  
to give back



Reciprocity



Scarcity

less availability  
can inspire  
more demand

people tend to follow  
the lead of experts and  
knowledgeable leaders



Authority



Consistency

people like to be consistent  
with things that they have  
previously said | done

people prefer to say yes  
to those that they like



Liking



Consensus

when uncertain,  
people look to the  
actions | behaviors of others  
to guide their own

Source: [influenceatwork.com/principles-of-persuasion/](https://influenceatwork.com/principles-of-persuasion/)

## PRACTICE WITH A PARTNER (OR 2)

1. Take a couple moments to think about what principles can be used to sell your idea.
2. You will have 7 minutes for discussion and practice in pairs/trios. Note feedback!
3. After the session, refine a plan for communicating about your idea.

Commit in writing (through a note on your calendar) to move your idea forward when you return to the office.

Don't let perfection be the enemy of progress. -Unknown

Just do it! -Nike

## SPECIAL THANK YOU

**Chris Ailman, CFP**

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**Aeisha Mastagni**

Portfolio Manager  
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**Geraldine Jimenez, CFA**

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**Carrie Douglas-Fong**

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**Dianne Sandoval, CFA**

Investment Manager, Trust Level Portfolio  
Management  
CalPERS

## PUTTING IDEAS INTO ACTION: EXPERIMENTAL PARTNERS

An opportunity for firms to implement the actions, report back on their effectiveness, and contribute to an updated version in the next two years.

Commitments from firms:

1. Contact CFA Institute to express interest at [diversity@cfainstitute.org](mailto:diversity@cfainstitute.org).
2. Kickoff call with CFA Institute to answer questions.
3. Complete quarterly updates through December 2020. These can be accomplished through 30-minute calls CFA Institute can schedule or through forms.

More details on the website: <https://interactive.cfainstitute.org/DrivingChange>.



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WOMEN IN INVESTMENT MANAGEMENT

# OPENING DOORS

18–19 September 2019  
Montréal QC, Canada

Register today at  
[diversity.cfainstitute.org](https://diversity.cfainstitute.org)



**CHRISTINE GOGAN**

Investment Director, CalPERS