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CAREER SUCCESS: Navigating the New Work Environment

Third Edition

Khalid Ghayur, CFA, FSIP, and Dwight D. Churchill, CFA

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BIOGRAPHIES



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INTRODUCTION

WHAT DRIVES SUCCESS?

In answering the question, *what drives success?* most people tend to cite a long, and sometimes overwhelming, list of attributes, qualities, and skills: hard work, motivation, trustworthiness, reliability, technical expertise, creativity, leadership qualities, communication skills, and so on. Many people also attribute success to luck. Because very few individuals possess all these attributes, qualities, and skills or believe they have above-average luck, achieving success is perceived as a difficult task. But what do truly successful people have to say about how they achieved their success?

Almost all the highly successful people we interviewed as part of our research for this book gave essentially the same reply. At one level, it is a really simple answer: They have succeeded in their respective professions and jobs because they love what they do. They are passionate about their work. For them, work is not work. It is fun. When asked why he has been so successful, Warren Buffett simply replied, “I enjoy what I do. I tap dance to work every day.” Another highly successful entrepreneur remarked, “I feel like a kid who goes to the playground in the morning and the candy shop in the afternoon.”

There is no right or wrong definition of success. In its broadest sense, success should be a very personalized concept. Success in life should be what gives you a sense of satisfaction, accomplishment, and—most importantly—fulfillment. Thus, success should be directly linked to what drives and motivates you and to your core beliefs and values—to passion.

Whatever their definitions of success, for the leaders we interviewed, passion clearly is a primary driving force behind their accomplishments. Why is passion so important? They argue that passion plays a critical role in achieving success because it fosters many of the needed attributes, qualities, and skills. When you are passionate about your work and work becomes fun, you tend to work harder, to show more commitment and motivation toward your work, to open yourself to higher levels of learning and technical expertise, and to become naturally more creative.

So how does one become passionate about work? Were all the successful people we interviewed passionate about their work when they started their careers? No. They had an interest in their profession and jobs, but nothing that would come even close to passion. Yet, they developed passion for their work over time. This progression has also been our own professional experience.

This discovery was an “aha moment” for us. Experience tells us that passion drives success. Although few successful people felt passionate about their jobs at the start of their careers, over time, they converted their work into a passion. How does that happen?

Work becomes truly enjoyable when the following dynamics are present:

- You know who you are as a person and what motivates you in terms of careers and career objectives.
- You feel at ease with your work environment and the people you work with.
- You know what performance you need to deliver to have an impact, and you receive appropriate reward and recognition.

This book’s basic premise is that understanding and applying the principles of career management facilitate the process for all these elements to potentially fall into place. As such, *Career Success: Navigating the New Work Environment* provides a framework for understanding and implementing active and effective career management in order to achieve these conditions. When that happens, there is a high likelihood that your work becomes your passion. And your passion then carries you to new heights of career success.

ABOUT THIS BOOK

Career Success: Navigating the New Work Environment is divided into two sections. [Section I](#) consists of seven chapters. In [Chapter 1](#), we discuss the evolution of the psychological contract between the employee and the employer and its implications for careers. The key takeaway from this chapter is that, in recent years, we have witnessed the end of the implicit, loyalty-driven employment contract in the world of work. Under such a contract, employers expected loyalty and commitment from employees and, in turn, promised to provide stable employment and career growth, subject to satisfactory performance. In the new work environment, employers no longer can promise stable and continuous employment to employees. Their promise has shifted to one of “employability” only—that is, providing professional development opportunities to employees. Beyond that, responsibility for career management has fallen solely to employees themselves rather than to their employers. It is thus critical to understand the principles of career management and how you can apply them to advance your career.

At its core, career management is a process by which an individual:

- analyzes and solves a given career problem at a point in time and
- sets goals and priorities for the future.

In [Chapter 2](#), therefore, we review the basic objectives of career management—career problem solving and career planning—and propose a practical model of career management. The proposed model encompasses the complete career management cycle and associated activities. This model can be used to analyze and solve most career problems at various points in your career. It consists of several steps, explored in detail in subsequent chapters.

The first step in the career management model, discussed in [Chapter 3](#), is self-exploration. This step involves gaining a better understanding of who you are as an individual, what motivates you, what values drive your day-to-day conduct, what skills you possess as strengths, and what other lifestyle preferences you have. The objective of self-exploration is to develop self-awareness. This step helps in identifying what motivates you in terms of careers and career objectives and provides clarity on how you define success in the context of who you are.

[Chapter 4](#) outlines the next step in the career management model: environmental exploration. This step entails analyzing and understanding various occupational choices, job opportunities, the corporate culture of potential employers, and the management styles of prospective managers. The objective of environmental exploration is to develop a better awareness of your work environment.

[Chapter 5](#) discusses the third step in the career management model: career decision making. This chapter reviews the fundamental principle of compatibility, which should guide career decision making. Compatibility refers to a “fit” between individuals and their work environments—identifying the work environments in which you are likely to thrive, given who you are. We also discuss the role of risk taking in your career. Although this book has a significant focus on avoiding misfit risk, you must take certain types of risk in order to grow and develop as a professional. Ultimately, achieving success will require you to step outside your comfort zone.

In [Chapter 6](#), we discuss the final step in the career management model. The activities involved in this step include career goal setting, developing and implementing a strategy to achieve those goals, and monitoring and evaluating progress toward them over time. In terms of career goal setting, we highlight the objective of enhancing employability and implementing strategies to have client and leadership impact at various stages of your career.

As mentioned previously, if implemented properly, the principles of career management discussed in the first six chapters can facilitate the process of converting your work into your passion over time.

[Section II](#) of the book presents excerpts from interviews we conducted with successful leaders in the investment field to uncover their “secrets of success.” We are presenting this practical

element of our research because the insights and experiences they share are invaluable. You will find that almost everyone we interviewed suggests that their careers and levels of success would have benefited even more from knowing earlier what they know now about career management.

This book contains vignettes of career scenarios, links to videos of investment professionals and career coaches discussing key points to facilitate a better understanding of the career management process, and exercises designed to help you apply the main concepts. We encourage you to reflect on the practical application stories and questions and to undertake the exercises that appear throughout the book. To facilitate this, you can access a companion workbook at <http://cfa.is/CSnnwe3>, where you can work through the exercises and save your responses. There is a direct correlation between the rigor and thoroughness applied to these exercises and the usefulness of the implications that can be drawn from the collated information for career management purposes.

As you read through this book, please remember that the concepts and principles of career management may seem simple and straightforward on the surface, but they contain profound insights derived from many years of learning and experience. So, take the time to study them thoroughly and absorb these insights.

CFA Institute hosts a companion website for this book (www.cfainstitute.org/careersuccess) designed to offer readers a rich and interactive way to experience the content and engage in the activities. We hope that you find this resource helpful.

We thoroughly enjoyed the process of writing this book. It is our sincere hope that you enjoy reading it and that it helps in making work truly fun for you.

SECTION I

CHAPTER 1

THE EVOLVING PSYCHOLOGICAL CONTRACT AND IMPLICATIONS FOR CAREERS

In this chapter, we discuss the evolution of the psychological contract between the employee and the employer and its implications for careers. This “implicit” contract outlines the responsibilities of employees and their employers. For many young professionals, reviewing the historical evolution of this contract may seem somewhat irrelevant. In our opinion, however, this historical review provides useful insights in understanding the changing nature of careers and the notion of success, as well as in understanding how and why employers have moved from providing job security to employment security to only employability to their employees. Employability refers to a promise by an employer to offer professional development opportunities. It is up to individual employees to use such opportunities to further their careers. As we argue in [Chapter 6](#), enhancing employability should be a primary goal throughout your career.

Allow this first career scenario vignette to set the stage for our discussion in this chapter of the ways in which the psychological contract of work has changed during the past few decades.

PRACTICAL APPLICATION 1.1

TIM AND VALUE TECHNOLOGIES

Tim, age 25, felt very fortunate. Just three months after graduating with a master’s degree in computer science, he had three job offers. Now it was time to choose. “Which job offer should I accept? How do I decide?” Tim asked himself.

Tim was leaning toward the offer from Value Technologies, one of the leading and most respected high-technology companies in the world. He recalled what Mark, director of human resources at Value Technologies, had told him during his job interview. “Tim, if you take care of your job, we will take care of you. You manage your job, and we will manage your career. At Value Technologies, we value high performance, commitment, and loyalty from employees, and we reward them with financial incentives and job security.” Tim liked the idea of job security and linking his career with an employer that rewards employee performance and loyalty with stable employment. And so, Tim started his career with Value Technologies as a software developer in January 1980.

Tim liked working at Value Technologies. The corporate culture suited him. He also loved his job, which suited his skill set. Tim’s commitment and motivation as well as his high level of performance were recognized and rewarded by Value Technologies. He was promoted to a senior software developer in 1985 and then promoted again in 1990 to vice president and head of software development, overseeing a team of more than 50 developers.

During this period, significant changes were also taking place in the business environment in which Value Technologies operated. At a management meeting in 1984, Mark made the following announcement. “The development of new technologies and the growing use of computers make it possible for Value Technologies to create more cost-effective and efficient manufacturing processes through automation. This, unfortunately, will result in the elimination of approximately 1,000 manufacturing jobs and functions. The company, however, remains committed to providing continued employment to the affected employees. We have put in place extensive training programs to retool the skill set of affected employees and to provide them alternate jobs in other departments and/or geographies.”

Four years later, in 1988, Mark made another announcement at a management meeting. “We are facing extreme competitive pressures from domestic and international companies. Foreign competitors in particular are now becoming important players in market segments in which we have historically enjoyed sole leadership. Our revenue growth and profitability have been declining for the last three years. Our stock price has underperformed the market by 3% per year and the industry average by 5% per year during this three-year period. Our board of directors, investors, and employees expect us to take action to restore our profitability and investment returns. After reviewing several options for containing costs and remaining competitive, the senior management has decided to (1) further streamline and automate the manufacturing processes based in the United States, (2) outsource other manufacturing processes to China, and (3) move the customer service and technical support functions to India. In all, more

than 10,000 employees will be affected. Value Technologies will offer early retirement packages to those employees who decide to retire voluntarily and generous severance packages to other affected employees.”

In 1990, Tim married Laura, who had an MBA degree with a specialization in finance and investments. Laura was enjoying a rewarding career in her field. After graduating in 1985, she joined a leading investment bank as a research analyst in the fixed-income division. In 1990, she was appointed vice president and head of credit research. Laura’s total compensation was significantly higher than Tim’s.

On 13 March 1992, Laura and Tim had their first baby, Charles. Laura took some maternity leave. But because of concerns relating to her career and seniority, as well as household income generation, she was back at work in June. Over time, it became progressively more difficult for Laura and Tim to balance their responsibilities at work and at home. Laura operated in a high-pressure work environment with tight and non-negotiable time deadlines. She was always exhausted. Tim and Laura made a sincere effort to keep up with their shared responsibilities at home, but it was clearly becoming more difficult.

One evening, Laura remarked, “How do other people balance their work and family life? How can you be a good employee and a good parent at the same time? Wouldn’t it be great to work for a company that realized all these constraints? Why don’t companies offer more flexibility to their employees—for example, the ability to work from home a couple of days a week?”

“I would love to work for a company that is more sensitive to employee needs. And, you know what? I would take a cut in compensation in return for more flexible work options,” replied Tim.

In January 1995, Mark called Tim in his office. “Tim, as you know, competitive pressures are intensifying in our industry. To sustain our profitability growth, we have to keep searching for ways to cut costs and improve productivity. The senior management has taken the decision to outsource software development and move this function to our affiliate in India. All software development jobs in the United States will be eliminated, including yours. However, you are a high-performing employee and have been with the company for 15 years. We value the contributions you have made. As a result, I am happy to inform you that we are exploring a business management–related role for you within the firm. If you perform as we expect you to, there is a high likelihood of your becoming a managing director of Value Technologies in a short period of time. The company wishes to retain you. However, should you decide to leave, we will also offer you a generous severance package.”

That evening, Tim shared the news with Laura. “So, what are you going to do? Stay with Value Technologies or take the severance package and look for a new job?” asked Laura. Tim didn’t know. He had a lot of thinking to do. Many questions needed to be answered. How should he define his career? Should he continue to link it with Value Technologies or pursue other options? Would he enjoy a business management role as much as he enjoys software development? Is a business management role suited to his skill set? What are his true professional aspirations—to attain more power and authority within Value Technologies as a managing director or to seek more flexible work options, such as becoming an independent software development consultant to achieve a better work–life balance?

Tim was searching for answers to these questions as he rocked Charles to sleep.

QUESTIONS TO THINK ABOUT

Employer–Employee Relationship

1. How would you characterize the employer–employee relationship at Value Technologies in 1980?
2. How did that relationship change in 1984?
3. How did that relationship change again in 1988?
4. Which business constraints and opportunities required Value Technologies to redefine its relationship with the employees?

Careers and Career Management

1. How did Value Technologies and its employees define careers in the early 1980s?
2. Whose primary responsibility was it to manage individual careers in those days?
3. How has that situation changed at Value Technologies in recent years?
4. In terms of defining careers, which basic conflict is Tim confronted with?
5. If Tim approached you for guidance, what advice would you provide to him in regard to defining and managing his career going forward?

Job and Success Attributes

1. Which job attribute was most important to Tim at the start of his career?
2. Which job attribute was becoming more important for Tim in 1995?

3. In terms of defining success, what basic conflict is Tim confronted with?
4. If Tim approached you for guidance, what advice would you provide to him on how he should define success going forward?

The implicit understanding between an employer and an employee is known as the “psychological contract.”

EMPLOYER'S PERSPECTIVE: FROM JOB SECURITY TO EMPLOYMENT SECURITY TO EMPLOYABILITY

Up until the early 1980s, the psychological contract was based on the principle of reciprocal loyalty. Under this implicit contract, there was an understanding that if employees delivered acceptable performance and demonstrated commitment and loyalty to the firm, the employer, in return, would provide *job security* in the form of stable and continuous employment. During the last three decades, however, we have witnessed a fundamental change in the psychological contract. First, increased competition, including greater global competition, has often required greater cost efficiency, through new technologies or other means, resulting in staff reductions. The elimination of jobs has meant that employers cannot keep the implicit promise of job security. As a result, the employer promise has shifted from job security to *employment security*, as employers have made an effort to retrain displaced employees to place them in other jobs or departments.

Second, over time, it became clear that employers would be unable to keep even the employment security promise. Intense competition, globalization, outsourcing, and the development of new organizational structures and business management practices implied that employers would not be able to or willing to guarantee employment for their employees. As a result, the employer promise shifted again from employment security to *employability*. Under the implicit promise of employability, the employer does not guarantee employment but rather provides the resources and opportunities for continued professional and career development. That is, the employer provides a professional work environment in which employees can apply their existing skills and learn new skills to further progress their careers either with the existing employer or with another firm.

A sports analogy might help explain the concept of employability and professional development. Suppose you wish to become a professional tennis player. Under employability, your

employer promises to provide you with professional development opportunities—that is, the gear and courts for you to practice your game (work infrastructure), other internal and external players to compete with (work environment), and a coach (your manager) who helps you acquire technical expertise of the game. In this model, your professional development depends on how you use the resources and opportunities provided by your employer to advance your career. If your game isn't improving, despite your best efforts, then you will likely seek a more effective coach and/or environment. If you are making good progress, then you will likely look to move up in the rankings.

EMPLOYEE'S PERSPECTIVE: FROM LOYALTY TO FLEXIBILITY

Many workforce-related changes—such as a growing number of female workers, two-income households with children, and single-parent households—have also contributed to the redefinition of the psychological contract. A few decades ago, there was a relatively clear separation of work and family responsibilities in a household. In those days, job stability was an important attribute in job selection. An employee's implicit promise was to provide a high level of commitment and *loyalty* to the employer in return for stable and continuous employment. High loyalty implied that employees agreed to follow the notion of career and success imposed by the employer. Today, most individuals have little choice but to approach careers and career management from a total-life perspective, in which family life plays as important a role in career planning and management as work life. Changing values, lifestyles, and preferences make the conventional employer-driven definition of careers, career management, and success perhaps less relevant. Individuals now prefer to have more *flexibility* in terms of defining careers and success. For example, some individuals may value achieving a work–family balance more than achieving a certain level of seniority or title within an organization. Others may value independence and flexible work options more than the level of compensation.

FROM A RELATIONAL TO A TRANSACTIONAL CONTRACT

The psychological contract that promises employment security from an employer in exchange for loyalty from an employee may also be called a “relational contract.” This contract is long term in nature and requires a high level of commitment from both the employer and the employee.

The psychological contract that emphasizes employability is often referred to as a “transactional contract.” This contract is short term in nature and requires a significantly lower level of commitment from the employer and the employee. A transactional contract emphasizes flexibility.

Exhibit 1.1 summarizes the main attributes of relational versus transactional contracts.

EXHIBIT 1.1. ATTRIBUTES OF RELATIONAL AND TRANSACTIONAL CONTRACTS

	Relational Contract	Transactional Contract
Employer’s promise	Job/employment security	Professional development opportunities
Employee’s promise	Performance and loyalty	Performance
Nature of contract	High commitment	Flexible
Perspective	Long term	Short term

IMPLICATIONS OF MOVING FROM A RELATIONAL TO A TRANSACTIONAL CONTRACT

The move from job and employment security to employability, from a relational to a transactional contract, has major implications for individuals in terms of career management. As shown in **Exhibit 1.2**, under a relational psychological contract, the notion of a “career” meant employment with one employer. In this setup, career management was viewed as primarily the responsibility of the employer. What constituted success was also defined by the employer, with the core attributes of a successful career revolving around the level of seniority, compensation, power, and authority within the organization.

EXHIBIT 1.2. IMPLICATIONS OF A MOVE FROM RELATIONAL TO TRANSACTIONAL CONTRACT

	Relational Contract	Transactional Contract
Definition of career	Employment with single employer	Employee specific
Career management responsibility	Employer	Employee
Attributes of success	Seniority and compensation	Employee specific

Under a transactional psychological contract, the employer's responsibility is to provide professional and career development opportunities. The responsibilities of defining a career and managing it over time have shifted to the employee, which also implies that employees need to specify their own notions of success. Of course, some employees and employers continue to follow the relational model of career management, but it is no longer the norm.

PRACTICAL APPLICATION 1.2

JOE NEEDS HELP!

At age 45, Joe is very frustrated with the way his life in general and his career in particular have evolved. Even though he has made a lot of money, he is fundamentally unhappy and stands at the brink of a family disaster. Over the years, his professional life has consumed almost all his time and energy. He has not been actively involved in raising his 10-year-old son, Tom, and his relationship with his wife, Julia, has deteriorated significantly, with divorce becoming a real possibility. As he contemplates his next career move, he feels he needs the services of a career counselor. So, he approaches you for help.

After graduating from New York University's Leonard N. Stern School of Business, with an MBA specialization in finance, Joe joined Global Investment Management (GIM), a leading and well-respected asset management company in Boston, as an equity analyst in 1990. His starting salary was \$110,000 per year. At the start of his career, Joe laid out the following professional path as his career objective: to become a vice president of the firm within 5 years, head of equity research or equity portfolio manager within 7 years, principal and head of equity portfolio management within 10 years, and chief investment officer (CIO) within 15 years.

In the initial years of his career, Joe thoroughly enjoyed being an equity analyst. This job leveraged his natural strengths quite well. He had very strong analytical skills and an unusual ability to analyze large and complex sets of financial data to derive stock recommendations for portfolio managers, with a well-supported investment rationale. He was considered a genuinely talented equity analyst by the portfolio managers and the senior management. As a result, Joe was promoted to vice president in 1995 and then promoted again to head of equity research in 1999. From 1992 through 1999, Joe's stock recommendations outperformed the market by 4% per year, an impressive performance track record. His achievements were recognized by GIM, and his total compensation increased to \$350,000 per year by the end of 1999. Joe was very satisfied with the way his career was progressing both in terms of seniority and compensation.

In 2001, Todd, chief investment officer of GIM, called Joe into his office. “Joe, the head of research function is not working for you. I have recently received the results of this year’s 360-degree performance evaluation, and the feedback on your performance is frankly disturbing. Your subordinates in the research department do not view you as an effective people manager and leader. They find your management style highly confusing, and they complain about departmental and individual priorities not being communicated with clarity. Your entire department’s performance is suffering because you are not providing effective leadership. The portfolio managers are unhappy and feel the equity analysts have lost their motivation. I have come to the conclusion that this job is not suited for you. So, I have the following proposal for you to consider.”

Todd continued: “You are a highly talented and respected analyst. In that role, your performance track record was by far the best of all the analysts, and it positively affected the performance of our portfolios. I would like you to go back to the analyst role. I will promote you to principal of GIM and increase your total annual compensation to \$500,000. I will appoint your current deputy, Josh, as the head of research, and you will report to him in an organizational sense only. But your compensation will be higher than his.”

Joe asked Todd if he could be considered for a portfolio manager position. Todd replied, “Joe, your real value-add is in an analyst role. You are so talented. Leverage that talent. Trust me; this is the best thing to do for you and for GIM. Anyway, there is no hurry to make a decision right now. Think about it. As you know, the next few weeks will be entirely taken up by the China initiative. So, let’s talk again toward the middle of next month. But, I want to make it clear that I view you as one of our most talented employees. I want to work with you to figure out a solution that is right for you and for GIM.”

Joe liked the fact that he was being made a principal of GIM and that his compensation would increase significantly. But he disliked the fact that, in essence, he was being demoted, that he would be required to report to one of his subordinates, and that he was being asked to take a step back relative to his career objective of becoming CIO. He felt very strongly that GIM was in the process of treating him unfairly. As luck would have it, a headhunter had contacted him the week before for a portfolio manager position at Eagle Global Advisors (EGA), another asset management firm in the Boston area. The interview process went very smoothly, and Joe decided to join EGA in 2001 without having any further conversations with Todd. EGA offered Joe total annual compensation of \$425,000.

Unfortunately, after joining EGA, Joe discovered that the portfolio management function at this firm was essentially a marketing role. EGA had embarked on a major asset-gathering drive, which had led to a restructuring of the portfolio management function.

Portfolio managers spent 20%–30% of their time building portfolios from the stock recommendations generated by the research team and 70%–80% of their time supporting their business development colleagues on sales and marketing calls. Neither portfolio construction nor marketing activities were of particular interest to Joe. His real interest remained in stock picking. Additionally, the excessive traveling associated with marketing started to create serious tensions at home with his wife, Julia.

Joe did not perform particularly well at EGA. First, his communication and presentation skills were not as strong as those required of an effective marketer. Second, he lacked conviction in the stock recommendations generated by the research team, which formed the basis of his portfolio holdings. His lack of conviction was visible in client meetings and often led to complaints from his business development colleagues. The friction ultimately led to Joe resigning from EGA in 2003, one year after his son, Tom, was born. Joe used the birth of his son as an excuse to exit an unattractive and uninteresting marketing role. He needed to travel less and spend more time at home.

After a lot of reflection about what he is good at and what motivates him the most, Joe decided to go back to the research function and accepted a job offer from Apex Asset Management (AAM) as the head of equity research in 2004, with total annual compensation of \$425,000. But his stay at Apex was also relatively short lived. He was viewed as a brilliant analyst but a highly ineffective manager and leader of the research function. Joe was let go in 2006, with a severance package equivalent to one year of total compensation.

Joe took some time off from work to help Julia with Tom and to reconfigure his career orientation and aspirations. After several months of soul searching, Joe came to the painful realization that his dream of becoming a CIO was unlikely to materialize. He did not possess the qualities and skills needed to be a good manager and a respected and inspiring leader. But he was genuinely good at analyzing companies and truly enjoyed that activity. So, Joe decided that it was best for him to go back to an analyst role. Because he was willing to let go of seniority, power, and authority, he would prioritize securing maximum compensation in his next position. This strategy led Joe to apply for a job at the top Wall Street investment banks.

In 2007, Joe got an offer from Charles Harris, one of the top names on Wall Street, for an equity analyst position at an annual compensation of \$650,000. Joe relocated his family from Boston to New York City. Julia was not thrilled with this decision. She reluctantly agreed to move to New York, but she worried that without the help of her parents, who also lived in Boston, looking after Tom in a new place might turn out to be significantly more difficult and overwhelming.

Joe thoroughly enjoyed his work at Charles Harris. He was happy to return to his first love, analyzing companies and picking attractive stocks. He was consistently rated the number one analyst in leading industry surveys. He was well respected by clients and viewed as a thought leader. Charles Harris recognized and generously rewarded his achievements and contributions to the firm. By 2012, his compensation had more than doubled to \$1,400,000 per year. However, Joe found the corporate culture on Wall Street in general and at Charles Harris in particular to be significantly different from the corporate culture of the asset management companies where he had worked previously. At Charles Harris, the firm seemed to encourage internal competition among the analysts, which led to a very aggressive and often unpleasant work environment. In addition, 10- to 12-hour work days were very much the norm, with 14-hour work days and working over the weekend not unusual in the face of tight deadlines. The firm appeared to be quite insensitive to the family needs of employees. When Joe had a discussion with his supervisor about work–life balance, he was told, “You work on Wall Street to make money, which you are doing. You can’t get it all. Something has to give.”

Something did give. Between 2007 and 2012, Joe’s family life and his relationship with Julia deteriorated significantly. The tension and stress at home led Joe to seek refuge in work, which further aggravated their relationship. Counseling sessions did not help. About three months ago, when Julia finally brought up divorce as the only viable option, Joe realized he had pushed her to the limit. The thought of losing his family was too much to bear. It was too high a price to pay for continued employment with Charles Harris. Joe realized that he had failed miserably as a husband and father. He needed to save his family, even if it was at the expense of his career.

After hearing Joe’s story, you tell him the following: “On the positive side, you realized early on that you needed to actively manage your career. You made a conscious effort to define your notion of success and your career path. On the negative side, however, you made some rather simple mistakes in how you managed your career. These mistakes introduced unnecessary risks in the job selection and career management processes. Unfortunately, some of these risks did not pan out in your favor. So, let’s start by looking at what mistakes you made, what risks you took, and how you could have avoided taking those unnecessary risks. Then we will discuss what you can do going forward.”

QUESTIONS TO THINK ABOUT

Employment with GIM

1. How did Joe define his career at the start of his professional life in 1992?
2. How did Joe define success at the start of his career?

3. Which attributes did Joe value the most in defining success at the start of his career?
4. Which qualities and skills contributed to Joe's success as an equity analyst at GIM?
5. Which factors contributed to Joe's failure as head of equity research at GIM?
6. Which mistake did Joe commit in the way he left GIM? Why is that a mistake?

Employment with EGA

1. Which mistake(s) did Joe commit in the way he approached the job selection process with EGA?
2. What process should he have followed to avoid making the mistake(s)?
3. Which factors contributed to Joe's failure as a portfolio manager at EGA?

Employment with Charles Harris

1. How did Joe redefine his career in 2006, before joining Charles Harris?
2. How did Joe redefine success in 2006?
3. Which attributes did Joe value in redefining success?
4. Which mistake(s) did Joe commit in the way he approached the job selection process with Charles Harris?
5. What process should he have followed to avoid making the mistake(s)?

Career Management Issues

1. Based on Joe's experiences, summarize and characterize the risks Joe took in his career. How might effective career management have helped him to take more appropriate risks?
2. What advice would you give to Joe on how he should manage his career and family life going forward?

THE CHANGING NATURE OF CAREERS

Under a relational psychological contract, careers were typically defined from an organizational perspective. An “organizational career” consists of a series of jobs, leading to a linear hierarchical progression within a single organization. [Exhibit 1.3](#) provides an example of an organizational career.

EXHIBIT 1.3. EXAMPLE OF AN ORGANIZATIONAL CAREER

1971	Graduated from a top university with a specialization in marketing and sales
1972	Joined a Wall Street investment bank as sales officer in the fixed-income division
1974	Promoted to vice president
1979	Promoted to managing director, global head of fixed-income sales
1985	Named global head of fixed-income division
1992	Appointed chairman of operations committee
1993	Appointed president and chief operating officer
2004	Appointed CEO and chairman of the board

Another perspective of a career is in terms of an occupation or function. A “functional career” relates to a career in a specialized field. Accountants, doctors, and lawyers are some examples of individuals pursuing functional careers. [Exhibit 1.4](#) provides an example of a functional career in marketing and sales.

EXHIBIT 1.4. EXAMPLE OF A FUNCTIONAL CAREER

1969	Graduated from a top university with a specialization in marketing
1969	Joined a Wall Street investment bank as sales officer in the equity division
1974	Promoted to regional sales officer
1975	Joined an asset management firm as vice president of business development
1982	Joined another asset management firm as managing director of business development
1990	Joined a global equity index provider as global head of sales
2000	Became an independent marketing and business development consultant for financial institutions

More recently, new definitions of a career, which deviate from an organizational/functional focus, have been proposed. For example, Douglas T. [Hall \(1976\)](#) proposed the concept of a

“protean career.” Named after the mythological Greek god who could change his shape at will, the protean career is characterized as being flexible and adaptable, managed by the employee rather than the employer, and geared toward achieving psychological success as opposed to organizational success. Arthur, Khapova, and Wilderom (2005) propose in “Career Success in a Boundaryless Career World” the somewhat similar concept of a “boundaryless career.” A boundaryless career is characterized by organizational, functional, and/or geographical mobility, an emphasis on career development and employability, and a high level of self-responsibility on the part of individuals to define and manage their careers. The protean and boundaryless careers are logical outcomes of a move toward a transactional psychological contract. **Exhibit 1.5** highlights an example of a protean/boundaryless career.

EXHIBIT 1.5. EXAMPLE OF A PROTEAN/BOUNDARYLESS CAREER

1982	Graduated with a specialization in economics and statistics
1982	Joined a public sector research organization as junior economist (Karachi, Pakistan)
1984	Promoted to senior economist (Karachi)
1985	Joined an international bank as credit analyst (Karachi)
1987	Transferred to Abu Dhabi as equity analyst in the investments division (Abu Dhabi, United Arab Emirates)
1988	Promoted to portfolio manager (Abu Dhabi)
1991	Admitted to the ENPC MBA Program (Paris)
1992	Graduated with specialization in investments
1992	Joined a French bank as quantitative analyst in the asset management division (Paris)
1993	Became a CFA charterholder
1994	Joined a UK bank as manager of research in the asset management division (London)
1995	Promoted to global head of research and strategy (London)
2000	Joined a Wall Street investment bank as director of research (New York City)
2007	Joined a boutique asset management firm as CEO (Boulder, Colorado)

In today’s work environment, fundamental changes in the employer’s operating environment and the employee’s values and preferences imply that careers have become highly individual specific. Today, each individual accumulates a unique set of work-related experiences over the

course of a long-term professional career. Individuals are likely to work for several different employers and undertake one or more occupational changes during their professional life.

Careers no longer require singularly upward mobility. It has become relatively common for individuals to pursue satisfying and fulfilling professional careers in a series of horizontal, as opposed to vertical, job movements. In fact, in her book *Disrupt Yourself: Putting the Power of Disruptive Innovation to Work*, former Wall Streeter Whitney Johnson makes a case that horizontal and even “backward” career steps are essential for avoiding stagnation and irrelevance in your career.

THE CHANGING NOTION OF SUCCESS

Friedman and Greenhaus (2000) conducted a pioneering study surveying more than 800 business professionals to assess how these individuals approached career success in the new work environment. They reported that these individuals viewed balance between work and family life, time for self, job challenge, and career development opportunities as important indicators of professional success. These findings suggest that today, individuals approach career success from a total-life and psychological satisfaction perspective. This notion of success is quite different from the traditional organizational success perspective, in which career success is defined in terms of the level of seniority, power and authority, and compensation within an organizational structure.

“[I] define success as being satisfied with what you are doing . . . that is what really counts in the end. For me, contributing to society, which is my job right now in terms of managing large pension plans, and looking after the interest of the pensioners have become major sources of satisfaction and fulfillment. And therefore, my notion of success is clearly defined today in terms of how I am contributing to society.” (Hamaguchi)

Some individuals still pursue an organizational career, sometimes with an obsession. In many cases, however, such an approach creates a conflict between an individual’s narrowly defined career objectives and broader personal values and principles. As a result, many organizationally successful professionals, toward the later stage of their careers, experience severe feelings of failure in their personal lives and regret having made significant personal sacrifices to achieve their career goals.

It is our recommendation, therefore, that individuals stay true to their core values and beliefs in defining career goals and success. This approach requires specifying goals and success from a total-life perspective and, in so doing, provides a better probability of achieving psychological satisfaction and fulfillment.

Myth #1: Success requires sacrificing everything else in life.

The view that success requires a lot of personal sacrifices comes from the examples in society that equate success only with power, authority, rank, and money. This idea starts a rat race, which leads to pressures and many personal sacrifices, including working to exhaustion to stay in the race.

But it need not be that way at all. First of all, success does not require working to exhaustion every day. Success requires an intelligent way of working. It requires a high level of energy, commitment, and motivation over the long run. Second, success is very personal. Each one of us can, and should, have our own definition of success. This definition should be driven by what we consider to be important in our lives. If leading a balanced life is important, then that is your measure for success and you do not need to worry about sacrificing anything to achieve it. Of course, there are trade-offs, as Amit Puri, formerly of Sandbox Associates, explains in the following interview. But as long as these trade-offs are intentional, as opposed to imposed by society, you should be able to live with them with a peace of mind.

“You know, you can never settle for ‘OK.’ You’re always looking to just do the best, and for me, that’s what success is. And when you’re successful, you inspire other people to want to be like you. They look up to you. You know? You become a change influencer, if I can put it like that. That you influence change. You influence people. You inspire. You motivate. For me, that’s what success is.” (Kigen)

AMIT PURI DISCUSSES MAKING INTENTIONAL TRADE-OFFS TO ACHIEVE WORK-LIFE BALANCE.



<http://bcove.me/rxqrhp64>

WATCH MEMBERS OF THE CFA INSTITUTE BOARD OF GOVERNORS DISCUSS WHAT SUCCESS MEANS TO THEM.



http://players.brightcove.net/1183701590001/default_default/index.html?videoId=4831917206001

SUMMARY

We often hear CEOs say, “Our people are our most important asset.” But these same CEOs often do not hesitate to sign off on corporate programs and strategies that result in thousands of layoffs. Up until the 1980s, many organizations viewed layoffs as unacceptable corporate behavior and a sign of business failure. Today, organizations as well as investors view corporate restructurings, downsizing, and layoffs as a sign of effective and efficient business management. Of course, organizations still focus on talent development and retention but from more of a business management perspective (e.g., succession planning) than an employee career management viewpoint.

It is critical to recognize that in the new work environment, you cannot have a passive attitude toward your career. You have to actively manage your career. This is the simple reality of the new work environment.

IN THIS AUDIO PODCAST, AUTHOR KAL GHAYUR, CFA, DESCRIBES AND EXPLAINS THE IMPORTANCE OF CAREER MANAGEMENT IN TODAY'S WORLD OF WORK.

<http://bcove.me/bnqg1kmq>

CHAPTER 2

CAREER MANAGEMENT

So, how will you go about defining and managing your career?

WHAT IS CAREER MANAGEMENT?

At its core, career management is a process by which an individual

- analyzes and solves a given career problem at a point in time and
- sets goals and priorities for the future.

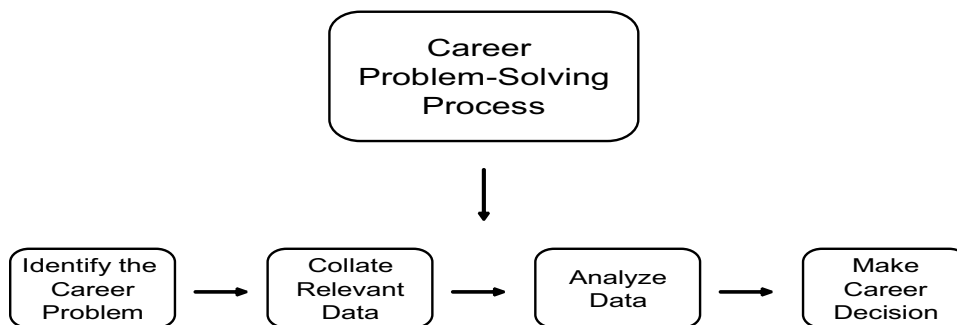
The career management process, therefore, is a combination of (1) career problem solving and decision making and (2) career planning.

“A talented person, in most roles, can leverage talent more for himself and his employer than he could 10 years ago, and that’s been a secular change. That also is interesting when it gets back to career management because I think that career management can be leveraged more now than 10 or 20 years ago.” (Urwin)

CAREER PROBLEM SOLVING

Like any other problem-solving, decision-making exercise, career problem solving also benefits from following a relatively structured approach. Such an approach typically requires (1) identifying the exact problem to be solved, (2) collecting the data needed to solve the problem, (3) analyzing the collected data, and (4) making decisions based on facts and findings that have emerged from the analysis to solve the problem. This process is depicted in [Exhibit 2.1](#).

EXHIBIT 2.1. CAREER PROBLEM-SOLVING PROCESS



Research suggests that the career problem-solving, decision-making process can benefit significantly from individuals conducting career exploration to increase awareness of their interests, values, skills, personality, and preferences, as well as the external work environment.

Career exploration refers to the collection and analysis of information needed to solve career management issues. Career exploration typically has two components: exploration of self and exploration of work environment. Self-exploration involves getting to know yourself through a thorough analysis and understanding of your own

- interests and motivations,
- work and family values,
- strengths and weaknesses,
- psychological characteristics, and
- lifestyle preferences.

Exploration of work environment involves an analysis and understanding of

- professions and occupations,
- jobs,
- employers, and
- prospective managers.

Dr. Jelena [Zikic \(2006\)](#) highlights the benefits of “career exploration,” arguing that this process of assessing one’s self and environment leads individuals to develop awareness of both self and environment. She points out that career decisions tend to be more satisfying and fulfilling when they are based on extensive career exploration and awareness. Finally, Zikic shows that students who undertake appropriate career exploration typically obtain more job interviews, perform better in job interviews, obtain more job offers, and are able to negotiate higher salaries. These students also have more realistic job expectations and are able to develop more extensive career strategies.

Along similar lines, [Atwater, Waldman, and Brett \(2002\)](#) find that self-awareness—that is, the ability to accurately assess your values and skills—results in more effective job performance.

[Sugalski and Greenhaus \(1986\)](#) argue that career exploration can help individuals develop more appropriate career goals. And Dr. Romila [Singh \(2006\)](#) reports that students who demonstrated significant awareness of their values and chosen fields had more-realistic job expectations and established more-satisfying career goals and strategies. Singh’s evidence

supports the idea that awareness of self and environment can lead to more effective career management.

Career exploration and awareness help to achieve “compatibility” or “fit” between individuals and their environment, which, in turn, leads to more effective career management. Research supports the positive impact of compatibility and fit. For example, Dr. W. Bruce [Walsh \(2006\)](#) argues that individuals feel more satisfied and fulfilled when their career decisions are consistent with their interests, values, skills, qualities, and preferences. [Gatewood and Field \(2001\)](#) show that performance is improved when a job leverages the natural strengths of an individual.

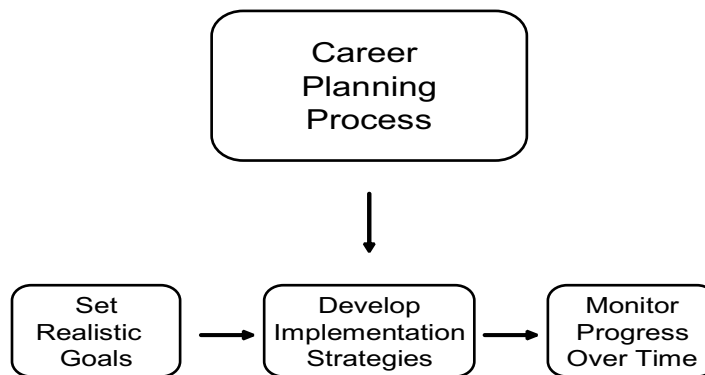
CAREER PLANNING

In a typical career-planning exercise, an individual

1. Sets realistic career goals for the future,
2. Develops appropriate implementation strategies, and
3. Seeks feedback and monitors progress toward goal achievement over time.

The career-planning process is depicted in [Exhibit 2.2](#).

EXHIBIT 2.2. CAREER-PLANNING PROCESS



Having defined the career management process as a combination of career problem solving and career planning, it might be reasonable, at this stage, to ask the following questions.

1. What kind of information would be most relevant and useful for making career decisions?
2. Is career planning and goal setting a useful exercise, given the unpredictable nature of modern careers?

Research also supports the usefulness of career planning—that is, formulating challenging, but realistic, career goals; developing appropriate career strategies to achieve career goals; and monitoring feedback and evaluating performance over time. Dr. Edwin A. Locke and Dr. Gary P. Latham document that employees who have a high commitment to well-defined, challenging goals outperform employees who lack clearly specified goals or have a low commitment to specified goals (Locke and Latham 2002, 2006). Furthermore, well-specified goals lead to behaviors and attitudes that facilitate the achievement of those goals. Greenhaus and Callanan (2006) find that the development of and commitment to a career goal can lead to more-effective career strategies. They document that career goals can result in a successful job search and higher job involvement and effectiveness.

A MODEL OF CAREER MANAGEMENT

In the social sciences, it is customary to develop normative models. Such models consist of a set of related variables, which are used to provide a simplified depiction of the real world. A normative model highlights what individuals should do, as opposed to what they actually do. The assumption behind a normative model is that applying the model can result in favorable outcomes for the individual.

Similarly, models of career management provide a structure and framework for undertaking career decision making. These models are based on the conceptual and empirical support for the fact that activities associated with career problem solving (i.e., career exploration and awareness) and career planning (i.e., setting goals and strategies and monitoring progress) can lead to more effective career management.

PRACTICAL APPLICATION 2.1

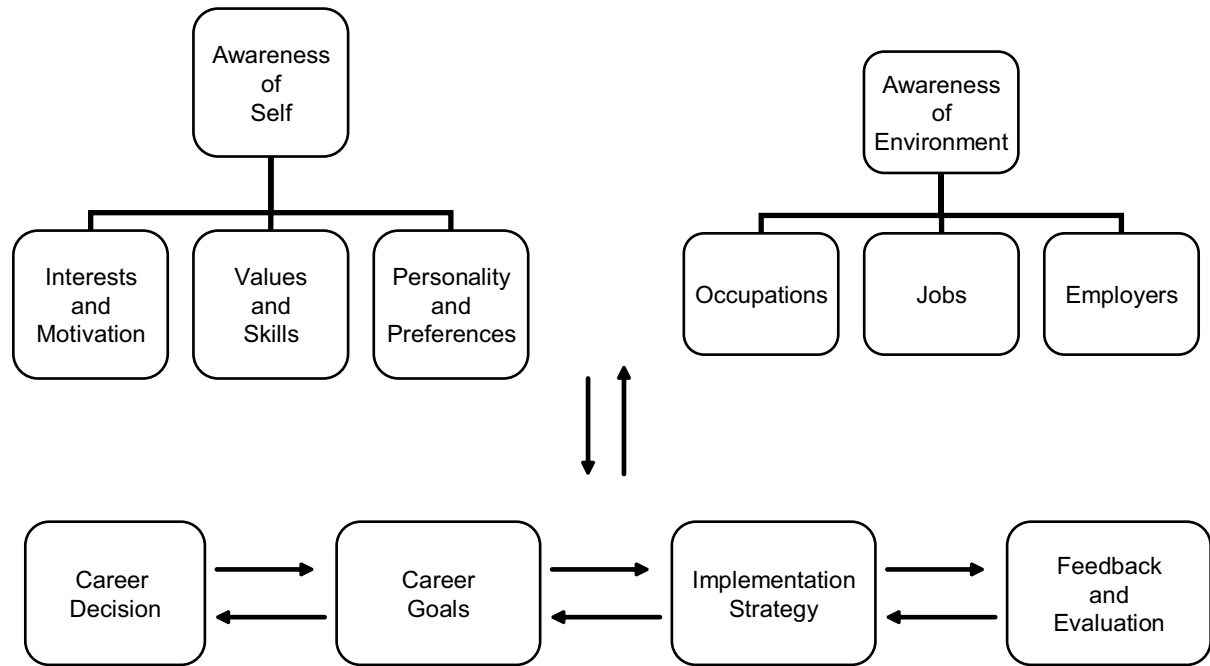
SECOND LOOK AT CHAPTER 1 SCENARIOS

Take a few minutes to review the practical applications and questions to think about presented in [Chapter 1](#). If you were constructing a career management model, what would it look like? Consider how applying a career management model might benefit Tim ([Practical Application 1.1](#)) and Joe ([Practical Application 1.2](#)).

Our proposed career management model is depicted in [Exhibit 2.3](#). Although some practical differences exist, our model of career management is conceptually similar to other models

that have been proposed in the literature (e.g., [Greenhaus, Callanan, and Godshalk 2010](#); [Harrington and Hall 2007](#)).

EXHIBIT 2.3. A MODEL OF CAREER MANAGEMENT



CAREER MANAGEMENT STEPS

The first step in the career management model is self-exploration and self-awareness—that is, developing a better understanding of how you define yourself as a person through the role(s) that interest/motivate you; the values that drive your conduct; your skills/strengths and development areas; your personality/psychological characteristics; and your preferences, likes, and dislikes. The objective of self-exploration is to help you develop self-awareness. This step of the process is discussed in [Chapter 3](#).

The second step in the career management model is an assessment and awareness of the work environment around you. This step entails analyzing and understanding various occupational choices, job opportunities, the corporate culture of potential employers, and the management styles of prospective managers. The objective of this activity is to gain awareness of your environment. Environmental exploration techniques are discussed in [Chapter 4](#).

The third step of the model involves career decision making. We argue that the fundamental principle of compatibility and fit between individuals and their environment should guide career decision making. The importance and relevance of compatibility in career decision making, as well as the role risk taking plays, are discussed in [Chapter 5](#).

The fourth step in the career management model consists of developing career goals for the future. Awareness of self and environment helps not only in making compatible career decisions but also in setting appropriate career goals. Career goal setting, developing and implementing a strategy to achieve those career goals, and monitoring and evaluating progress toward those goals over time are also functions of the career stages. In other words, it is important to reevaluate your efforts as your career progresses. We discuss career goal setting, strategy implementation, and feedback and evaluation in [Chapter 6](#).

APPLICATIONS

The generic model of career management depicted in [Exhibit 2.3](#) can be used to analyze and solve most career problems. This model's main objective is to achieve compatibility, or fit, between individuals (interests, values, skills, and preferences) and their work environments (occupations, jobs, and employers) in making career decisions. For example, each career problem listed in [Practical Application 2.1](#) can be addressed by applying this model.

The career management model depicts the complete career management cycle and associated activities. Of course, not all career decisions require application of the full model. The context of a career problem will dictate the activities on which an individual needs to focus. For example, consider an 18-year-old student who is confronted with an occupational choice. Should he pursue a career (and education) in accounting, finance, or economics? In this instance, the focus of the self-exploration and self-awareness exercise would be on the student's interests, motivations, and skills. The exploration and awareness of work environment would focus on an understanding of the types and characteristics of functions and jobs that each choice might lead to. Another individual is confronted with an organizational choice. She has two job offers for an equity trader position. Which job offer and employer should she choose? In this circumstance, the focus of self-exploration and self-awareness would be on values and lifestyle preferences. The exploration and awareness of environment would focus on understanding the corporate culture of the two employers and the management styles of her prospective managers.

The career management model also depicts a linear progression or dependency as well as feedback loops across various activities. In reality, however, there may be a number of somewhat nonlinear progression paths and feedback loops across the various activities. For example, feedback obtained over time may lead to a revised implementation strategy or even a revised career goal, which then could necessitate a new implementation strategy.

Consider Jayna. After 10 years as a marketing and sales executive, she has been offered the position of head of business development. Should she accept the new people management position or continue with the hands-on marketing role that she enjoys so much? If Jayna's career goal is to move toward general management, then she might be tempted to accept the head of business development position. In this case, the career goal influences the career decision. If feedback over time suggests that Jayna does not possess the necessary process and/or people management skills to succeed in the head of business development role, however, then she could reconsider her career implementation strategy. For instance, she could enroll in management seminars sponsored by the company or an evening course in management offered by the local university to develop the necessary skills. Or Jayna could come to the conclusion that a career in management is not a good match for her personality and/or skills, which could lead her to revisit her career goal. A revised career goal, which may include a career change, could trigger a fresh exploration and awareness of self and environment and could lead to the development of new implementation strategies.

In the end, the goal of the career management model is to identify the activities that need to be performed for effective career problem solving and career management over time. The order in which the activities are performed, as well as which activities to emphasize, will depend on the context of the specific career problem that needs to be addressed. Additionally, the career management model should be approached from a "dynamic" perspective. That is, it needs to be revisited on a periodic basis. Throughout an individual's career, situations and circumstances will change. People and personalities will evolve. New skills, qualities, and talents will be acquired. Therefore, an individual benefits most from learning to apply the career management process early in their professional life and revisiting it whenever they feel a significant personal or professional change has taken place.

PRACTICAL APPLICATION 2.2

CAREER MANAGEMENT PROCESS

Consider the following examples, in which the individual needs to make a career decision.

1. A recent finance graduate wonders which profession and jobs he should pursue in the investment industry.
2. A recent graduate has been unsuccessful in finding a job in his preferred field. He wonders what the reasons for his lack of success might be.
3. A recent graduate has three job offers with varying relative attractiveness. She wonders which job offer she should accept.

4. A recent graduate has started her career as a research analyst with an investment bank. She wonders what career goals she should set for herself.
5. A portfolio manager with an impressive performance track record has been approached by a headhunter regarding a potential employment opportunity, which offers much higher compensation but requires him and his family to relocate from Boston to San Francisco. He wonders if he should pursue this opportunity.
6. A 45-year-old marketing executive has been laid off and finds himself without a job for the first time in his career. He wonders how the job search process works and what he should do next.
7. A senior portfolio manager has been offered a promotion to become the chief investment officer (CIO) of the firm. She wonders if she would enjoy the CIO role as much as she enjoys portfolio management.
8. A regional sales officer has been offered a promotion to become the vice president of sales at the corporate headquarters hundreds of miles away. He is thrilled with the promotion, but he is also confronted with a serious conflict. He and his family enjoy where they live and the relatively relaxed work environment of a regional office. He wonders how he could resolve this conflict.
9. A human resources executive is frustrated. She struggles to rear three young children while meeting her work responsibilities. She feels she receives no support from her husband or her employer. She wonders if she should ask for a part-time job or quit her employment altogether.
10. A 55-year-old, highly successful executive feels unhappy with his career and bored with his current job. He wonders if he should take an early retirement.

ANALYSIS

1. For each of the situations listed,
 - a. Identify the career problem that needs to be solved and
 - b. Specify the data that would be required to analyze and solve the career problem.
2. Based on your analysis, develop a generic “career management model” (e.g., a flow chart) that highlights the various activities or steps involved in actively and effectively managing a career. Show how the model could provide guidance on resolving the situations listed.

Myth #2: Success is a matter of luck.

It is difficult to deny that luck may play some role in creating the right path or conditions for achieving success for some people. It is also true that some people are “born lucky” because their family and socioeconomic background gives them a head start in life. It would be completely false to suggest, however, that luck is a prerequisite for every success story and that, because of the “luck factor,” success is something beyond your control. Additionally, when we hear or read about a success story, it often looks like the success was achieved overnight, which reinforces the perception that luck was the primary driver. But successful people will tell you that success has no shortcuts. It takes time, energy, hard work, and patience. As one very successful entrepreneur commented, “It took me 13 years to achieve overnight success.”

“You need to know what you want to achieve and how you want to reach your goals, and then you must work hard to get there. Along the way, a bit of luck can only help.” (Rüsch)

Many leaders we have interviewed attribute their success to luck—that is, tremendous opportunities that advanced their careers in unanticipated ways. Of course, luck plays an important part in our careers. But we also believe that you can create your own luck, often by recognizing and seizing opportunities, and thus shape the way your career evolves.

One common theme that emerges from the interviews that we conducted is that successful people are unafraid to take risks such as accepting new jobs and new responsibilities, even in areas where they do not yet possess a deep level of technical expertise. They have self-confidence and believe in their ability to learn and perform to the highest standards. Over time, these people develop a reputation within their companies for accepting new challenges. They become their employer’s preferred person to approach when someone is needed to take care of a new job or assignment. Is this luck?

With regard to job selection at the start of your career or during the later stages, do not be afraid of taking on assignments that challenge you. Have confidence and belief in your ability to learn new things and to deliver expected, or better-than-expected, results. Successful people create their own destiny and luck through their hard work, perseverance, and good intentions. And so can you. Become the kind of person that “luck” seeks and favors.

“People often ask me what the secret to success is, and I say, ‘I absolutely have no idea.’ In fact, I don’t use the word success. But I think it has something to do with working a little harder and a little longer than everyone else on whatever job you are given or task you are doing. Do a better job on it than everyone else, and the rewards will come. From this perspective, at least, the secrets to success are not very mysterious.” (Bogle)

Myth #3: Success is complicated and difficult to achieve.

The unexplored generally does seem complicated and difficult. It's the fear of the unknown. But we also know that once you gain knowledge and experience, things become clear, simple, and easy. The trick is in planning, anticipating, and preparing. So it is with achieving success. A long professional career seems difficult and daunting when you first embark on it. But if you define success honestly, identify the proper ways to measure achievements, and implement your career plan carefully, achieving success should not prove to be as difficult and complicated as it may seem at the start of your professional journey.

Do not let these common myths about success hold you back. Eliminate such mental barriers so that you are in the right frame of mind to actually achieve success.

SUMMARY

In today's professional and social environments, work and family lives are becoming significantly more integrated. It is advisable, therefore, that you stay true to your core work and family values and beliefs, adopting a total-life perspective when defining career goals and success. This approach provides a better probability of achieving psychological satisfaction and fulfillment. Additionally, a total-life perspective as well as a move toward a transactional psychological contract implies that careers have become highly individual specific. During the course of your professional life, you are likely to accumulate a unique set of work-related experiences that will define your career. Remain open to the possibility that your career is unlikely to be confined to a single employer or occupation or even defined solely in terms of upward mobility. Remember too that taking considered career risks and even failure contribute enormously to your growth and success.

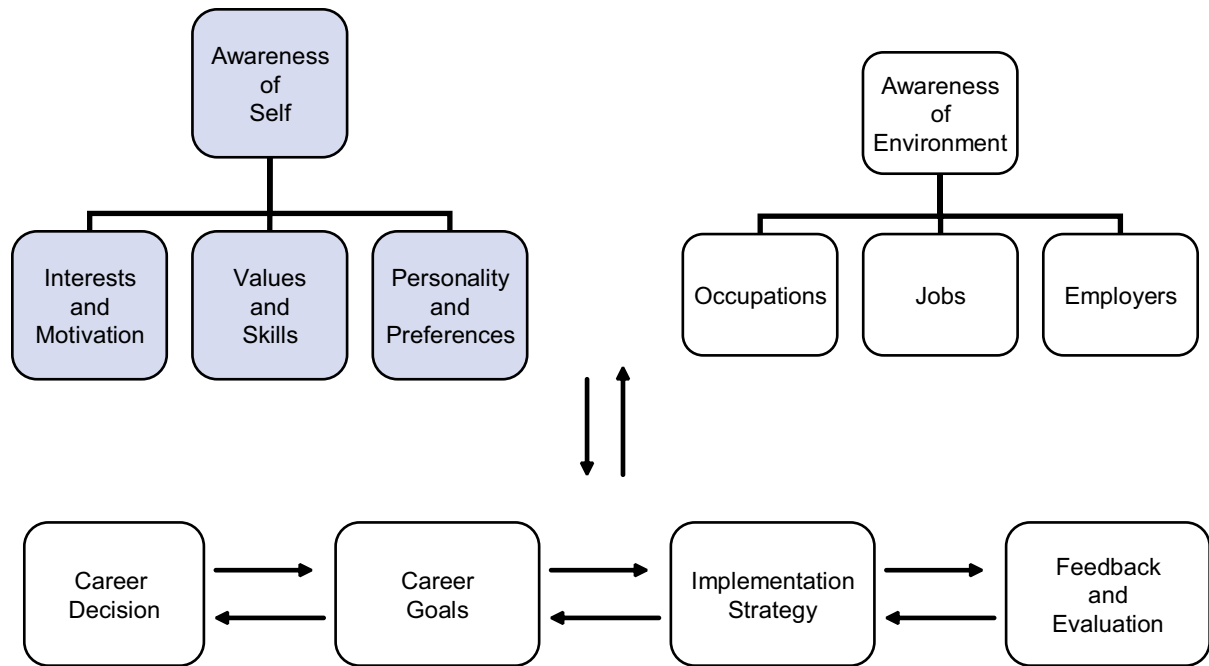
"Today's professional life is very demanding; you end up spending 10–12 hours, at least, at your workplace or at least thinking about doing your work. That is about 60%–65% of your active day of 17 or 18 hours, assuming 6–7 hours of sleep. If you are not enjoying it, then that means more than half of the time, you are not happy. You have to enjoy your work, so initially take your time and be very careful about choosing the career path or the area of interest that appeals to you—the area that you enjoy working in." (Shoaib)

In terms of career management, research suggests that the career problem-solving and decision-making process can benefit significantly from conducting career exploration to increase awareness of your interests, values, skills, personality, and preferences as well as the work environment around you. Research also supports the usefulness of career planning—that is, formulating challenging, but realistic, career goals; developing appropriate career strategies

to achieve those goals; and monitoring feedback and evaluating your performance over time. As we discuss later, as much as possible, your aim should be to achieve “compatibility” or “fit” between yourself and the environment in career decision making and career planning.

CHAPTER 3

AWARENESS OF SELF



PRACTICAL APPLICATION 3.1

JESSICA

After graduating with an MBA degree in finance, Jessica joined a Wall Street investment bank in 1995. She underwent a one-year training program, at the completion of which she was assigned to the mergers and acquisitions (M&A) department as an associate and junior analyst. During the first year of her new employment, Jessica concentrated on learning the responsibilities of her job as an analyst and understanding how her work is used within the company. She also spent a lot of time trying to understand the organization's culture. Jessica realized quite quickly that the organizational culture was characterized by a high level of internal politics. It also placed considerable emphasis on titles and designations. The organization had five corporate designations: associate, senior associate, vice president, executive director, and managing director. It was quite clear that in addition to significantly higher compensation, executive directors and

managing directors had an important influence on the day-to-day running of the firm as well as its long-term strategy.

In her second year of employment, Jessica decided to put together a career plan designed to help her become a significant player within the organization. Her career goal was to become an executive director within the next 10 years. This career goal would allow Jessica to earn significant total compensation and have meaningful power and authority to influence corporate operations and strategy. Jessica would do whatever was required to achieve her career goal, including working extended hours, seeking more responsibilities, and engaging in organizational politics.

Between 1996 and 2006, however, Jessica only received one promotion, to the senior associate level in 1999. Most of the other MBAs that participated in the one-year training program with her were now vice presidents or executive directors, with significantly increased responsibilities and new assignments. Jessica remained in the M&A department and worked as an analyst with no meaningful increases in her compensation throughout this time period. Jessica did try to implement her career plan but failed. She was unable to convince her supervisor to assign her new responsibilities. In fact, her supervisor had told her at each performance appraisal that her normal work was about average at best and that he had no confidence in her ability to assume new responsibilities. She tried to engage in internal politics but found that activity to be in complete conflict with her core values and principles. She worked extended hours but achieved nothing meaningful for her efforts. In fact, the self-imposed long work days were only a source of fatigue and frustration for her.

Jessica's unhappiness with work was becoming a major source of concern for her husband, Frank. She was always tired and in a bad mood. Frank initiated several conversations with Jessica about her work and career goals. These conversations finally led Jessica to accept the fact that her work does not, and never did, motivate her. Actually, she had always found her work to be quite boring and without a genuine purpose. It seemed to her that most of the M&A deals she worked on lacked a meaningful economic and business rationale and were instead structured to maximize the advisory fees for the firm. At a very basic level, she had a strong feeling that her work lacked integrity. At 35 years of age, Jessica was experiencing an extreme sense of failure. Despite Frank's eagerness to start a family, Jessica had resisted that proposition, making her career her highest priority. Now it seemed to her that she had made significant personal sacrifices but achieved nothing in return on the work front. Jessica had finally become convinced that she was in the wrong job. In a strange way, it was a liberating realization. Now she was free to look for a job that was well aligned with her true interests, independent of

titles and designations. She would start to look for a job or role that truly motivated her, either with her current employer or with another organization.

Toward the end of 2006, Jessica was informed by a close friend and colleague that Henry, a managing director in the structured investments division, was contemplating launching a social entrepreneurship fund. The fund would use modern finance principles and techniques to invest in social projects that have the potential of being economically viable. Jessica has always been interested in helping others through non-profit, community-oriented work. When she was 11 years old, she organized several yard sales in her neighborhood to raise money for school supplies for kids of economically disadvantaged families. In high school, she organized a five-mile walk to raise funds in support of Water Aid. More than 50 students participated in the walk and collectively raised almost \$750. Throughout her college years, Jessica volunteered at a nursing home on weekends. And her summer internships were mostly with a nonprofit organization that provided reproductive health care services for women in developing countries. All these activities and experiences were a tremendous source of personal satisfaction and fulfillment for Jessica. Therefore, the idea of a social entrepreneurship fund appealed to her. She could apply her advanced knowledge of finance to create a fund that actually does something meaningful. Jessica approached Henry to discuss his plans for the fund but discovered that it was just an idea. Henry had not done any meaningful analysis on which projects the fund would invest in and how to structure, market, and launch the fund.

Jessica took the initiative to prepare a detailed proposal for the fund. She did extensive reading and research and contacted several well-known nonprofit organizations to discuss potential projects the fund could invest in. After three months of extreme effort and hard work, Jessica presented her proposal to Henry. The proposal was complete in all respects. It contained an extensive list of investors who could be approached for funding, type of projects that the fund could invest in, and details on how to structure the fund. Henry was impressed with Jessica's work. Within two weeks, he obtained the management committee's approval to set up the fund and to appoint Jessica as the officer-in-charge, reporting directly to Henry. Jessica had absolute conviction in what she was doing. She personally presented her ideas to potential investors. Within the first year, she single-handedly raised more than \$150 million for the fund. As per Jessica's recommendation, a major portion of the fund was invested in a new venture in a developing country: a microcredit lending institution exclusively for women called National Women's Bank (NWB).

The fund and NWB proved to be a major success. By 2009, NWB had disbursed more than 550,000 microloans, allowing women to set up small businesses and play important

economic roles in their communities. The fund delivered annualized return of 15% since inception for its investors. More importantly, the returns of this fund were uncorrelated with other asset classes, such as equities and bonds, thus creating an investment opportunity that provided significant diversification benefits in the context of an overall portfolio. As a result, the fund attracted new investors and exceeded \$500 million in assets.

In February 2009, the usual annual performance evaluation and bonus communication took place. Henry praised Jessica's performance as follows: "Jessica, we are all truly impressed with your work and your ability to manage a significant initiative. You have created a new line of business, of which we are really proud. The fund is doing great, and your investment ideas are refreshingly innovative. We think the fund could exceed \$1 billion in assets within the next year or so. As a result, I am truly delighted to inform you that the management committee has approved a significant cash bonus for you as well as a promotion!" Henry handed over the communication letter to Jessica and paused to get her reaction. She had none. "Jessica, are you not happy?" "Oh, yes I am. Thank you very much. But, Henry, I really need to talk to you about this new venture I think the fund should invest in. The idea is to manufacture really cheap mobile phones to sell in the rural areas of developing countries. There is a lot of research that shows that communication is a major hurdle in these areas and that improved communication can significantly improve the productivity and livelihood of the population. So, my proposal is . . ."

That evening Jessica booked a dinner table at Frank's favorite sushi restaurant. For almost three hours, Jessica spoke about how making cheap mobile phones available could change the lives of the people living in the villages of India, Bangladesh, Kenya, and other developing countries. Frank was happy to see Jessica so excited and motivated about her work. When they returned home, Frank went straight to bed while Jessica decided to watch TV for a few minutes. As she sat there watching CNN, she suddenly realized she forgot to mention to Frank that she was awarded a cash bonus of \$500,000 and promoted to a vice president of the firm!

QUESTIONS TO THINK ABOUT

1. What career exploration activities did Jessica undertake before defining her career goal?
2. Was the career goal the right one for Jessica? Why or why not?
3. What career strategies did Jessica pursue? Were they compatible with her values?
4. Would you consider Jessica to be self-aware? Explain your answer.

5. Based on Jessica's past life experiences, what can we learn about her interests, values, and skills?
6. If Jessica approached you for advice, what activities or exercises would you recommend to help her become more self-aware?

OBJECTIVE AND PROCESS OF SELF-AWARENESS

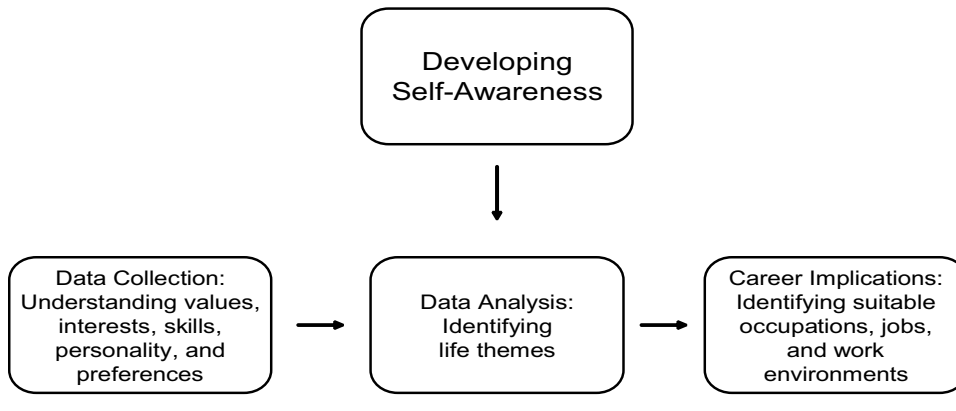
The basic objective of self-awareness is to gain a better understanding of who we are and the potential implications for our personal career decisions. That is, self-awareness helps us make career decisions and develop career goals and strategies that are right for us, and, in this sense, self-awareness is truly the cornerstone of effective career management.

The process of becoming self-aware rests on self-exploration. This process, depicted in **Exhibit 3.1**, involves the following steps:

"I think self-reflection is a very important tool. By this, I don't mean questioning yourself or self-doubt. I mean reflecting on your own actions or motives and learning from them. It can be very powerful, and I wish I had done more of it throughout the years." (Taylor)

1. **Data collection:** What information about ourselves do we need to develop self-awareness? From a career management point of view, it is important to understand your values, interests, skills, personality, and lifestyle preferences. In this section, we will discuss some techniques to help you identify these personal qualities and attitudes.
2. **Data analysis:** The interplay of values, interests, skills, personality, and preferences determines who you are as a person. Therefore, the objective of data analysis is to identify overall "life themes," which define an individual as a whole.
3. **Career implications:** Life themes have important implications for the types of occupations, jobs, and work environments that would be most suited for an individual. It is in this career setting that an individual is most likely to find satisfaction and fulfillment.

EXHIBIT 3.1. SELF-AWARENESS PROCESS



DATA COLLECTION

There are many techniques available to collect the data or information required for self-exploration and self-assessment. The more formal, and sometimes quite complex, techniques include what are known as “self-assessment instruments.” These instruments, available commercially, help individuals assess their values, interests, skills, and personality. Unfortunately, most of these self-assessment instruments require the involvement of a professional career counselor for the purposes of administering the instrument and analyzing and interpreting the derived information.

A number of less formal, but still quite effective, techniques for self-exploration have also been developed. We discuss and illustrate some of these techniques, which relate to the following basic areas of self-assessment:

- Analyzing past experiences,
- Clarifying values,
- Identifying interests and motivations,
- Understanding skills,
- Assessing personality and psychological characteristics, and
- Determining lifestyle preferences.

We include a number of exercises and assignments designed to help you gain a better understanding of each area of the self-assessment process. In addition, CFA Institute members and

CFA Program candidates can find free and fee-based assessment instruments at the [CFA Institute Career Tools](#)¹ (login required), including Career Preferences, a free assessment that walks you through several exercises related to topics we will be discussing. And because it is important to draw from many sources and not to rely on any one assessment, we also incorporate selected similar and complementary exercises and activities available through FindingFIT, authored by James G. Clawson and published by the University of Virginia Darden School Foundation (a full version of FindingFIT is available for purchase at <http://store.darden.virginia.edu/findingfit>). There is typically a direct correlation between the rigor and thoroughness put into these exercises and the quality and usefulness of the implications that can be drawn from the collated information.

ANALYZING PAST EXPERIENCES

A good place to start the process of self-exploration is with the analysis of your life experiences. Analyzing past experiences is an invaluable source of career information, which can be used to draw a map for the future. To analyze past experiences, we recommend these exercises:

- Your Life's Story: Past and Future (from FindingFIT),
- Educational experiences exercise (EEE), and
- Peak (high) and trough (low) experiences exercise (PTEE).

We recommend beginning with Your Life's Story. Doing so may help you begin to populate the PTEE as well. As Clawson explains in FindingFIT, the theory behind projective tests like this one is that people can only make sense of them from the conclusions about life that they have already drawn.

As a reminder, the companion workbook, which you can find at <http://cfa.is/CSnnwe3>, allows you to complete and save these exercises.

¹ <http://careercentre.cfainstitute.org>

PRACTICAL APPLICATION 3.2

YOUR LIFE'S STORY—PAST AND FUTURE



This self-assessment exercise, Analyzing Past Experiences, has four parts. It should take you about an hour to complete. Visit <http://cfa.is/CSnnwe3> to access an interactive pdf version of the exercise. When you finish, save the file locally so you can continue adding to the exercises as you read this guide. We will explain the theory behind the instrument after you have generated your data.

Step 1: My Life's Story in 400 Words or Fewer

Write your life's story in 400 words or fewer. This will require you to condense and to focus on the highlights and major events. Do this now, *before* reading the other steps of the assignment. Remember, 400 words or fewer.

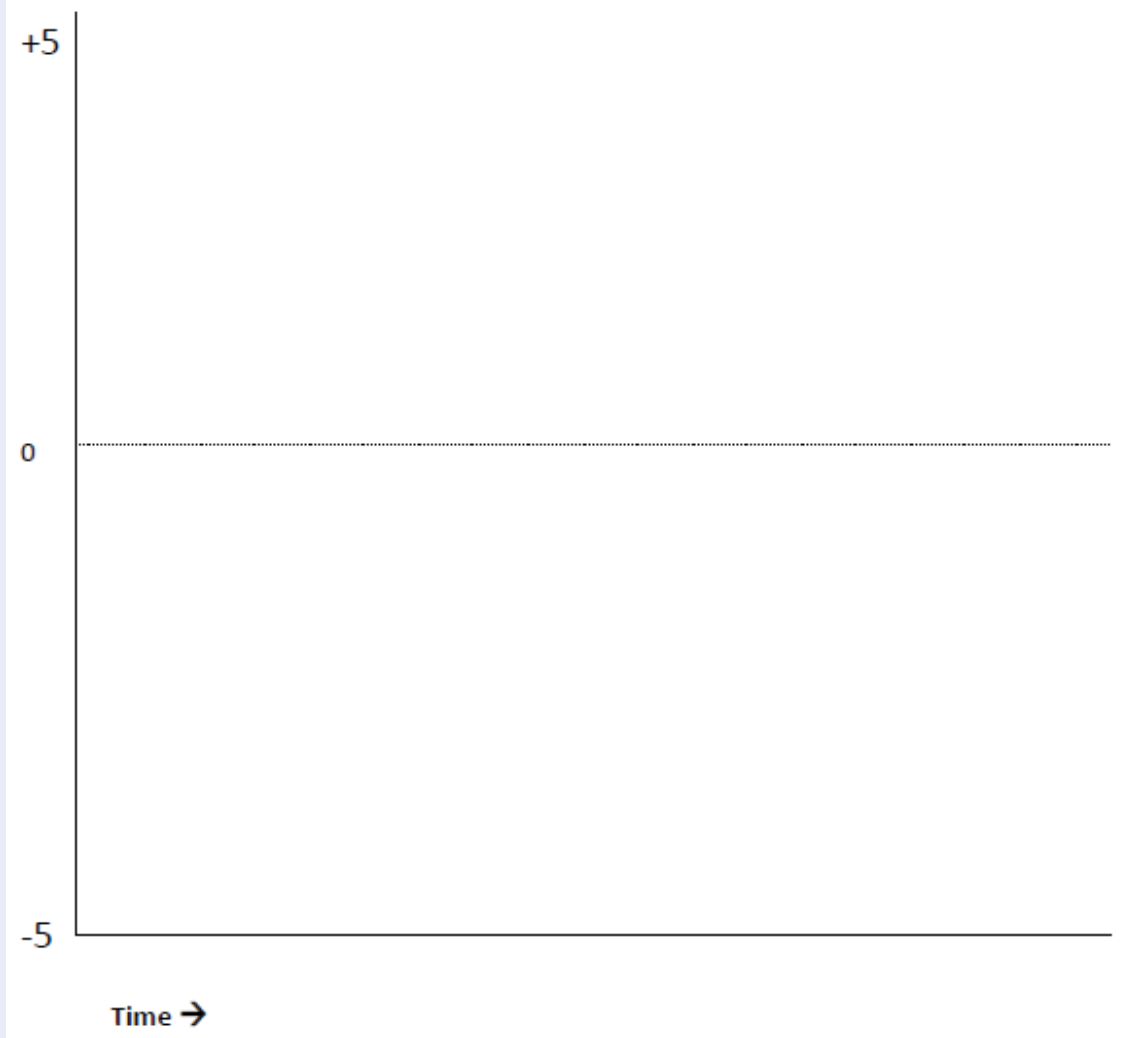
Step 2: Key Events Table

In the following table, list the *key events* you mentioned in the 400-word story in the left-hand column, one event per row. Then, note the extent (from -5 to +5) to which each event was an emotional “up,” “down,” or neutral (0). Next, try to summarize the *key learning* from that event in the third column. What did this event teach you about life and living? What was your “takeaway” from this event?

KEY EVENT	EMOTIONAL IMPACT (-5 — 0 — +5)	KEY LEARNING OR INSIGHT

Step 3: Charting Your Emotional Impact Scores

Use the blank graph below to chart chronologically from left to right the key events in your life in terms of their emotional impact. Then, label the peaks and valleys with the events they represent.



Step 4: Your Future

Write your preferred future professional scenario in 200 words or fewer. Begin with today, and end with your death. Remember, only 200 words.

Theory

This is a projective exercise in that you have only a blank page facing you as you begin. The theory of projective tests (including the *thematic apperception test* and the *Rorschach inkblot test*) is that, when given ambiguous stimuli, people can only make sense of them from within—that is, from the conclusions about life that they have

already drawn. One cannot copy or imitate what others are writing. Although your answers to a projective instrument may be colored by your immediate context (recent events, the assignment, etc.), they can only come from within you. Hence, projective data tell us something about who you are and how your personality and views of the world have been shaped thus far in your life.

Interpreting Your Data

This exercise will give you a rich data pool to analyze. Your life's "lessons" in the third column of your Key Events table might be themes in your life. How do they match up with the demands that various jobs place on people? Do you begin to see patterns emerging from these data that match other datasets you may have, such as diaries or past performance reviews?

People who are willing to share their life's story with others often find that this simple approach has powerful results. These short, biographical sketches help associates and subordinates understand the leader's background and "where the person is coming from." These sketches also tend to be easy to remember and strong communicators of the storyteller's basic beliefs. In this sense, telling your life's story can be a powerful leadership tool. For the moment, though, we invite you to use these data to gain more insight into your personal patterns, your life themes, and how those themes might predict your probability of success in this job or that career. Use the data from this instrument cautiously. We don't want to *jump* to conclusions; rather, we want to make tentative inferences that will gel into the patterns we call "life themes" only when those tentative inferences are substantiated significantly by data from other sources.

REMEMBER: No single instrument is accurate enough or comprehensive enough to place our complete faith in.

The EEE focuses on your favorite and least favorite courses, courses in which you did best and worst, and important extracurricular activities conducted during your secondary/high school and college/university years. [Exhibit 3.2](#) provides an example of what this might look like.

EXHIBIT 3.2. EDUCATIONAL EXPERIENCES EXERCISE EXAMPLE

	Secondary/High School	College/University
Favorite courses	French poetry and history	Econometrics and investments
Least favorite courses	German, mathematics	Macroeconomic policy and economic planning
Best-grade courses	English literature and chemistry	Econometrics and investments
Worst-grade courses	French poetry and mathematics	Negotiating skills
Extracurricular activities	Soccer, music composition, and drumming	Cricket, tennis, music composition, and singing

PRACTICAL APPLICATION 3.3

EDUCATIONAL EXPERIENCES EXERCISE

Prepare a table of your educational experiences along the lines of the one shown in [Exhibit 3.2](#).

In the PTEE, you describe and discuss life experiences that made you feel either particularly happy and fulfilled or particularly unhappy and unfulfilled. To conduct this exercise, you

- List and describe a total of three to five peak experiences, preferably categorized in terms of work, family, and personal life;
- Explain why each experience felt like a peak experience and what you learned from it;
- List and describe a total of three to five trough experiences, preferably categorized in terms of work, family, and personal life; and
- Explain why each experience felt like a trough experience and what you learned from it.

[Exhibit 3.3](#) provides an example.

EXHIBIT 3.3. PEAK AND TROUGH EXPERIENCES EXERCISE EXAMPLE

Peak Experience Description	Why It Felt Like a Peak Experience
Work Life	
<i>1. Earning the CFA charter</i>	
<p>I studied for the CFA exam while working full-time in Abu Dhabi, United Arab Emirates. I passed CFA Level I on my first attempt but failed the Level II exam twice because I could not devote the appropriate time to studying. Then, I interrupted my CFA Program study to pursue an MBA degree. After acquiring my MBA, I started a new job in Paris, earning enough money to enjoy living in the city. I thought about dropping out of the CFA Program but decided not to do so. Instead, I promised myself that I would devote the required time and energy and make whatever sacrifices were necessary to complete the program. I passed the Level II and III exams and then went on to earn my CFA charter.</p>	<ul style="list-style-type: none"> • I felt a strong sense of accomplishment and self-belief. • I realized the importance of hard work and perseverance to achieve a goal. • Through learning what the exam preparation process entails, I realized how a continuing effort to acquire advanced technical knowledge can help me gain a sense of comfort at work and improve my overall performance.
<i>2. Joining a premier investment bank on Wall Street</i>	
<p>After working at two mid-sized asset management companies, I joined a leading Wall Street investment bank. The corporate culture at this firm encouraged innovation and initiative taking. The firm was able to attract highly talented individuals, and I had the opportunity to work with some top thought leaders of my industry. Also, my immediate supervisor was one of the most amazing business managers I have ever worked with.</p>	<ul style="list-style-type: none"> • I enjoyed working in an intellectually stimulating environment. It challenged me, motivated me, and brought out the best in me. • In working with my supervisor, I also realized the critical role that a good mentor plays in career development. I learned a lot about process and business management from him.

Peak Experience Description
Why It Felt Like a Peak Experience
Family Life
1. Birth of my children

My wife's first pregnancy ended in a miscarriage. It was a traumatic event for both of us, perhaps because we were both mentally unprepared for such an eventuality. The period when my wife was pregnant with our first child was full of fear and anxiety. But everything worked out fine in the end. When our second child was born, it was as much of a peak experience as the birth of the first.

- Both births provided a significant feeling of joy and strengthened my sense of family. I was very touched by the love and support we received from family and friends.

Personal Life
1. Giving back

I set up a nonprofit organization to provide educational and health care services in Pakistan. I have invested a significant amount of time and energy conceptualizing, developing, implementing, and monitoring the various projects we have funded. I regularly visit our schools and medical clinics, which cater to families in some of the most underprivileged communities of Pakistan. To date, this is perhaps the most satisfying and fulfilling achievement of my life, one that I am truly proud of.

- Through the work of the nonprofit organization, I have had the chance to see poverty up close. This experience has made me realize how fortunate I am and how much I have been blessed with. I have developed a sense of gratitude as well as a sense of responsibility toward less-fortunate people.

2. Living in Colorado

This small university town is consistently rated as one of the most desirable places to live in the United States. The weather is amazing, and the scenic beauty of the Rocky Mountains is breathtaking. The outdoor life and its myriad activities make it a favorite place for kids, and the lifestyle in general is relaxed, healthy, and progressive.

- Location has never been an important factor in my career decision making. But the comfort and happiness that living here has brought to my family make it very difficult to think about leaving this little paradise!
-

Trough Experience Description**Why It Felt Like a Trough Experience****Work Life***1. Opportunity to become the chief investment officer (CIO)*

I was working at an asset management firm as the director of research and strategy when the CIO position became open unexpectedly. The CEO of the firm called me into his office and informed me that he was going to look at external and internal candidates to fill the CIO position. He asked me to apply for the role and told me that, in his opinion, I had a very good chance of getting the job. This happened toward the early stage of my career, when I felt that I was not ready for the job. I was scared of assuming such a high level of responsibility, scared of the challenges it presented, and scared of failing. The lack of confidence and self-belief showed up during the interview process, and I didn't get the job. One year later, I also realized that in not pursuing the CIO opportunity more aggressively, I had seriously restricted career advancement options at the firm. This forced me to look for alternate career opportunities.

- This experience made me feel unhappy because I liked working at this firm and would have liked to pursue a long career there.
- Also, becoming a CIO was very much part of my long-term career objectives. But my lack of confidence in my own abilities got in the way of my taking advantage of an incredible opportunity when it was presented to me.
- Through this experience, I realized that no meaningful success can be achieved without taking some level of risk. Since then, I have not been afraid of accepting new challenges and responsibilities and have had more confidence in my ability to learn the skills needed to perform well in a new role.

Trough Experience Description	Why It Felt Like a Trough Experience
Family Life	
<p><i>1. Lack of work–life balance</i></p> <p>While at the Wall Street investment bank, I was responsible for running a research and new product development operation. In the sixth year of employment, the investment bank acquired another large research company and our offices were relocated to Wall Street to take advantage of the significant synergies offered by the new acquisition. It meant that my commute increased from 5 minutes to about 1 hour and 45 minutes each way! Over a period of about one year, I almost never saw my kids during the week and it became increasingly difficult to spend quality time with my wife.</p>	<ul style="list-style-type: none"> • This experience resulted in extreme dissatisfaction and frustration with my lack of work–family life balance. It got to a point where work stopped being enjoyable and became a significant drag. I became seriously demotivated. • Through this experience, I realized that achieving a reasonable balance between work and family life is a high priority for me. In fact, it is one important metric of how I measure my professional success.

PRACTICAL APPLICATION 3.4

PEAK AND TROUGH EXPERIENCES EXERCISE

Prepare a table of your peak and trough experiences along the lines of the one shown in [Exhibit 3.3](#). You are encouraged to provide as much detail as possible of the description and explanation of a given experience.

CLARIFYING VALUES

Values represent beliefs, principles, qualities, or standards that an individual may consider desirable and wish to express or attain. These principles generally guide the day-to-day behavior and conduct of the individual in life and in work. Dr. Paul J. [Hartung \(2006\)](#) explains that individuals typically have a value structure—that is, a priority order of values that they

use to explain and justify conduct and behaviors. Individuals derive psychological satisfaction and fulfillment if an occupation, job, and work environment allows them to express the values that they uphold. It is for this reason that identifying and understanding your own personal values are critical steps in the self-exploration process.

Understanding your values can be a complicated endeavor. Research has uncovered several different value structure models. [Allport, Vernon, and Lindzey \(1960\)](#) identify six primary life value categories: aesthetic, economic, political, religious, social, and theoretical. Some people might hold a higher preference for research and discovery (theoretical), whereas others may place more importance on gaining power (political), helping others (social), or creating beauty (aesthetic). In the context of work, social psychologist Dr. Shalom H. [Schwartz \(2006\)](#) proposes 10 primary value types: power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity, and security. Truly, the list of potential values can be very large and overwhelming. Earning a high compensation, attaining power, giving back to society, achieving work–life balance, having time for self, achieving excellence in work, operating with integrity, having job security, working independently, and taking risks are all examples of different values. Therefore, it is important to identify the values that are the most important to you.

Because the list of potential values an individual may consider desirable can be very long, it is important to create a value structure, which clarifies the relative importance of values to an individual. It is also important to realize that not all practiced or expressed values may be truly valued by an individual. For example, in a corporate culture, which may place strong emphasis on extended working hours, power, status, and titles, an individual may practice these values without truly supporting or believing in them. The objective of the self-exploration and self-awareness process is to recognize and focus on your most essential personal values.

“Very early [in my career] . . . I attended a seminar where the person challenged the group and asked, ‘What do you stand for?’ And I thought and couldn’t come up with an answer. Then, his question was, ‘What does Superman stand for?’ A crowd of 500 rattled off, ‘Truth, justice, and the American way.’ And he said, ‘Great. YOU should be able to rattle off the top three things you stand for just as quickly. You should have it memorized, and in that way, you can gauge any decision, any opportunity through that. If these are my priorities, does this match them?’ Ever since then, I’ve kept that in mind. I make my career decisions based on that.” ([Ailman](#))

There are a number of exercises and tools at your disposal to identify the values that may significantly affect your career goals and decisions. We’ll identify a few next. In addition to these, CFA Institute members and CFA Program candidates may also wish to consider

the ValueBase assessment available in the [CFA Institute Career Tools](#) (login required). This assessment forces you to prioritize values specifically related to a workplace environment from a list and then further sort them until you've ranked your top five. The ValueBase assessment looks at values specifically related to a workplace environment. In the FindingFIT model, the [Career Concepts assessment](#)² encourages you to more deeply understand your values related to “success.”

Career expert Richard [Knowdell \(1998\)](#) developed an efficient process for clarifying values. This process starts with a list of values that an individual is then asked to sort into five categories (always valued, often valued, sometimes valued, seldom valued, and never valued) based on the extent to which these values are expressed in everyday life. The sorting, however, is subject to the rule that there cannot be more than eight values in the “always valued” category. Limiting yourself to only eight “always valued” values is difficult and truly forces you to think carefully about which values matter the most. When you are satisfied with the values that appear in the “always valued” category, the value clarification exercise (VCE) is complete. These values depict the real individual.

The companion workbook available at <http://cfa.is/CSnnwe3> makes it easy to complete the following exercise for yourself. If you have already completed a portion of the workbook, please open your saved file in order to keep your work together in one place.

PRACTICAL APPLICATION 3.5

VALUE IDENTIFICATION EXERCISE 1 (VIE 1)



Even though we express values in our day-to-day conduct, some individuals actually have a hard time identifying and verbalizing them. This exercise, Clarifying Values, will help you generate a list of values that are relevant to you. Visit <http://cfa.is/CSnnwe3> to access an interactive pdf version of this activity, or open your previously saved file and continue with this exercise. Remember to save the changes you have made to your file. Over a two-week period, make detailed notes of all the things (behaviors, conducts, or attitudes) about yourself and others around you that make you either happy or unhappy. For instance, if treating others with respect and dignity, whether they are relatives, friends, subordinates, colleagues, or superiors, is an important value for you, then you may well be bothered by an individual who talks rudely and disrespectfully to others. If you are happy about the fact that your manager

² https://virginia.az1.qualtrics.com/jfe/form/SV_e8Pdgv8sZERdluQ

gives you a lot of freedom to operate, then working independently is also an important value. If not finding time for your favorite hobby or exercise is a source of extreme frustration for you, then having time for self or staying healthy and fit are significant values for you.

Prepare a table similar to the one that follows.

If you conduct this exercise properly, then by the end of the two-week period, you should be able to generate a reliable list of values that are relevant to you.

What Makes You Happy or Unhappy	Value Implication
Rude and disrespectful behavior makes me unhappy.	Treating others with respect and dignity is a value I uphold.
My manager gives me a lot of freedom, which makes me happy.	Working independently is a value I uphold.
Not finding time for my favorite hobby makes me unhappy.	Time for self is a value I uphold.
Too much business travel makes me unhappy.	Achieving work–life balance is a value I uphold.
I enjoy engaging in organizational politics to move up the ladder.	Seeking power and authority and earning significant compensation are values I uphold.

PRACTICAL APPLICATION 3.6

VALUE IDENTIFICATION EXERCISE 2 (VIE 2)

Another exercise for identifying relevant values is to think about your life goals and your ideal future life. When you fantasize about your ideal life, or when you reflect on the future portion of the Your Life’s Story exercise, ask yourself the following questions:

- Which kind of occupation are you involved in?
- Which kind of organization are you working for? Or are you self-employed?
- What job are you performing?

- What are your working hours?
- What does the work environment look like?
- What is your commuting time?
- Are you married? Do you have children?
- Where are you living: a big city or a small town?
- What is the size of your home?
- What activities are you engaged in with your children? How much time do they take?
- What kind and number of material possessions do you have?
- What personal hobbies or activities are you engaged in? How much time do they take?

If your ideal life points to the fact that you are living in Manhattan and running a large corporation, then that tells you something about your values and priorities. On the other hand, if your life goals relate to exiting the rat race, teaching at a university, and living in a small town, then that too provides important insights into your values and priorities. Again, if you conduct this exercise truthfully, you should be able to generate a reliable list of values that are relevant to you.

Exhibit 3.4 shows an example of an individual’s value structure and clarification modeled after [Knowdell’s \(1998\)](#) process. In this value clarification exercise (VCE), several values are classified in three categories: always valued, sometimes valued, and never valued.

EXHIBIT 3.4. VALUE CLARIFICATION EXERCISE EXAMPLE

	Always Valued	Sometimes Valued	Never Valued
1.	Creating value for clients/solving problems	Earning significant compensation	Seeking titles and designations
2.	Achieving work–life balance	Seeking power and authority	Seeking job security
3.	Operating with integrity and fairness	Taking significant risks	Working independently
4.	Treating others with respect and dignity	Influencing people/ leadership	Seeking significant business travel
5.	Seeking autonomy/control over time and objectives	Having time for self	Seeking competition

	Always Valued	Sometimes Valued	Never Valued
6.	Helping others/giving back to society	Staying healthy and fit	Seeking recognition
7.	Working with talented people in an intellectually stimulating and relaxed environment		
8.	Living in a place where the family feels comfortable and happy		

PRACTICAL APPLICATION 3.7

VALUE CLARIFICATION EXERCISE

From the list of values you generated in [Practical Application 3.5](#) and/or [Practical Application 3.6](#), prepare a table along the lines of the one shown in [Exhibit 3.4](#). Make sure to carefully reflect on your “always valued” values and to have no more than eight values in this category (you may have fewer). Once you are satisfied with the classification of values, the VCE is complete. The “always valued” values you have identified reflect the real you.

The practical application of VCE is that “always valued” values can prove to be extremely helpful in career decision making. [Knowdell \(1998\)](#) suggests that an effective way of applying the “always valued” values is to hold, or test, them against a career decision. This process works as follows. For each “always valued” value, determine whether the value “supports,” “conflicts with,” or “is not relevant to” the decision being considered. For each “always valued” value that conflicts with the decision at hand, either explain how you will resolve the value conflict or why you are willing to live with the value conflict. This value test exercise (VTE) is extremely important for effective career management. You should be fully aware of value conflicts that a given career decision may pose. And you should have a clear understanding of how you will resolve or live with a value conflict. Unintended value conflict situations often result in unhappiness and frustration, which ultimately lead to lack of motivation and potential failure.

[Exhibit 3.5](#) represents an example of a VTE. This example expands on [Exhibit 3.4](#) and applies the “always valued” values to the decision of undertaking the management buyout of his firm.

EXHIBIT 3.5. VALUE TEST EXERCISE EXAMPLE

Career Decision: Should I consider the management buyout of my company?

	Always Valued	Compatibility	Resolution/Acceptance
1.	Creating value for clients/solving problems	Supports	
2.	Achieving work–life balance	Conflicts	As the public face of the company, I will have to undertake significant business travel. My wife and I understand that for the first couple of years, there is no way to fully resolve this conflict. But we have discussed ways for me to spend better “quality” time with the family when I am not traveling.
3.	Operating with integrity and fairness	Supports	
4.	Treating others with respect and dignity	Not relevant	
5.	Seeking autonomy/control over time and objectives	Supports	
6.	Helping others/giving back to the society	Not relevant	
7.	Working with talented people in intellectually stimulating and relaxed environment	Supports	
8.	Living in a place where the family feels comfortable and happy	Supports	

Conclusion: The decision to acquire my company presents a tremendous opportunity and is supported by most of my “always valued” values. This decision, however, conflicts with one important value (achieving work–life balance) because of significant business travel. I believe this sacrifice is worth making in the short run because success in this venture may help me to achieve better balance in the long run.

PRACTICAL APPLICATION 3.8**VALUE TEST EXERCISE**

In the companion workbook found at <http://cfa.is/CSnnwe3> or saved from previous exercises, specify one current work decision and one current private life decision with which you are confronted. The work decision could relate to accepting a new job offer, contemplating a career change, or setting a specific career goal. Examples of private life decisions include moving in with your boyfriend/girlfriend, getting married, adopting a baby, or coaching your child's soccer team. For each decision, prepare a table along the lines of the one shown in **Exhibit 3.5**. For each "always valued" value that conflicts with the decision, explain how you will resolve the conflict or why you are willing to live with it and for how long. Finally, for each decision, write a conclusion that summarizes and rationalizes your final decision.

Myth #4: Success requires unethical behavior.

WATCH MEMBERS OF THE CFA INSTITUTE BOARD OF GOVERNORS DISCUSS THE IMPORTANCE OF ETHICAL BEHAVIOR IN THE INVESTMENT PROFESSION.



BETH HAMILTON-KEEN, CFA

http://players.brightcove.net/1183701590001/default_default/index.html?videoId=4831918028001

Some people may genuinely believe that the only way to achieve success is to *not* follow the rules. Nothing could be further from the truth. Leading an ethical and honest life is a matter of principles and core beliefs. If you think taking or giving bribes is not okay, that lying is not okay, or that exploiting others is not okay, then you will not do any of those things no matter what you do in life. And your success will never depend on that. In fact, the vast majority of truly successful people lead very ethical lives and believe in fair business practices. Also, true success is achieved when you gain the professional respect of your peers in the industry. This respect is very hard to earn if you are not respected as a person worthy of trust in the first place.

INTERESTS AND MOTIVATIONS

Interests and motivations refer to activities and tasks an individual likes to perform and considers satisfying. One of the most important determinants of career success is the degree to which individuals enjoy their work. Most individuals view work as just that: work. Successful individuals, however, view work as something that interests and motivates them and, in that sense, represents more fun than work.

Individuals who choose career fields that are compatible with their interests and motivations find greater satisfaction in work and have longer tenures in their jobs.

Interests are related to individual behaviors, attitudes, and preferences, such as values, personality, and lifestyle preferences. They represent the activities and tasks in which an individual most wishes to express these behaviors, attitudes, and preferences. For example, two individuals may hold creativity as a significant value, but one may find it more satisfying to express it in the field of finance whereas the other prefers the field of music.

“If work is duty, then life is slavery; if work is pleasure, then life is a joy. I never focused on ‘building a career’ but, rather, on doing [work that] is enjoyable, creates value, and impacts other lives in a positive manner.” (Munot)

Many tools and instruments have been developed to help individuals match their interests and motivations with occupations and jobs. One well-respected and widely used instrument is the Strong Interest Inventory (SII), which is based on the pioneering work of Edward Strong (1943) of Stanford University. The SII provides a wealth of information, including 6 general occupational themes, 30 basic interest areas, and hundreds of occupations and jobs. The basic interest areas cover a variety of work roles, such as sales, management, teaching, finance, and investing, whereas jobs cover a variety of positions in business, government, military, and so on. The SII assessment is available through cpp.com for a fee. The traditional assessment requires that you work with a consultant to interpret the results, but cpp.com

does make available their iStartStrong™ product, which allows individuals direct access and interpretation of their results.

Other instruments, such as the Campbell Interest and Skills Survey, Business Career Interest Inventory, Motivational Appraisal of Personal Potential, and MatchPoint (which CFA Institute members and CFA Program candidates can access in the [CFA Institute Career Tools](#) for free), also help individuals determine in which occupations and jobs they are likely to perform the best. FindingFIT's [Leadership Steps Assessment](#)³ looks specifically at an individual's interest in leadership. Additionally, most universities will make tools available for their students (and often alumni as well) to assess the compatibility of occupations and jobs with their interests.

Find out more information about these instruments by navigating to the Identifying Interests and Motivations workbook, located at <http://cfa.is/CSnnwe3>. Alternatively, open your previously saved companion workbook file to access this information and complete the reflection. Upon completion of the exercise, save your changes to the file.

Exhibit 3.6 provides an example summary report of a financial professional's interests and motivations generated by a commercial instrument. Let's refer to it as the Interests and Motivations Report (IMR).

EXHIBIT 3.6. INTERESTS AND MOTIVATIONS REPORT EXAMPLE

MOTIVATED:

- By creative or innovative activities
- By cultural, academic, and intellectual activities
- By organizational and social association with others
- By activities that allow inquisitive, exploratory, analytical, and experimental thinking
- By performance-driven (internal) goals
- To manage and supervise businesses and processes
- To manage people and their activities
- To help others
- To work on projects that are planned, scheduled, and completed

³ https://virginia.az1.qualtrics.com/jfe/form/SV_8kK6FJQBy0InfHS

NOT MOTIVATED:

- By subordinate or supervised roles
- By recognition, status, or competitive gain
- To physically work with things and objects

THE CAREER AREAS THAT MAY REPRESENT A GOOD FIT WITH INTERESTS AND MOTIVATIONS INCLUDE:

- Research
- Management
- Training and counseling services
- Consulting and business services
- College or university teaching
- Music composition and arrangement
- Creative writing
- Human engineering and human skills development
- Sales engineering
- Journalism
- Physical education

Many assessment tools provide useful and relevant information, and some have a high degree of validity and reliability. These tools also have limitations. Therefore, it is important to consider them as one input in the self-exploration process and to supplement the information they provide with other information on values, skills, personality, and lifestyle preferences to draw meaningful conclusions for career decision making.

PASSION

Although passion is not the same as interests and motivations, it is worth taking time to examine what you are passionate about here as well. Some individuals are born with a natural talent. There seems to be something in their genetic makeup that makes them skilled at a particular activity, even early in their life. For instance, Bill Gates was only 13 years old when he started programming computers. Warren Buffett made his first investment in the stock

market at the age of 11 and had to use his older sister's name to buy stocks. Roger Federer was already showing signs of genius at eight years old, when he won Basel's crack junior program in tennis. Martina Navratilova, the most dominant female tennis player in the 1970s and 1980s, showed early signs of promise, hitting tennis balls off cement walls at the age of 4 and winning the Czech national championship at the age of 15. Gus Sauter, former CIO of Vanguard, started a neighborhood bank at the age of eight. Because of the immense natural talent that some individuals possess and the ease with which they can perform certain activities, these activities quickly become a passion. If this passion is subsequently pursued as their profession, then the foundation for a very successful career is laid early on in their lives.

Of course, simply pursuing your passion does not guarantee professional success. You still have to work hard and acquire the technical knowledge to be the best. Roger Federer and Martina Navratilova had to put in hours and hours of training and hard work to acquire technical expertise of the game, despite the natural talent that they possessed. So did Warren Buffett. But their efforts were facilitated by the fact that they enjoyed what they were doing.

We discuss the importance of passion further in [Chapter 5](#). For now, take stock of what professional passions you may already harbor.

UNDERSTANDING SKILLS

Skills refer to abilities or talents that an individual does or does not possess. They highlight personal strengths and weaknesses. While interests and motivations tell us what an individual likes to do and values tell us what an individual wants or prefers to do, skills tell us what an individual has the ability to do. Therefore, awareness of your strengths and weaknesses is also a critical area of self-exploration and career management.

The importance of individual skills lies in the fact that different jobs require different skills. For instance, a security analyst must possess good analytical skills and attention to detail. A sales manager must possess good communication, interpersonal, and social skills. A branch manager of a bank must possess people and process management skills as well as client relationship-building skills. Before you embark on a job (or a new role), make sure you gain a good understanding of the specific skills needed to be successful in that role. From a career management perspective, seek jobs and roles that leverage your natural strengths. In so doing, you will make work easier and more fun and increase your chances of performing well.

Warren [Bennis \(1989\)](#) argues that when individuals truly know their strengths and weaknesses, they are significantly more likely to succeed. He further states that successful people are well aware of their flaws as well as their assets. Professor Morgan McCall, Jr., at the University of Southern California, provides a similar perspective. He states that effective

leaders know their strengths and weaknesses and claims that knowing your weaknesses is power; the real danger lies in what you don't know (McCall 1998).

With respect to skills assessment, the legendary Peter Drucker (1999, 2005) makes several points. First, he argues that individuals, in general, do not have a good understanding of their strengths and weaknesses. Yet, this is a critical area in which further insight is needed to attain success. Second, he suggests that seeking feedback from others is an efficient way to gain a better understanding of your talent and abilities. Third, he notes that developing a thorough self-awareness of skills can be a lengthy process, taking as long as two to three years sometimes.

For the purposes of understanding your own skills, and hence your strengths and development areas, we recommend the following process. First, carefully consider and study the following examples of skill areas that play an important role in work and private lives.

- Communication: Communicates clearly and concisely
- Listening: Listens actively and effectively
- Creativity: Innovates to add value
- Execution: Exhibits attention to detail
- Teamwork: Operates efficiently in a team environment
- Stress management: Keeps calm and composed under difficult circumstances
- Interpersonal: Builds effective relationships
- Conflict management: Resolves, rather than avoids, conflicts
- Integrity: Exhibits professional and personal integrity and strength of character
- People management: Treats all employees fairly
- Process management: Works within or across departments to finish projects on time
- Technical expertise: Possesses in-depth knowledge of the business and the industry
- Role model: Leads by example
- Mentor: Coaches others
- Judgment: Takes calculated risks by considering all facts and information
- Ownership mentality: Operates like an owner

Second, conduct a self-evaluation by rating yourself from 1 to 5 (1 is worst and 5 is best) on the skills mentioned. Most people have a hard time conducting a self-evaluation. Some

allocate an average rating of 3 across the board. Others find that they only have strengths (e.g., a rating of 4 or 5 across the board). These individuals are either not self-aware or are not honest with themselves. The purpose of a self-evaluation is not to be either humble or arrogant but rather to be pragmatic and objective. Once you have completed your personal ratings, you should then prepare a summary of your top three strengths and top three development areas.

Third, seek feedback from others. Most people claim or believe they are self-aware. But, as Drucker suggests, that is true in only a limited number of cases. Seeking feedback from others is crucial. We recommend seeking feedback from sources representative of both your work and private life. To obtain work-related feedback, select at least five work colleagues and ask them to rate you from 1 to 5 on the same skills that you used in your self-evaluation (without sharing your own assessment results with them, of course). A simple survey tool may be useful in your effort to efficiently collect responses. Once you have the feedback from your evaluators, calculate an average score for each skill and then prepare a summary of your top three strengths and your top three development areas as rated by your colleagues.

With regard to private life–related feedback, your spouse, significant other, or a close relative or friend may be the best person to provide a candid assessment of your skills and abilities. Ask them to rate you from 1 to 5 on the same skills that you used in your self-evaluation. Then prepare a summary of the top three identified strengths and top three development areas.

Once this exercise is completed, compare your self-evaluation and feedback summaries from all of your sources. In most cases, your self-evaluation and your feedback summaries will differ. What you consider your strengths may not be viewed as such by your evaluators. Similarly, you may be surprised that your evaluators are able to find many more development areas than you did.

The objective of comparing your self-evaluation with the feedback provided by others is to give you an indication of how self-aware you are. If there is a conflict or discrepancy between your self-evaluation and your evaluator feedback, then it implies that (1) you are not as self-aware as you think and/or (2) your conduct does not reflect your true skills. In either case, the simple fact is that the feedback from your evaluators is critical to help you assess your personal blind spots.

Perceptions are reality, especially in a work environment. And they shape your career progression. You may think that what others see in you is not who you are. But that is your problem, not theirs. The way you conduct yourself at work is, in reality, who you are. If that conduct is not reflective of the real you or the skills you possess, consider changing your conduct to better reflect who you are or that skill set. Until you change your conduct, you

will remain what others perceive you to be. And ultimately, your performance evaluations throughout your career will be affected by that.

PRACTICAL APPLICATION 3.9

SKILLS ASSESSMENT EXERCISE (SAE)



Complete the table presented in **Exhibit 3.7**. An interactive pdf version of this exercise, Understanding Skills, can also be accessed at <http://cfa.is/CSnnwe3>. Or, you can open your previously saved workbook and continue adding your responses. Remember to save your changes after you have completed the exercise. The table should summarize self-assessment, feedback from others, and feedback from significant other ratings.

EXHIBIT 3.7. SKILLS ASSESSMENT EXERCISE TABLE

Instructions: Please provide a rating from 1 to 5 for each one of the following skill areas. Please use NR when a skill area is “not rated.”

Skill Area	Self	Colleagues	Significant Other/ Family/Friend
Communication: Communicates clearly and concisely			
Listening: Listens actively and effectively			
Creativity: Innovates to add value			
Execution: Exhibits attention to detail			
Teamwork: Operates efficiently in a team environment			
Stress management: Keeps calm and composed under difficult circumstances			
Interpersonal: Builds effective relationships			

Conflict management: Resolves, rather than avoiding, conflicts

Integrity: Exhibits professional and personal integrity and strength of character

People management: Treats all employees fairly

Process management: Works within or across departments to finish projects on time

Technical expertise: Possesses in-depth knowledge of the business and the industry

Role model: Leads by example

Mentor: Coaches others

Judgment: Takes calculated risks by considering all facts and information

Ownership mentality: Operates like an owner

Summary

Top three strengths

Top three development areas

Myth #5: You have to be a genius to be successful.

This is simply not true. Many successful people do not have an extraordinarily high level of skill and/or knowledge. Conversely, many extremely talented and technically skilled people are not very successful. To succeed, you need a very good balance of technical and interpersonal skills, not just intellectual ability alone. Susan Cain (2012) reminds us of a quote from Warren Buffett on this matter. Buffett has said, “Success in investing doesn’t correlate with IQ. Once you have ordinary intelligence, what you need is the temperament to control the urges that get other people into trouble in investing.”

It is difficult to achieve success and respect in a profession without technical know-how of that profession. But only those people who are able to combine their technical skills with some interpersonal skills achieve higher levels of success. In fact, most geniuses lack interpersonal skills, which tends to get in the way of achieving conventional success. Focus on striking a good balance between technical and interpersonal skills.

IN THIS TAKE 15, LEADERSHIP CONSULTANT JAMIE ZIEGLER DISCUSSES WHY EMOTIONAL INTELLIGENCE IS INCREASINGLY IN DEMAND ACROSS ALL ROLES IN THE INVESTMENT INDUSTRY, UNIQUE CHALLENGES FOR INVESTMENT PROFESSIONALS, AND STEPS FOR DEVELOPING THIS "SOFT" SKILL.



<http://bcove.me/g5mxgp4e>

ASSESSING PERSONALITY, BEHAVIORAL STYLE, AND PSYCHOLOGICAL CHARACTERISTICS

Personality refers to psychological characteristics, such as emotions, behaviors, and habits. Academic research (e.g., [Dilchert, Ones, Van Rooy, and Viswesvaran 2006](#)) points toward five basic personality factors:

- **Agreeableness:** Individuals who are cooperative and other-directed score high on this factor, whereas individuals who are self-centered score low.
- **Conscientiousness:** Individuals who are organized, goal oriented, and abide by the rules score high on this factor, whereas individuals who are less organized and dependable score low.
- **Emotional stability:** Individuals who are self-assured and calm score high on this factor, whereas individuals who are less confident and nervous score low.
- **Extraversion:** Individuals who seek social interactions score high on this factor, whereas individuals who are more introverted and reserved score low.
- **Openness to experience:** Individuals who are creative score high on this factor, whereas individuals who are more conventional score low.

These five basic personality factors are generally the basis of widely used personality questionnaires and are referred to as the “Big Five.” The FindingFIT model points to the [OutOfService](#)⁴ website to assess one’s “Big Five” scores.

The Myers–Briggs Type Indicator[®] (MBTI) is another well-known and broadly used personality factor assessment. The MBTI has its roots in Jungian psychology, specifically Carl Jung’s work *Psychological Types: Or, the Psychology of Individuation*. MBTI assessments are typically proprietary, so to take the assessment you can expect to pay anywhere from \$50 to \$250. The [CFA Institute Career Tools](#) (login required) hosts a similar assessment available to CFA Institute members and CFA Program candidates, CenterMark, that examines the same four factors as MBTI and is available for free. The FindingFIT model also offers additional information about the MBTI assessment, which you can review in Appendix B. If you are interested in taking the true MBTI assessment, you can visit [www.cpp.com](#).

There are a myriad of [additional assessments](#)⁵ and exercises available for understanding personality factors. FindingFIT’s [Predisposition Test](#)⁶ and Locus of Control exercises both address personality dynamics. Behavioral styles inventories, such as the DISC assessment and Working Styles (available to CFA Institute members and CFA Program candidates on the [CFA Institute Career Tools](#)), are also useful sources of data. You may also encounter the Keirsey Temperament Sorter or the Enneagram of Personality. Brief versions of the Enneagram are available at no cost on the Enneagram Institute’s [website](#).⁷

⁴ <http://www.outofservice.com/bigfive/>

⁵ <https://blogs.cfainstitute.org/investor/2013/02/08/the-softer-side-of-finance-new-year-new-you/>

⁶ https://virginia.az1.qualtrics.com/SE/?SID=SV_0wGsQuNf7Z7MMiE

⁷ <https://www.enneagraminstitute.com/>

DETERMINING LIFESTYLE PREFERENCES

Some values, interests, and abilities may be difficult to satisfy through work. Nonetheless, they are important and define who we are as individuals. Their expression and attainment is critical to our psychological well-being. Similarly, artistic, social, sports, or outdoor leisure activities may play an important part in overall life satisfaction. For example, a passionate tennis player who regularly competes in local club tournaments or a singer who regularly performs in concerts with a band may well find a job that requires extensive travel frustrating because it interferes with practices and/or performances. Effective career management gives appropriate consideration to non-work interests and values in making career decisions.

The FindingFIT model suggests making a visual or artistic representation of the lifestyle you envision for yourself. At the very least, we suggest identifying your preferences regarding some core lifestyle elements, such as work environment, commuting time, and geographical location. As you think about these elements, identify general, rather than specific, characteristics where you can. For example, when you are thinking about your preferences for a job, think of characteristics like how much travel is required or whether it is a more generalist or specialized job rather than simply naming a job title.

More information about these and other assessments can be found in the workbook *Assessing Personality, Behavioral Style, and Psychological Characteristics*, which can be accessed at <http://cfa.is/CSnnwe3>. You could also open your saved companion workbook to navigate to this information and summary exercise. Remember to save your work after you complete the exercise.

PRACTICAL APPLICATION 3.10

LIFESTYLE PREFERENCES EXERCISE



Prepare a table along the lines of the one shown, or access the interactive pdf version, *Determining Lifestyle Preferences*, at <http://cfa.is/CSnnwe3>. You could also open your saved companion workbook file and add your reflections. Remember to save the changes to your file after you complete the exercise. Include other lifestyle activities or attributes that you feel are relevant to YOU—for example, the size of your primary residence, ownership of a second or third home, number of material possessions, etc.

Lifestyle Activity	Preferences
Occupation	
Job	
Working hours	
Commuting time	
Work environment	
Location	
Family activities	
Personal activities	
Community or social activities	

DATA ANALYSIS AND CAREER IMPLICATIONS

Values, interests, skills, and preferences are all interrelated. For instance, “always valued” values may give rise to interests. But abilities or skills may also give rise to interests. That is, individuals often enjoy participating in activities in which they excel. The interplay of values, interests, skills, and preferences define who we are as complete individuals. Therefore, another critical step in the self-awareness process consists of analyzing the data gathered in the self-exploration process. The objective of this data analysis is to develop “life themes” that help to define an individual and have important implications for career decision making.

DEVELOPING LIFE THEMES

The process of developing life themes, developed by [Clawson, Kotter, Faux, and McArthur \(1992\)](#), typically consists of the following steps.

1. Carefully review and study each source of information.

The sources of information, referred to as instruments, that we have discussed in detail in this chapter include

- Your Life’s Story: Past and Future (from FindingFIT), [Practical Application 3.2](#)
- Educational experiences exercise, [Practical Application 3.3](#)
- Peak and trough experiences exercise, [Practical Application 3.4](#)

- Value identification exercise 1 and/or 2, [Practical Application 3.5](#) and [Practical Application 3.6](#)
- Value clarification exercise, [Practical Application 3.7](#)
- Value test exercise, [Practical Application 3.8](#)
- Interests and motivations report, [Exhibit 3.6](#)
- Skills assessment exercise, [Practical Application 3.9](#)
- Lifestyle preferences exercise, [Practical Application 3.10](#)

Don't forget to review information you gathered from any additional instruments you engaged, such as those in the [FindingFIT model](#)⁸ (purchase required to access full version) and those on the [CFA Institute Career Tools](#) (CFA Institute member or CFA Program candidate login credentials required).

2. Develop instrument-specific themes.

From each data source, develop a list of significant instrument-specific themes. At this stage, it is important to recognize that a given instrument-specific theme may be supported by more than one data source or that different sources may even lead to conflicting themes. The objective of this step is to simply identify and categorize themes that emerge from the various data instruments. In the next step, these initial themes are combined to create overall life themes.

For example, some instrument-specific themes that can be identified from the data sources relating to the examples provided in previous exhibits are

- Interested in the field of investments (EEE), [Exhibit 3.2](#)
- Demotivated by a lack of work–life balance (PTEE), [Exhibit 3.3](#)
- Believes treating others with respect and dignity is of the utmost importance (VCE), [Exhibit 3.4](#)
- Enjoys creative and innovative activities (IMR), [Exhibit 3.6](#)
- Enjoys living in Colorado (LPE), [Practical Application 3.10](#)
- Dislikes long commuting times (PTEE), [Exhibit 3.3](#)

3. Categorize instrument-specific themes.

The next step consists of categorizing or combining instrument-specific themes that are broadly similar. For instance, from the instrument-specific themes relating to the previous example, “Enjoys living in Colorado” and “Dislikes long commuting times” could be

⁸ <http://store.darden.virginia.edu/findingfit>

combined under a broad category, such as location. Other broad categories may include occupation, job/roles, work environment, work–life balance, life outside work, etc.

4. Develop Life Themes

Unlike instrument-specific themes, life themes are supported by multiple data sources or instruments. One or more important life themes may emerge from the broad categories created in step 3. For each life theme, it is useful to indicate the supporting evidence from the various data instruments as well as contradictory evidence, if any. From the various data sources, it should be possible to identify at least 10 life themes. It is also important to realize that life themes do not have to represent broad statements about your views on life and work. Instead, they simply represent statements that meaningfully reflect your values, interests, and preferences as identified with the various data instruments. Additionally, more focused and narrow life themes are generally more useful for career decision making and career management.

Exhibit 3.8 shows an example of a few life themes that could be developed from our example that has run throughout this text.

EXHIBIT 3.8. LIFE THEMES EXAMPLE

	Life Theme	Supporting Evidence	Contradictory Evidence
1.	Enjoys managerial, supervisory roles	<ul style="list-style-type: none"> • Owns a business (PTEE) • Missed an opportunity to become CIO (PTEE) • Is motivated to manage and supervise businesses/processes (IMR) • Is motivated to manage people (IMR) • Is a good fit with management roles (IMR) • Has good people management skills (SAE) 	<ul style="list-style-type: none"> • Seeks titles and designations (VCE) • Seeks power and authority (VCE) • Influences people (VCE) • Is not motivated by recognition or status (IMR) • Is a poor mentor/coach (SAE)

	Life Theme	Supporting Evidence	Contradictory Evidence
2.	Enjoys creative/innovative activities	<ul style="list-style-type: none"> • Is talented at music composition (EEE) • Likes to work in a creative environment (PTEE) • Looks for new ways to alleviate poverty (PTEE) • Creates value/solving problems (VCE) • Is motivated by creative activities (IMR) • Is motivated by activities that allow experimental thinking (IMR) • Is a good fit with research roles (IMR) • Is a good fit with creative writing/music composition (IMR) 	
3.	Believes in honest and fair business and personal conduct	<ul style="list-style-type: none"> • Operates with integrity and fairness (VCE) • Exhibits integrity and strength of character (SAE) • Leads by example (SAE) 	
4.	Enjoys living in Colorado (self and family)	<ul style="list-style-type: none"> • Is living in Colorado (PTEE) • Is motivated by comfort and happiness of family (VCE) • Makes short-term sacrifices to be able to live in Colorado(VTE) • Prefers location (LPE) 	

PRACTICAL APPLICATION 3.11**DEVELOPING LIFE THEMES (SELF-ASSESSMENT)**

Prepare a table along the lines of the one shown in **Exhibit 3.8**, or access the interactive pdf version of these exercises, Data Analysis and Career Implications, at <http://cfa.is/CSnnwe3>. Also, if you have been working along in the workbook to this point, open your saved file and add your reflections. Remember to save the changes to your file after you complete each exercise. In conducting this exercise, keep the following points in mind. First, you should be able to identify at least 10 life themes that define you as an individual from the data instruments you have generated. Second, narrow and focused life themes are generally better than broad, all-encompassing statements. Third, do not overlook or ignore data that contradicts your life themes. With so many moving parts, contradictions are normal and to be expected. Finally, and most importantly, retain objectivity as you develop your life themes. This means that your life themes should be based on observed data found in the instruments. You should not attempt to use data selectively to support your existing views or make inferences or judgments from the data.

PRACTICAL APPLICATION 3.12**DEVELOPING LIFE THEMES (EXTERNAL ASSESSMENT)**

For this exercise, choose someone (e.g., a colleague) to serve as your career counselor. The person you choose should not have intimate or deep knowledge of you as an individual but should be familiar with the content discussed in this chapter. Ask your career counselor to prepare a table along the lines of the one shown in **Exhibit 3.8** solely from the data you have generated in the various instruments.

Discuss with your career counselor any differences in life themes that emerge between the self-assessment and the external assessment. Once the differences have been discussed and resolved, finalize a list of your life themes.

You will notice that we cited **Clawson et al. (1992)** when we started discussing life themes. You may remember, too, that Clawson is the author of the FindingFIT model. If you are interested

in more information on developing life themes, we encourage you to spend additional time navigating the content that is available in the full [FindingFIT model](#)⁹ (purchase required).

CAREER IMPLICATIONS

Once a set of life themes has been developed, the final step is to identify the potential implications of life themes for occupations and jobs. Life themes are derived from the various data instruments. Career implications, in turn, are developed from life themes. The career implications of thematic analysis should preferably be derived from multiple life themes. The process of developing career implications from life themes is facilitated by (1) grouping all life themes that appear to be related into a category and (2) carefully reviewing the life themes contained in a category to assess their career implications.

PRACTICAL APPLICATION 3.13

CAREER IMPLICATIONS (SELF-ASSESSMENT)

Complete the following table. In conducting this exercise, keep the following points in mind. First, you should be able to identify at least five career implications from the life themes that you developed in [Practical Application 3.12](#). An example of a career implication based on the example that has run through this text might be “should consider supervisory/managerial roles” or “should find opportunities based in Colorado.” Second, more-focused career implications are generally better than broad, all-encompassing implications. Third, as with life themes, some contradictions in career implications are to be expected. Do not overlook or ignore them. Finally, and most importantly, retain objectivity as you develop your career implications. This means that your career implications should be supported by multiple life themes. You should not attempt to use life theme data selectively to support your existing views or make inferences or judgments.

PRACTICAL APPLICATION 3.14

CAREER IMPLICATIONS (EXTERNAL ASSESSMENT)

Ask the career counselor you chose for [Practical Application 3.12](#) to prepare a table along the lines of the one shown in [Exhibit 3.9](#) solely from your life themes.

⁹ <http://store.darden.virginia.edu/findingfit>

Brainstorm and discuss with your career counselor additional career implications that could be derived from your life themes. Finalize the list of career implications.

EXHIBIT 3.9. CAREER IMPLICATIONS TEMPLATE

Career Implication	Supporting Evidence (life themes that support the implication)	Contradictory Evidence (life themes that contradict the implication)
1.		
2.		
3.		
4.		
5.		

Keep copies of your life themes and career implications tables accessible and revisit them periodically. As you will understand from later chapters, this information is critical in making informed career decisions and is useful in your self-marketing efforts. For example, within the course of a job search, you may refer to these tables for information to include in your cover letters or interview answers. And when new career opportunities arise, such as a mentor’s suggestion to apply for a new position or a chance to buy out your firm, you can determine which life themes and career implications support the decision and which present warning signs against it. In this way, you are not leaving these significant career decisions to trial and error or the excitement of the moment.

“People need to ask themselves, Am I the kind of person I want to be? Am I filling a role in life, in the community, and in society that I want to fill? Am I comfortable in my own skin? Where does being a good spouse and parent fit in with a career? People should consider all those kinds of things.” (Bogle)

SUMMARY

In this chapter, we introduced the process of self-exploration. This process entails gaining a deep understanding of your values, interests and motivations, skills, personality traits, and

lifestyle preferences. The objective of self-exploration is to develop self-awareness—that is, understanding who you are, what is important to you, and what you are looking to achieve from your work.

Research shows that individuals who are self-aware make more-compatible career choices, perform better and longer in their employment positions, and derive more satisfaction from work. Therefore, it is important to master the self-exploration process. As you progress through your professional and personal life, your values, interests, skills, and preferences are likely to evolve. Conduct these self-exploration exercises periodically throughout your career and keep in mind that it can take several years to develop a deep level of self-awareness.

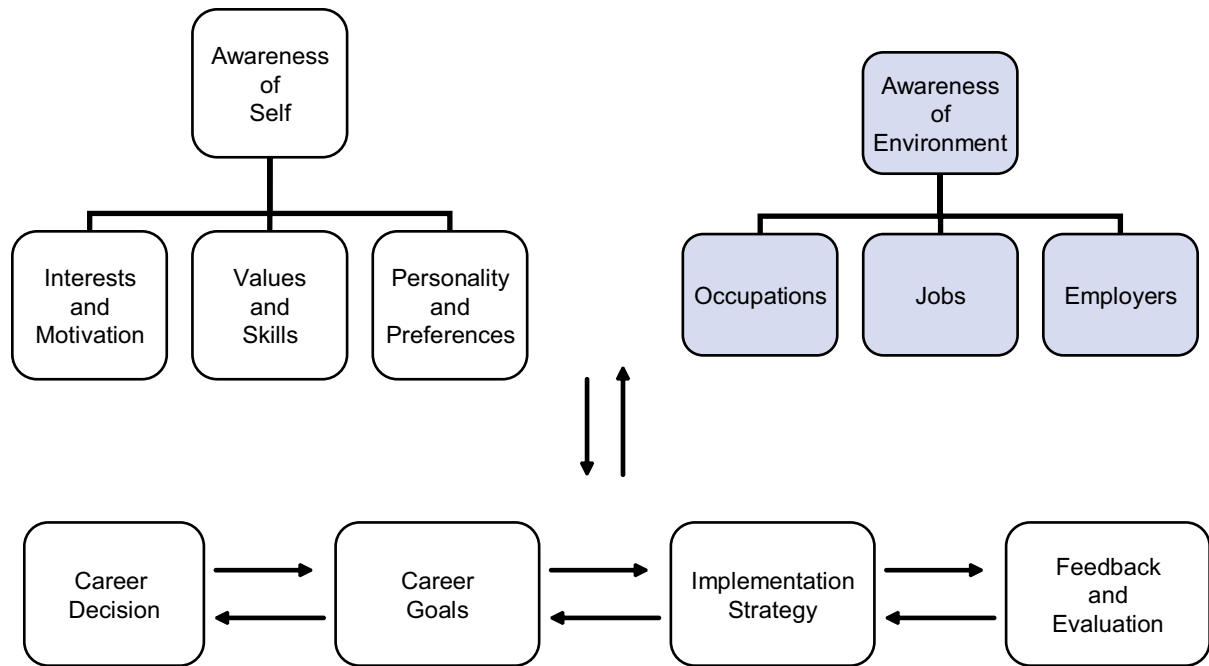
In the next chapter, we will discuss the process by which you can explore your environment. Awareness of self and environment provides the framework that allows you to make career decisions that are right for you—that is, career decisions that provide compatibility between you and your work environment and, in so doing, minimize your risk of making career mistakes.

IN THIS AUDIO PODCAST, AUTHOR KAL GHAYUR, CFA, DESCRIBES THE ROLE AND CRITICAL IMPORTANCE OF SELF-AWARENESS IN THE CAREER MANAGEMENT PROCESS.

<http://bcove.me/p2srcpsv>

CHAPTER 4

AWARENESS OF ENVIRONMENT



Career exploration and awareness has two components: self and environment. Self-exploration leads to awareness of your values, interests, skills, and preferences, as well as to the development of overall life themes that define you as a whole. At the same time, occupations, jobs, and organizations are the vehicles by which individuals express their values, pursue their interests and motivations, leverage their talents and abilities, and achieve their lifestyle preferences. The goal of environmental exploration, therefore, is to gain awareness of different occupations and work environments and to identify those that may provide compatibility with your life themes—the combination of values, interests, and abilities specific to you. [Bretz and Judge \(1994\)](#) argue that “person–organization fit” has a significant influence on tenure, job satisfaction, and career success. Awareness of self and environment is the first step toward achieving the goal of person–work environment compatibility. From a career management perspective, exploration of work environment entails understanding occupations, jobs, and organizations.

OCCUPATIONS, JOBS, AND ORGANIZATIONS

Occupations can differ across many dimensions, such as nature of work, financial rewards, job security, physical and social setting, and lifestyle implications. Consider, for example, a career in investment management and a career as a social worker. An investment or portfolio manager would typically engage in such activities as research, analysis, and creativity; operate under highly competitive and stressful conditions; be judged against performance benchmarks on a periodic basis; and earn significant financial rewards—but have limited job security. A career in social work, on the other hand, is driven by strong motivation to help and interact with others while engaging in a variety of work tasks and little motivation for financial rewards. The lifestyle implications for these two occupational choices clearly are not the same. The goal of occupational exploration, therefore, is to determine which professions will be the most compatible with an individual's life themes and lifestyle preferences.

“So, the first issue is, am I in the right industry? Then, am I in the right organization? Finally, am I reporting to somebody I can respect as a mentor? If these things don't fall into place, then it is harder to do well in your career.” (Saigal)

Because jobs are the vehicles by which an occupation is practiced (e.g., a social worker pursues a profession in social work), occupations and jobs tend to be closely related. Independent job exploration is still critical, however, because the nature of activities performed in a given job may differ across organizations. For example, a portfolio manager role in one company may be focused on security selection and portfolio construction, whereas the same role in another company may have a focus on marketing.

Jobs and organizations are closely linked. Organizational culture and environment can have a significant influence on whether an individual is able to express important values and skills in a given job. In some companies, independent thinking and creativity may be more valued than in others. In some companies, senior management may endorse a work–life balance philosophy more than management in others. Independent organizational exploration, therefore, is an important area of career exploration and awareness.

IMPORTANCE OF GAINING ORGANIZATIONAL AWARENESS

Many surveys show that the two most common reasons for switching jobs are a dislike for the corporate culture of the current employer and inability to work effectively with the current manager. Yet when individuals take new jobs, in many cases, they have little or no

understanding of the prospective employer’s corporate culture and/or their prospective manager’s managerial attributes. As a result, they can find themselves in value conflict situations, which negatively affect their performance and career progression. Therefore, although organizational exploration and awareness has many dimensions, we focus primarily on two: corporate culture and management style of prospective manager.

CORPORATE CULTURE

Just as individuals have an identity, defined by their values and preferences, organizations have an identity, defined by their culture. Corporate culture is a reflection of work values that a particular business entity endorses or promotes. The culture of an organization comes from its current leadership and perhaps also from its history. Top leaders in an organization often tend to surround themselves with people who are like-minded, share the same vision and goals for the organization, and have similar personal values. These leaders act and behave similarly and tend to manage their functions or departments using similar broad management principles. This dynamic is what gives rise to a corporate culture—that is, a way of doing things that is often a reflection of the personality of the leadership or the management team of the company.

Because many elements of corporate culture are intentional and intentionally cultivated, there are various, easily accessible sources of information to gain an understanding of the culture of an organization/employer. For example, the following information should generally be available through the website of any company.

- Vision and mission statements: The vision statement typically sets out the vision that the company has for the world or its external environment, whereas the mission statement (also called a “purpose statement”) **sets out the role that the company will play in realizing its vision for the world.** Vision statements are typically about the ideal external environment the company wishes to see, whereas mission statements typically set out the role that the company will play in realizing its vision for the world. Some companies choose to combine these two statements into a single statement, sometimes called “mission/vision.” Consider the [mission/vision statement of Google](https://www.google.com/intl/en/about/our-company/)¹⁰: to “organize the world’s information and make it universally accessible and useful.” It sets a clear vision for the world and, at the same time, provides overall business direction for the company and its employees.
- Guiding principles: Most companies will state the principles that they follow in the day-to-day conduct of their business activities. These principles define the work values

¹⁰ <https://www.google.com/intl/en/about/our-company/>

(e.g., culture) that the organization wishes to cultivate. For instance, Google defines its values in its list of “[Ten things we know to be true](#),”¹¹ which it revisits from time to time:

1. Focus on the user and all else will follow.
2. It’s best to do one thing really, really well.
3. Fast is better than slow.
4. Democracy on the web works.
5. You don’t need to be at your desk to need an answer.
6. You can make money without doing evil.
7. There’s always more information out there.
8. The need for information crosses all borders.
9. You can be serious without a suit.
10. Great just isn’t good enough.

Google’s core values, along with [details about its culture](#),¹² provide clear direction regarding the culture of the company. Google fosters an entrepreneurial spirit and looks for individuals who are smart and determined and who favor ability over experience. Google indicates that it strives to maintain an open culture often associated with startups, where everyone in the company is a hands-on contributor and feels comfortable sharing ideas and opinions. This philosophy is reflected in the physical design of its offices and cafés as opportunities to encourage interactions within and across teams and to spark conversation about both work and play. This clearly highlights a hard-working and intense work environment that also aims to encourage a spirit of camaraderie and fun. Potential employees have to decide whether this kind of environment is compatible with their values and lifestyle preferences.

A combination of the vision statement, mission statement, purpose statement, guiding principles, and core values provides useful insights into the culture of the company an individual is investigating. Although the vision and/or mission statements may not directly relate to the organization’s culture, they do tell us something important about the company’s senior management—that is, their ability to clearly define their business and provide strategic guidance to employees and other stakeholders.

Whether or not this information is available on the company website or from other company documents, also consider pursuing the following sources of information to develop a more comprehensive view of your potential compatibility with a given company’s culture:

¹¹ <https://www.google.com/about/philosophy.html>

¹² <https://www.google.com/intl/en/about/our-company/>

- **Customers:** Ultimately, a company's success depends on how its customers feel about the company's products, client service, quality of employees, and so on. Talking with a few customers may prove beneficial in learning more about the company and its culture.
- **Job interviews:** During the interview process, an individual is likely to meet several people from the organization, such as the prospective manager, colleagues, and human resources officers. These interviews can be used to obtain relevant information about the company's culture. However, an individual needs to know exactly what information she is seeking and what questions to ask to get that information.
- **Past employees:** For a candid insider's view of the company, talking with some past employees can be an important source of information.
- **Analyst reports:** Broker reports sometimes provide good information on the company and the quality of its senior management. These reports are easily available on the internet and can prove to be instructive.
- **Keep in mind that building and maintaining a strong professional network will make it easier to access some of these sources. You might also find that job boards, such as the CFA Institute Career Center, and social media sites, such as LinkedIn, are valuable tools for contextualizing an organization's culture.**

DANGER SIGNALS

As with individuals, some elements of corporate culture may exist within leaderships' blind spots or be natural, but unintended, consequences of core values and so may not be highlighted in easily accessible documents. It is important to remember and expect that information about an organization or employer may reveal potential problems or issues. Consider the following examples.

- **Resignations:** A high level of turnover, especially in senior managers, often signals a disagreement on strategy within the senior management team or a recent change in leadership. This may be a sign of instability and turmoil at the company in the near future. A high level of resignations in midlevel management, meanwhile, may suggest some inconsistencies between the stated culture and the experience of the culture. You can usually follow the pattern of resignations and new appointments by conducting a search on recent articles about the company.
- **Inconsistencies:** One of the most important danger signals is when the company says one thing publicly but practices something else. This may highlight a culture that lacks integrity. For instance, there may be a significant discrepancy on what the company says through its stated principles and core values and what the employees or clients have to say about the culture of the company. One of the most commonly cited corporate values

is, “our people are our most valuable asset.” But what if the employees suggest that the company spends no money on training and developing people? What if the company is unable to retain talent?

- **Restructurings:** There is a saying in business: “When the management doesn’t know what to do, it restructures.” When a company undertakes several restructurings in a relatively short period, such as three to five years, it may be an indication that the management is having a difficult time figuring out the right strategy for the company.
- **Price performance:** If the company’s stock price performance has significantly lagged the market or its competitors, it is usually a signal that intense pressures must be building within the organization to reverse that situation. That may lead to a change in leadership, restructurings, or extreme focus on cutting costs.

Not all danger signals imply that an individual should not remain with or pursue employment with that organization/employer. Many periods of instability and change actually provide tremendous opportunities. Individuals need to understand the nature of the signal and make an assessment as to what it might imply regarding their ability to function effectively and achieve their individual career goals in that environment.

PRACTICAL APPLICATION 4.1

EVALUATING CORPORATE CULTURES



Open your saved companion workbook, or access the interactive pdf version of this exercise, Awareness of Environment, by visiting <http://cfa.is/CSnnwe3>. Remember to save the changes to your file after you complete the exercise. For this exercise, identify three companies you would consider working for in the future. For each identified company as well as the organization you currently work for, if you are employed, perform each of the following actions:

1. Obtain relevant information relating to each company’s culture from the company website and other potential sources mentioned in this text.
2. Develop a summary statement that defines each company’s culture.
3. Investigate danger signals, if any.
4. State which company represents a good fit with your values. Provide a justification for your answer.

PROSPECTIVE MANAGER

In the initial stages of a career, progression depends primarily on what your manager thinks of you. His or her assessment of you is influenced by the quality of your work. But the quality of your work may itself be influenced by the relationship you have with your manager. So, when you're considering a job offer, make all reasonable attempts to understand the values and managerial traits of your prospective manager.

It is difficult to have a deep and sustained relationship with a manager if there is a conflict of values. For instance, an individual may consider treating others with respect and dignity to be an "always valued" value. But if her manager does not share this value and is often rude and disrespectful to subordinates, the individual is unlikely to enjoy working for this manager.

In addition to having their own values, managers have their own management styles. Some managers believe that management is about directing and telling their staff what to do. This is commonly known as a command and control style. Others believe that managing is about empowering and enabling employees. This style is regarded as a servant–leader style. If an individual enjoys working independently, then he may prefer to work for an enabling manager who provides the freedom needed to be effective. If an individual performs better under direction, then he may prefer to work for a directing manager.

WATCH MEMBERS OF THE CFA INSTITUTE BOARD OF GOVERNORS DISCUSS LEADERSHIP STYLES.**JEFFREY D. LORENZEN, CFA**

http://players.brightcove.net/1183701590001/default_default/index.html?videoId=4831887730001

How can you determine the management style of a prospective manager based on one or two relatively short job interviews? Consider this alternative question: How can the prospective manager determine if an individual is the right person for the job based on one or two relatively short meetings? The manager can make that assessment because she knows what she is looking for. That is, the manager knows the cultural fit and skills needed to perform the job and asks relevant questions to determine if an individual is a suitable candidate for that position. A job candidate can exercise the same strategy. She should know what managerial traits provide compatibility and ask appropriate questions to determine if the prospective manager possesses those traits.

Do not be afraid to ask questions in a job interview. Most managers like interviewees who ask questions because the quality and depth of questions tells them something important about the candidate. It is also quite typical for interviewees to be asked to meet with other people from the prospective employer during the interview process. These meetings should

be used to confirm the core values and managerial attributes of the prospective manager. Often, the feedback provided by the colleagues of the prospective manager may be more candid and informative than even the potential manager's representation of him- or herself.

Examples of questions you might consider asking the prospective manager include the following:

- How would you characterize your management/leadership style?
- When and how do you prefer to communicate feedback to your subordinates?
- What are your thoughts on performance reviews?
- How do you prefer for your reports to communicate with you?
- What are your basic expectations of your direct reports?
- How does your team celebrate victories? Recover from setbacks?

COMMON MANAGER MISFIT CHALLENGES

Many people think that those who make it to the top must be extremely intelligent and gifted. This is not always the case. Some managers are neither intelligent nor gifted. But, somehow, they make it to a senior management-level position. The business world is not always fair. Favors and rewards for loyalty are still common. Organizations where such behavior is commonplace, however, typically end up being mediocre in terms of both culture and performance.

When promotions take place for reasons other than a combination of merit and ability, managers sometimes tend to adopt an intimidating and forceful style of management. Some call it the “authoritarian style.” This is very different from a directing manager style. An intimidating management style, in many cases, reflects insecurity and lack of self-confidence on the part of the manager.

At some point in your career, you are likely to encounter an intimidating/authoritarian manager, a manager who believes that his way of doing things is the only way. Perhaps you have already. Such a manager will give you

“[W]hat surprises me again is that . . . they are not asking me enough questions. If they are going to work for me, they should ask, *What’s your management style? What’s your reputation? What’s your background?* I would always encourage people in an interview that you can’t exactly make it a full two-way street, but I would definitely have a list of questions to ask people interviewing you when they are done . . . I think that just shows them that you are diligent, and especially in our business, that’s absolutely critical.” (Ailman)

little freedom, always tell you exactly what to do, not entertain discussion or disagreement, belittle you or attempt to make you feel worthless at times, and not listen to you or be sensitive to your needs. This type of manager can be exceptionally demotivating. Work will stop being fun, and you will need to decide how to proceed. Consider testing this career decision against your life themes and career implications discovered in [Chapter 3](#). You may determine that your best option is to seek an alternative employment opportunity, or you may decide instead to manage the situation in which you find yourself through interpersonal/relationship management skills.

You can try to improve your relationship with such a manager in many ways. The primary objective here is to build trust. Insecure managers are typically suspicious of others and uncertain of their own capabilities. Alleviate your manager's fears relative to you as much as you can. For example, if he makes a decision you agree with, compliment him. Provide positive feedback whenever you can without compromising your integrity and ethical standards. Another tactic is to find some way of contributing to her work. For instance, your manager may be responsible for preparing a summary of activities for the company's management committee. Take the initiative to draft a summary for her or find other, similar things you could do for which she could get credit and/or positive feedback from her superiors or colleagues. Over time, the manager might open up to you, may start to trust you, and may ultimately give you more freedom and opportunities.

"In the position where I am now, the person that I report to is like a brother to me. We are very much like-minded. He is a very fair and ethical person. We make a very strong combination together because we have this like-mindedness when we work." (Nabulsi)

You should view such situations during your career as learning experiences. This perspective will help you navigate through difficult times. As much as possible—and where there are not deep conflicts with your core values—avoid taking the easy way out (e.g., simply quitting). Instead, adopt a problem-solving approach by finding intelligent ways of making things work in your favor.

MANAGER AS A MENTOR

WATCH MEMBERS OF THE CFA INSTITUTE BOARD OF GOVERNORS DISCUSS THE IMPORTANCE OF MENTORS.



http://players.brightcove.net/1183701590001/default_default/index.html?videoId=4834237055001

Throughout your career, in general, and at the initial stages of your career, in particular, your immediate manager plays a critical role in your professional development. The manager serves as a mentor—that is, someone you look up to, someone from whom you learn the tricks of the trade. Most successful people have benefited tremendously from having strong mentors at the initial stages of their careers. The foundation for their success was laid by what they learned from these mentors. For example, when Warren Buffett started his career, he decided to work for Benjamin Graham as a volunteer, earning no salary—and Graham thought he was overpaid! John Bogle greatly benefited from having Wellington Fund founder Walter Morgan as his mentor in the early years of his career. A good objective, therefore, is to identify a prospective manager who could become a mentor—someone you can respect, both professionally and personally, and from whom you can learn.

PRACTICAL APPLICATION 4.2

CLARIFYING YOUR PREFERENCES IN MANAGERS

1. Identify the main traits of a manager who will bring out the best in you.
2. Identify the personal values you find desirable in your prospective manager.
3. Develop five questions that you would ask a prospective manager during the interview process to determine if she possesses the management style and values you are looking for.

INFORMATIONAL INTERVIEWING

THIS AUDIO PODCAST WITH CAREER COACH PATTY BUCHEK DESCRIBES INFORMATIONAL INTERVIEWS AND PROVIDES TIPS FOR CONDUCTING THEM.

<http://bcove.me/xmy6pdxn>

When you are considering employment at an organization, one of the most powerful strategies at your disposal for developing an understanding of an organization's culture and of managers' styles is the informational interview. Essentially, an informational interview is a conversation with a contact at the organization to learn more about a specific topic. It is preliminary to, and often entirely unrelated to, an employment interview. In this instance, you are specifically interested in finding out what the experience of working for the organization is like, so you might try to identify an individual at the organization who works in roughly the same capacity you are interested in working. This is not always possible if your network does not include contacts who can introduce you to such an individual, but social media may be of assistance in these cases.

When you have a contact in mind who you feel confident can give you a realistic perspective on the organization's culture and management styles, reach out to that individual and ask for 15–20 minutes of his time. Offer to meet for coffee or at a location convenient for your contact, or indicate that a telephone conversation would be sufficient in case he would prefer not to meet at the company's office. Be direct and explain what you would like to ask him about, but leave room in your request for him to politely decline. Once an appointment is set, take responsibility for using the time effectively and efficiently. In other words, arrive at

your meeting informed and with questions in mind. Here are some examples of questions you might consider asking to learn more about the corporate culture:

- Can you describe the organization's culture?
- What are the most common suggestions for organizational improvements you hear from colleagues?
- What are the top two or three reasons your colleagues would give for why it is a great place to work?
- Do you think employees who have been here for several years view the organization's culture differently than newer hires?
- What aspects about the organization's culture might I not learn from touring the offices or reviewing the company website/materials?
- How would you characterize the management styles of the senior leaders?

Do your part to keep the conversation to the parameters you established when you asked for the meeting, and thank your contact for his time when the meeting concludes.

Myth #6: You have to be a "yes man" or "yes woman" to be successful.

In certain organizations and corporate cultures, it may be true that yes men and women are the most successful. But in the vast majority of cases, success comes from being different, from developing an ability to think independently, and from being "your own person." The more responsibility you assume, the more important it becomes to have your own mind and to stand up for what you truly believe to be right.

If you feel that you cannot be successful in your current employment because the culture requires you to be a "yes person" to be successful and the requirements are in conflict with any of your "always valued" values, then you may want to consider finding an employer who appreciates and values qualities and ideas other than your ability to simply acquiesce or be subservient.

SUMMARY

The objective of environmental exploration is to help you understand what you are looking to ultimately achieve from your work. Research shows that individuals who exhibit awareness of self and environment make more-compatible career choices, perform better and longer in their employment positions, and derive more satisfaction from work. Therefore, it is important that you master the career exploration process.

Understanding various work environments is central to effective career decision making. As mentioned previously, a value conflict is the most common reason for dissatisfaction with an employer and/or manager. Such conflict can force individuals to change jobs, disrupting planned career progression and development. Therefore, before you show up for an interview, make sure you do your homework. Investigate and understand the corporate culture of your prospective employer and identify areas of potential value conflict.

During the interview process, ask relevant questions to determine whether the potential value conflicts you have identified are real. Also, make all reasonable efforts to assess the personal values and managerial traits of your prospective manager during the interview process. Know what you are looking for and ask relevant questions to get that information. For instance, decide beforehand which two or three values you are unwilling to compromise on. Then, ask appropriate questions to determine whether the prospective manager shares those values. Use open-ended questions instead of phrasing your questions in a way that indicates what response you are looking for. For instance, do not ask a manager whether she is open and honest with her employees. Instead, ask her how she would handle needing to tell employees information that could significantly demotivate them. Do not ask her if she treats all employees fairly. Ask instead what process she follows to ensure that all employees are treated fairly. Also, do not hesitate to ask your prospective manager which two or three values are the most important to her. Similarly, if you prefer a directing manager, then do not hesitate to tell your prospective manager that you operate more efficiently when directed and let her react to that statement. You have nothing to lose and everything to gain by being transparent and honest.

During the interview process, if you feel strongly that a prospective manager could become your mentor, choose to work for that manager if you have the opportunity to do so. Over the course of your career, study the behavior and conduct of the managers with whom you work. Take stock of the management style or conduct that helps you deliver your best performance, that helps you grow, and that makes work truly fun for you. If your career goals include people management, consider adopting aspects of the styles that you have found most effective over time so that you can become the manager you are destined to be.

PRACTICAL APPLICATION 4.3

FACTORS INFLUENCING CAREER SUCCESS

Generate a list of important factors (skills, qualities, or attributes) that you think contribute toward individual success (e.g., technical expertise, leadership qualities, work ethic,

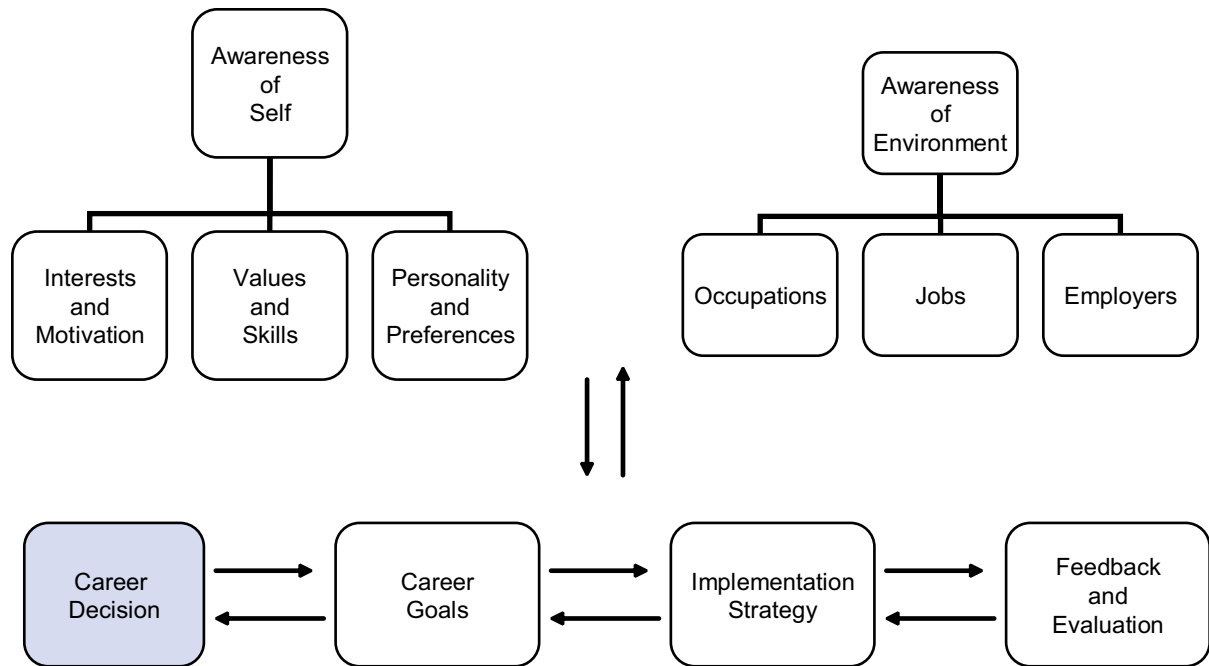
etc.). For each factor you list, provide a brief explanation of why the factor is important for achieving career success. Prepare a list of your top five factors and explanations.

IN THIS AUDIO PODCAST, AUTHOR KAL GHAYUR, CFA, SUGGESTS WAYS TO INCREASE ENVIRONMENTAL AWARENESS FOR CAREER SUCCESS.

<http://bcove.me/f0f0i3za>

CHAPTER 5

CAREER DECISIONS



PRACTICAL APPLICATION 5.1

HAMILTON'S CONFLICT

Upon graduation, Hamilton had two job offers—one from Growth Capital Management (GCM), a large, publicly traded financial services company, and one from Value Partners (VP), a mid-size, management-owned quantitative asset management company. GCM offered Hamilton a junior analyst position in the international equity department. VP extended an offer to join its sales division. During the interview process, Hamilton met with John, founder and managing principal of VP. John owned 75% of VP, and the remaining 25% of VP shares were allocated to five senior managers. During the interview, John had indicated to Hamilton that his strong quantitative finance background would be helpful in marketing VP's products, especially the quantitatively oriented hedge fund strategies. He also indicated to Hamilton that he could expect to become

a partner of VP over time if he delivered consistently above-expectation performance. The thought of owning a stake in VP appealed to Hamilton.

Hamilton conducted extensive research on VP. He discovered that VP had experienced tremendous growth between 1991 and 2000, with assets under management rising from \$5.5 billion to more than \$15 billion. Between 2000 and 2003, however, investment performance deteriorated significantly, with the firm's flagship fund declining over 75%. As a result, during this period, VP lost a considerable number of clients and assets under management declined to less than \$5 billion. In 2002, the firm laid off 7% of its workforce. And in 2003, it announced another 15% workforce reduction. There also appeared to be major disagreements on investment process and business strategy at the senior management level, which resulted in six senior managers and investment professionals leaving the firm over the 2002–2003 period. Hamilton was able to speak with one senior investment professional who had resigned from VP. The feedback he got was that the firm is in turmoil, investment performance is very poor, clients are leaving, revenues have shrunk, and cost cutting is extreme. He also indicated that John had taken control of all areas of the business, such as investment process, marketing, business strategy, and operations, and had recently fired managers who did not agree with him. According to this former employee, VP had become a one-man shop and an unpleasant and unsatisfying place to be.

Hamilton analyzed the situation at VP carefully. He was not afraid of the turmoil and instability at VP. He was aware that the firm may not survive the next two years. On the other hand, if investment performance improved and new clients could be won, tremendous career opportunities could lie ahead for him. Hamilton also liked the proposed marketing role. He possessed very strong interpersonal and relationship-building skills and felt comfortable marketing complicated quantitative strategies, given his strong quantitative finance background. Hamilton came to the conclusion that the risk of working at VP was worth taking. So, on 6 February 2004, he started his career at VP.

Between 2004 and 2008, the investment performance of VP strategies improved considerably. On the back of this improved performance, Hamilton was able to win several high-profile institutional clients, which in turn led to winning a large number of smaller clients. As a result, during this period, assets under management grew from \$5 billion to more than \$10 billion. John recognized Hamilton's efforts in winning new business and promoted him to vice president of sales in 2007.

In 2009, John decided to market VP products outside of the United States. He designed a marketing strategy targeting large plan sponsors in Europe and Asia. He asked Hamilton to assist him in setting up marketing offices in London and Tokyo to implement the strategy, a decision that offended Mark, head of sales at VP. Between 2009 and 2012, the marketing efforts produced significant results. VP raised in excess of \$5 billion

from non-U.S. clients. During this period, Hamilton was asked to accompany John on numerous client visits in Europe and Asia. The two spent a lot of time traveling together, especially on long cross-continental flights. On one such flight from Tokyo to London, John said to Hamilton, “I really like working with you. You accept and endorse corporate strategy and work diligently to implement it. I view you as an important long-term player at VP.”

At the start of 2013, Mark suddenly resigned. Rumors within the company were that Mark and John disagreed on new product development and sales strategy, and Mark was asked to leave. John appointed Hamilton as the new global head of sales and business development and offered him a 7% stake in VP that would vest over a five-year period.

By most standards, Hamilton has had a pretty successful career at VP. Yet, at the end of 2014, Hamilton felt fundamentally unhappy and demotivated. He no longer found his job fulfilling and satisfying. He had no independence and autonomy. John was clearly setting the strategy and priorities for the sales and business development department. Hamilton did not agree with many of John’s decisions but felt he had no option but to implement them. Sure, Hamilton had received appropriate rewards and recognition over the years, but he felt it was only a reward for being a yes man. Additionally, large sums of deferred bonuses and unvested equity allocations and profits made it impossible for Hamilton to consider leaving VP. He did not like the way John was running the company and was quickly losing respect for him. There was clearly a conflict between what he wanted from his job and what he was getting from John and VP. He wondered how he would resolve this conflict.

QUESTIONS TO THINK ABOUT

1. Given the danger signals identified by Hamilton, was his decision to join VP an appropriate risk? Justify your answer.
2. How would you characterize Hamilton’s level of self-awareness at the start of his career? Justify your answer.
3. How would you characterize Hamilton’s understanding of VP’s corporate culture and John’s management style? Justify your answer.
4. Why was Hamilton not confronted with the identified conflict earlier in his career?
5. Why has this conflict become so important at this stage of his career?
6. What advice will you give to Hamilton on how to resolve the conflict he is confronted with?

One of the main objectives of the career management model is to help individuals achieve compatibility or fit between themselves and their work environments. There are two main reasons why compatibility should be pursued in career decision making. First, compatibility may help to better manage misfit risk. Second, compatibility may make work more enjoyable for you in the long run.

Applying the career management model is similar to what happens in investment portfolio construction and evaluation. When constructing investment portfolios, investors seek compatibility or fit between their investment constraints or risk tolerance and their investment objectives or return requirements. Your professional career can be viewed as an investment portfolio and the career management model as a portfolio construction and performance evaluation tool (similar to an optimizer). You start the portfolio construction process (Step 1) by specifying your investment constraints and risk tolerance (your interests, values, strengths and weaknesses, personality, and preferences). You analyze the various investment opportunities (occupations, jobs, and employers) that exist in the marketplace and what risks they entail and potential return they offer (Step 2). You invest in opportunities (occupations and jobs) to construct a portfolio over time (your career) that strikes a balance between your investment objective and constraints and the risk and return of your investments (Step 3). You set long-term objectives (career goals) for your investment portfolio (Step 4). Finally, you monitor and evaluate the performance of your investments (jobs) and the portfolio (career) over time to determine whether you are on track to meet your long-term investment objective (Step 5).

In an investment program, in order to achieve long-term investment objectives, investors need consistency (compatibility) among their risk tolerance, return objective, and the actual investments they make. For example, if an investor's risk tolerance is low and the overall investment objective is capital preservation, then it would be inappropriate for the investor to invest a large portion of the portfolio in risky stocks or speculative bonds. For this investor, a large allocation to short-term debt instruments and high-grade bonds might be more appropriate. So it is with career management. If you do not have a good fit between yourself and the environment, you are unlikely to achieve your overall career objectives. For example, if you value work and family life balance, then it would be unwise to work for an employer who does not endorse such values.

MANAGING MISFIT RISK

Individual careers are exposed to two kinds of risks: external or exogenous risk, which comes from the work environment, and internal or endogenous risk. Although both types have potential upside, one kind of endogenous risk you want to be sure to avoid is “misfit risk,” which arises from individuals making career decisions that cause a mismatch between their

work environment and themselves. Misfit risk often results in misguided careers—that is, careers that are unlikely to achieve an individual’s work–life aspirations and provide psychological satisfaction and fulfillment. The most common mistakes that introduce misfit risk occur when individuals:

- Do not have a good understanding of who they are—that is, what motivates them; what their work and family values are; and which qualities, skills, and talents they need to leverage,
- Do not clearly define their career goals and notion of success in the context of who they are,
- Pursue a career in a profession or an occupation that does not motivate them and/or leverage their natural abilities,
- Work for organizations whose corporate culture is incompatible with their core beliefs and principles, or
- Work for managers whom they cannot view as role models.

In seeking compatibility, the career management model serves as a tool for managing misfit risk. In career management, as in investments, individuals do not have control over the long-term results. Although they cannot control returns, individuals can and should manage risk. This means both taking appropriate risk as well as adamantly avoiding misfit risk.

We have suggested strategies for managing misfit risk throughout the previous chapters, but let us take a few moments to bring it all together. The underlying solution to a career misfit is to (1) conduct the due diligence necessary to ensure that the values and preferences you identified, clarified, and prioritized in [Chapter 2](#) align with and are respected in the environment where you elect to work and (2) promptly address situations that bring your values and work environment out of alignment. Consider the following tools for achieving this:

- Regularly review your life themes and career implications results ([Chapter 3](#)). These will evolve throughout your life and your career, but review them often.
- Set goals. This will be discussed in greater detail in [Chapter 6](#), but for now, think in terms of identifying both technical and “soft” skills you want to develop and make a few goals around learning and professional experiences that will allow you to develop those skills. With goals that are aligned with your values and preferences firmly in mind, misaligned opportunities can be less distracting.
- Test each decision against your goals, your life themes, and your career implications information. This can be a very literal exercise. Write down the situation and decision

you are facing and, when you've reviewed your goals and self-assessment data, begin to document those data points that support or conflict with the decision.

- Partner with mentors and coaches. Seeking feedback and advice from knowledgeable and objective outsiders can be enormously valuable in helping you address your blind spots. Mark Twain wrote, "You may not see your ears, but they will be there." Engaging mentors and coaches is like having someone available who can describe your ears to you when you need to know what they look like.
- Ensure "restorative niches." In *Quiet: The Power of Introverts in a World That Can't Stop Talking*,¹³ Susan Cain (2012) offers advice to jobseekers who are mindful of their nature on the introversion–extroversion scale; it is relevant to any professionals who are aware of potential misfit between their (potential) work environments and their own natures. She suggests ensuring the availability of restorative niches and/or building them when you can. Restorative niches are opportunities to take a break from an environment that stresses characteristics that don't come naturally to you. For example, for an introvert working within an environment that favors extroversion, restorative niches might include setting aside specific times during the day to work behind a closed door or setting aside a few days each week to eat lunch by yourself rather than feeling obligated to join others. Restorative niches may not enable you to persist in a severe misalignment scenario, but they are crucial when enduring slight misalignment in the short term holds the key to achieving longer-term goals.

MORE ON RISK TAKING IN GENERAL IN CAREER MANAGEMENT

PRACTICAL APPLICATION 5.2

After graduating two years ago, John Lewis joined Kingston Investment Management (KIM) as an equity analyst. John enjoyed his time at KIM and developed a good relationship with his boss, Jim Connor. However, John was not happy about his compensation. During the last two years, his total compensation did not grow at all. John was thinking of ways to address the compensation issue with Jim.

On the morning of 23 March, John walked into Jim's office and asked if he had time for an important conversation. Jim is a highly accessible manager and always has time for his employees. They had the following conversation.

¹³ <https://www.quietrev.com/quiet-the-book/>

“Jim, as you know, I enjoy working at KIM, and I truly appreciate the relationship I have developed with you. But I am not fully satisfied with my compensation, which has hardly grown in the last two years. So, I started looking for other opportunities and now have a job offer, which is 30% higher than what I make right now. However, I would love to stay at KIM and continue working for you. So, I was wondering if there is anything you could do to match or exceed the offer I now have.”

“John, I have to say I am quite surprised by this conversation. You know very well how much we value your contributions. You are a highly talented equity analyst, and everyone on the team supports that view. More importantly, I have been very transparent with you on the issue of compensation. As you know, KIM has experienced serious investment performance issues, which have led to a significant fall in assets under management, revenues, and margins. We were forced to let many of our colleagues go. And for those who remain, compensation is generally down. I have had to make a strong case in your favor to keep your compensation roughly flat during these challenging times. I have shared all of this with you in the past, and I believed that you understood that the fact that your compensation was unchanged is a strong positive signal.”

“Yes, I understand all of that, Jim. But still, it is hard for me to just ignore the other offer. As I said, would it be possible for you to meet or exceed this offer?”

“John, my hands are tied, and you know that. I cannot justify a 30% raise to senior management to retain you. I just can’t. If money is what is important, then I suggest you accept the offer you have received.”

Jim’s blunt answer came as a surprise to John. He was expecting John to say something along the lines of “You are a valuable player. We cannot afford to lose you. Let me see what I can do.” John was struggling to figure out where to take the conversation next.

“Well, Jim, you know I really don’t want to leave. So, if 30% is too high, maybe you could get me a 10% or 15% raise.”

“No, I can’t. As I said, you should probably accept the other offer.”

“Okay, Jim. I will think about it and will let you know tomorrow.”

A couple of hours later, John went back to talk to Jim.

“I am very sorry to bother you again, Jim. I have thought about the whole situation and have decided to stay at KIM. As I mentioned, I really enjoy my job and I like working

for you. I really shouldn't let money and short-term considerations drive my long-term career."

"Okay, as you wish, John."

As John left Jim's office, Jim couldn't help but wonder whether John really had another offer. Did he make up a story as a way to negotiate a raise?

Questions to Think About

1. How do you think John handled his conversation with Jim?
2. How would this conversation affect their relationship going forward?
3. Did John hurt his reputation and credibility with Jim? Why or why not?

PRACTICAL APPLICATION 5.3

Paul Jones could not believe that after 25 years of service in the accounting department at Blackworth Wealth Advisers, he was laid off. His savings were certainly not enough to afford a comfortable retirement. So, he needed to keep working. At age 57, however, Paul found that landing a reasonable new job was proving to be difficult.

After unsuccessfully searching for a job for more than a year, Paul was becoming increasingly frustrated. Looking back at his career, he realized that he managed his career in a somewhat complacent manner. He had been with one employer for a very long time. He made no particular efforts to acquire new skills to improve his employability at Blackworth or another employer. In the last 25 years, he never explored any other job opportunity because of fear of change. Paul started to realize that he was perhaps extremely risk averse and needed to take more risks.

One evening, George Lane shared an idea with Paul. Paul had known George for a very long time and viewed him as a good and trustworthy friend. George had developed a business plan for a jazz club. In the Colorado Springs, Colorado, area, where Paul and George lived, no such club existed. According to the business plan, the club would require USD1 million of initial investment and USD350,000 of working capital. According to George's projections, the club would become profitable in year two of operation and the initial investment would be fully recovered by year five. Paul trusted George, and he liked the idea. He convinced himself that he needed to take more risk to

make something interesting happen for himself. So, he proposed a partnership arrangement to George. Paul agreed to contribute USD500,000 to the club by withdrawing a significant percentage of his retirement savings. Paul and George presented the idea to a local bank, which agreed to fund the club's annual working capital requirement, with a lien on their primary residences. Six months later, the club opened for business.

After two years of operation, the club was struggling. It appeared that the local population had little interest in the kind of sophisticated jazz that the club offered. As a result, the club experienced a loss of USD250,000 in the first year and USD200,000 in the second year. Paul and George each had to contribute an extra USD225,000 to fund the loss.

On a Friday evening, as Paul sat at the club bar, he was noticeably depressed. He had already spent USD725,000 of his retirement savings. The jazz club was proving to be a complete failure and would have to be shut down very quickly. And to rebuild his savings, Paul would have to find a job and work until perhaps age 75. Paul wished he had maintained a risk-averse perspective in managing his professional life.

Questions to Think About

1. Was getting involved in a jazz club the right decision for Paul? Why or why not?
2. Did Paul have a good appreciation of the risks involved in running a jazz club?
3. Do you agree with Paul that careers should be managed in a risk-averse fashion?

WHAT IS RISK TAKING IN CAREER MANAGEMENT?

Highly successful people often attribute some of their success to their willingness to take risks throughout their careers. Often-cited examples of risk taking include accepting a new job assignment that would require acquiring significant new skills, accepting international job assignments, restructuring and regrowing a troubled business or department, moving from process-management to people-management job functions, and simply taking on difficult assignments that no one else in the company wants.

"Sometimes you have to justify the risk that you have taken. But I think you have to have this kind of courage to take up the risk, which can help you to pick and make a move in the future." (Mok)

Throughout a professional career, risk taking can manifest itself along various dimensions. At its very core, however, risk taking in career management entails discomfort and challenge.

That is, when you are involved in activities that make you feel challenged and uncomfortable, you are intrinsically involved in risk taking. For instance, pursuing the CFA designation, along with the responsibilities of a full-time job and perhaps a family, is a challenging and uncomfortable decision and, in that sense, represents a form of risk taking. Overcoming the fear of change and the fear of the unknown to accept a new role is a form of risk taking. Confronting and managing conflicts at work, rather than avoiding them, is risk taking. Having a difficult conversation with your boss regarding your compensation or your career prospects is also a form of risk taking. Relative to those who avoid uncomfortable and challenging actions or career moves, risk takers have a much better chance at career success. You may not realize it, but in conducting such activities, you are developing new skills and growing. In essence, risk taking fosters growth, which is why it is a critical driver of career success.

RISK TAKING WITHOUT UNDERSTANDING THE RISKS

Although risk taking in career management is generally a good idea, risk taking without understanding the risks is not. For instance, consider the case of Shondra Elway, a portfolio manager. Her manager has a highly volatile personality, which makes it quite unpleasant to work for him. Her unhappiness with her current manager leads Shondra to look for another employment opportunity, and she finds one relatively quickly. Six months into her new role, however, she discovers that portfolio management at her new employer requires her to spend a lot of her time thinking about sales and marketing. Shondra hates marketing. A portfolio manager by training, she loves to pick stocks and construct portfolios. She is not a salesperson. Further, the extensive travel associated with the role is taking a toll on her family life. Shondra is clearly more unhappy in her new role than in her previous employment. In assessing career decisions that involve some level of risk taking, you must make a genuine attempt to understand the risks involved.

RISK TAKING AND CAREER LIFE CYCLE

Your ability to take risks in career management is also closely tied to where you are in your career life cycle. It is clearly better to take big risks in the early stages of your career and to avoid taking excessive risks in later stages or when you are close to retirement. Let's reconsider the case of Paul Jones in [Practical Application 5.3](#). Getting involved in a startup at age 57 and spending a large percentage of his retirement savings in a highly risky business venture do not seem like wise things to do. Paul appears to overcompensate for the risk averseness he has shown throughout his career by becoming excessively risk seeking at the wrong time.

RISK TAKING ON REPUTATION IS HARMFUL

Risk taking in career decisions is desirable. Taking risks on one's reputation, however, can prove to be extremely harmful. John Lewis's negotiation strategy in [Practical Application 5.2](#) led his boss, Jim Connor, to question whether John really had another job offer. Whether or not John made up a story (lied) to negotiate a pay raise, his conduct clearly led Jim to question John's integrity. In this particular example, John took risks that put his reputation on the line. It is highly likely that, going forward, John and Jim will not enjoy the same relationship they have had in the past, and Jim will always wonder whether John is truly committed to him and to KIM. This dynamic may, in turn, lead Jim to stop being a strong advocate for John in future compensation discussions with senior management.

Risk taking in activities that potentially violate company policies or basic standards of ethical conduct should be absolutely avoided. You should never put your reputation at stake. Your reputation is your brand. And without a credible and trustworthy brand, you are highly unlikely to succeed.

BARRIERS TO RISK TAKING

If risk taking is critical to career success, then why are so many of us so risk averse in managing our careers? The answer is that we may have significant behavioral, emotional, financial, or other barriers to risk taking.

One form of a behavioral barrier is the fear of failure. Many individuals view failure as embarrassing and shameful, and this perspective significantly constrains risk taking. If you wish to achieve career success, you absolutely have to overcome this behavioral bias. Be smart about the risks you take, and do not fear failure. Failure can be a powerful learning experience. Practical experience makes clear that we learn and grow a lot more through failures than we do through successes. So, take carefully considered risks, and if sometimes you fail, learn from your experience and keep growing. That is, fail smart.

Another behavioral bias that serves as a barrier to risk taking is the fear of change and the fear of the unknown. Again, we have to recognize that this behavioral bias in career management is not helpful, because change is all around us. In professional environments, it is a lot better to understand and carefully plan for change than to be forced into a change situation by external events, such as a restructuring or outsourcing.

Sometimes, emotional barriers can also constrain risk taking. One example is when an individual forgoes a new job opportunity that would be a good move from a long-term career management perspective because of fear of disrupting a good relationship with his manager or colleagues. At times, you may also feel a sense of loyalty to your manager for all

her support for you over the years. Such fears and feelings are understandable and perhaps justified in some instances. But they should not generally get in the way of the right thing to do for your professional career. If your manager or colleagues truly care for you, they will understand and support such moves. In fact, in many cases, such moves further enhance, rather than weaken, those relationships.

Finally, financial barriers may also play a part in making individuals more risk averse than they need to be. Individuals often refuse attractive growth opportunities, such as overseas assignments, for fear of giving up or negatively affecting their existing lifestyle. Such assignments, however, can be tremendous learning and growth experiences and should be approached with a long-term perspective. In the context of a professional career that spans 40–45 years or more, spending 2–3 years in what you consider to be a “risky” move may be less damaging than you think, with significant potential upside.

RISK TAKING MITIGATES RISK, AND BEING RISK AVERSE IS RISKY

An important insight in active and effective career management is that smart risk taking actually mitigates career risk. In contrast, being risk averse and avoiding any form of risk taking is actually quite risky in the context of managing your career. A risk-averse approach to career management ultimately leads to complacency, deteriorating employability over time, and lack of optionality in career decision making. These outcomes clearly increase, rather than mitigate, the risk inherent in your career. Some level of risk taking, therefore, is required if you want to continue to grow and move your career in the right direction. Risk taking is not only good for your career; it is also rewarding in multiple ways. It can be freeing, motivating, energizing, and ultimately fun!

REVISITING THE CRITICAL ROLE OF PASSION

Another motivation for seeking compatibility in career decisions relates to the most basic source of career success: passion. When asked what factors contribute to individual success, most people tend to reply with a long (sometimes overwhelming) list of qualities, attributes, and skills—for example, technical expertise, leadership qualities, hard-working, motivated, trustworthy, creative, reliable, etc. Judging from some of the lists that are put forth, achieving success would appear to be almost an impossible task. But when asked why he has been so successful in his career, Warren Buffett simply replied, “I enjoy what I do. I tap dance to work every day.”

WHY IS PASSION IMPORTANT?

There are many reasons why passion plays such a critical role in achieving success. A typical professional career in most industries or professions spans 40 to 45 years of work (or more) on a daily basis. A typical career also has many bumps along the way. During these difficult times, to be successful, you somehow have to keep your commitment and motivation levels high. The chances of maintaining a certain level of commitment and motivation are much higher if you enjoy your work. Passion fosters commitment and motivation. And this keeps you going during the difficult times.

“You want a job you really are utterly passionate about; you leap out of bed in the morning because you want to come and do it. If you can find yourself that kind of job, not only are you going to tend to be better at it, but also you are inevitably going to be able to enjoy it that much more.” (Brown)

When you are passionate about something, you open yourself to learning—higher and higher levels of learning. Can you imagine being successful without having deep technical knowledge of your profession and without keeping abreast of recent technical developments in your profession? Yet acquiring technical knowledge throughout a long career requires hard work and perseverance. Passion makes it easier to devote the time and effort required for continuing your education throughout a long career.

Yet another reason passion is important is that when you are passionate about something, you naturally become creative. The more you conduct an activity you are passionate about, the more creative you become and the more valuable insights you generate from the technical expertise you have acquired. Through this process, you can acquire a skill that very few people possess—the skill to innovate. Ability to innovate is the primary source of sustainable competitive advantage for individuals and corporations.

Passion also helps in the development of leadership qualities. Can someone become a convincing leader without having passion for what he does? Your passion for your work could position you as an inspiring leader that others view as a role model.

In the end, passion is an important source of professional success because it facilitates the acquisition of many qualities, attributes, and skills that will ultimately distinguish you from others. Many people view work as just work. Some people have an interest in their work. But truly successful people view work as their passion.

So, how do you become passionate about work? This can happen in one of two ways—by converting a natural passion in life into a profession or by converting a profession into a passion.

CONVERTING A NATURAL PASSION INTO YOUR PROFESSION

If you have a natural talent, then you are very lucky indeed. Enjoy this gift of nature. You may already have a head start for being successful in your professional life. But to make it happen, you have to convert your natural talent and your natural passion into your profession. Do not be afraid to take this step. In doing so, you realize a natural and strong compatibility between your interests and motivations and your work. Additionally, consider approaching the activity you are passionate about from a broad perspective if you want to determine a way to pursue it as your profession. For example, many jobs in many different industries may be directly or indirectly related to the activity you are passionate about. Explore them all. Pursuing a professional career that links you to your passion, even if indirectly, is significantly better in the long run than to pursue a profession you do not really like or care about.

BUILDING A PASSION FOR YOUR PROFESSION

Individuals such as Bill Gates, Warren Buffett, Martina Navratilova, Gus Sauter, and Roger Federer—examples offered in our mention of passion in [Chapter 3](#)—are, of course, exceptional. They have worked hard to excel in their fields and be truly successful. But they are also lucky to have been born with natural talents, lucky to have been in positions to practice those talents at an early age, and lucky to have been able to ultimately convert their passions into their professions.

Most people, however, are not fortunate enough to be born with a talent and ready-made passion. When many people start their professional careers, they may have one or more areas of interest, but nothing that would qualify as a passion. Yet many people achieve tremendous success in their lives. How does that happen? It happens because these individuals build a passion for their chosen profession over time.

One of the basic premises of this book is that the process of enjoying work and building a passion for a profession over time is facilitated by effective and active career management, which encourages compatibility and fit in career decision making throughout a career. You feel comfortable in your work environment and enjoy what you do if the following things are true:

1. You know who you are and what motivates you in terms of careers and career objectives,
2. You feel at ease with your work environment and the people you work with, and
3. You know what performance you need to deliver to make an impact and receive appropriate rewards and recognition.

When all of these elements fall into place, work becomes truly enjoyable; it ceases to be work. At that point, you become passionate about your work. And your passion carries you to new heights of career success (we will discuss this process in more detail later in the book).

Myth #7: Success can be achieved only at the expense of others.

Another myth is that your success depends on somebody else's failure. This notion is based on the belief that the size of the pie in a system is fixed and to be successful means grabbing a slice of the pie before someone else does. Successful people will tell you, however, that the way to achieve success is by creating a product or service that meets a specific client need and hence creates value for the clients. This, by definition, means that successful people enlarge the size of the pie all the time, frequently by collaborating with others. Every true success story does that. There is no limit to the amount of value (and wealth) that can be created. The only limitation is our own imagination.

The investment industry often cultivates a (false) win–lose dynamic among professionals. After all, individual trades and positions have someone sitting on the other side, who you have to hope loses out. And many firms encourage competition among the staff. In *Give and Take: A Revolutionary Approach to Success*,¹⁴ Adam Grant (2013) suggests that even in competitive environments, research shows that individuals with a giver style (i.e., someone who prioritizes helpfulness and the well-being of others in a work environment) are often more successful than the average professional by conventional standards, not to mention by personal standards.

SUMMARY

Frustration and dissatisfaction in a career can often be traced back to a lack of compatibility between your whole self—values, beliefs, and all—and the professional environment you place yourself in via career decision making. For example, you may decide to work for a company where titles and ranks, long hours, and fierce (internal) competition and politics characterize the corporate culture. To be successful, you may adopt these values, even though you do not truly believe in them. At some point, however, your true values will take over and you are likely to become conflicted. This kind of value conflict situation typically arises in cases where individuals lack career awareness (self and environmental) and/or accept jobs for the wrong reasons, such as compensation alone. Over time, this conflict becomes more and more pronounced, leading to frustration and dissatisfaction. When individuals find themselves in this value conflict situation, they lose motivation and become distracted. As a result, their careers suffer. It is better to invest time and intention into knowing who

¹⁴ <http://www.adamgrant.net/give-and-take>

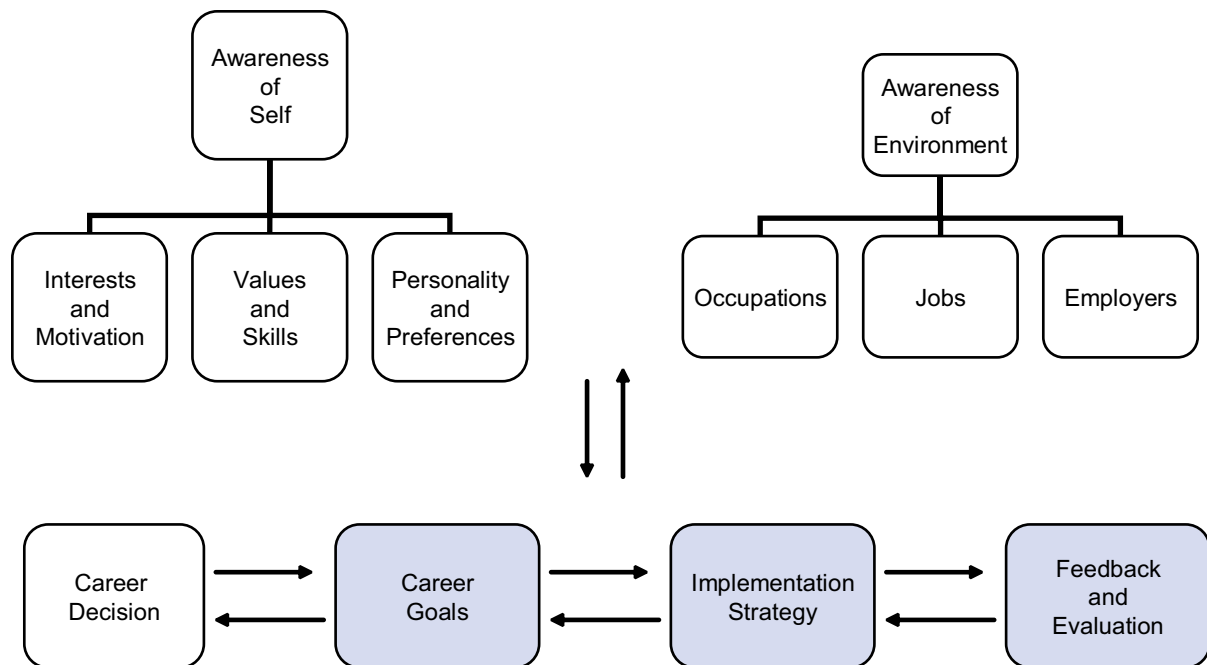
you are and what you are looking for in your work so that you can make more-compatible choices about your career and your employers.

IN THIS AUDIO PODCAST, AUTHOR KAL GHAYUR, CFA, EXPLAINS HOW SELF-AWARENESS AND ENVIRONMENTAL AWARENESS COME TOGETHER IN CAREER DECISION MAKING.

<http://bcove.me/d4z2t2e7>

CHAPTER 6

CAREER GOALS, IMPLEMENTATION STRATEGY, AND FEEDBACK AND EVALUATION



PRACTICAL APPLICATION 6.1

JOSH VISITS PAM

Josh looked at the results of his employer's 360-degree evaluation feedback with disbelief. Yet again, there appeared to be a wide divergence between his self-assessment ratings and those of his colleagues. For three years in a row, his colleagues and his direct supervisor had given him below-average ratings in almost all skills and attributes. Josh was extremely disappointed and confused. He felt unrecognized and unrewarded for his efforts. Perhaps it was time to look for a new employer. He needed guidance and

counsel from someone he respected. So, he approached Pam, managing director of derivatives trading at East Shore Capital Management (ESCM).

Five years ago, Josh graduated from Boston College with a major in business management. Josh enjoyed the courses in business management and leadership as well as the courses in finance offered by Pam, who was an associate professor of finance at Boston College at that time. Subsequently, Pam left Boston College to join ESCM as vice president of derivatives trading and was later promoted to managing director. Josh had enjoyed a good relationship with Pam during his college years. Josh would often seek her advice on his choice of courses as well as broader career-related issues.

Upon graduation, Josh only had one job offer, from Elliot Investments (EI) for an entry-level position. After a six-month training program, Josh requested to be assigned to the equity department, but his request was denied by Sunil, chief investment officer for equities at EI. Josh was subsequently assigned to the marketing and business development department as an associate. Initially, his responsibility was to conduct research and analysis on new distribution channels for the fixed-income products offered by EI. His research did not produce any implementable recommendations, and after 18 months, Josh was reassigned to replying for requests for proposals (RFPs) and populating consultant databases with the historical performance of various investment strategies offered by EI. For more than three years, Josh has been in this role. During those three years, Josh received feedback from his direct supervisor that his work was acceptable and that he was viewed as competent in his job. This view led to somewhat below-average increases in his annual compensation over the years. He liked his work initially but has become disillusioned and bored over time.

On a rainy Monday afternoon, Josh met with Pam in her office at ESCM.

“It’s good to see you again, Josh. How are you doing?”

“Not very well, I am afraid. I feel my career at EI is stalling. For the last three years, I have been stuck in the marketing department, responding to RFPs and inputting performance data into consultant databases. I liked the job at first but now find it really boring. I have put in a lot of effort and worked long hours, but none of that is recognized by my boss or my colleagues. My supervisor thinks I am only competent in my role, and my 360-degree performance evaluation wrongly suggests that I am a below-average contributor. I am here to seek your counsel on what to do next.”

“Okay. Let’s start from the very top. What is your career objective?”

“I think my career objective is to be in a high-level business management position and to make a lot of money. I really enjoyed the business management and leadership courses at college. Ideally, I would like to be the president or CEO of a company.”

“Josh, personally, I do not find vague and overly lofty career objectives, such as being the CEO of a company, very useful. You are still at a very early stage of your career. You need to worry about establishing your credentials in the present job first. How do you think you are performing in your current job?”

“I have a very large workload. I am basically doing the job of two people. I have to work long hours, and I never complain. I am never home before 8 p.m. But I get all my work done on time. I have never missed a deadline on an RFP, for example.”

“But your supervisor’s evaluation is clear that you are viewed as merely competent in your job, and your 360-degree performance evaluation sounds like there are problems that you need to address.”

“I think my overall performance evaluation is just not fair.”

“Josh, in my experience, most young professionals, like yourself, are not fully self-aware. What I mean is that less experienced professionals often struggle to fully see themselves as others see them. They tend to view their performance more positively (or in some cases, more negatively) than is suggested by feedback from their colleagues. But independently of what your performance evaluation says, how is your relationship with your boss? For example, does he seek your opinion on issues with which he is confronted?”

“No.”

“Do the rest of your colleagues in your department?”

“No.”

“Has your boss asked you to work on projects outside of your normal work?”

“No.”

“How would you rate your participation in weekly or monthly departmental meetings?”

“I am not asked to attend the various departmental meetings.”

“Has that always been the case?”

“No, I used to go to the meetings when I started.”

“What happened?”

“Nothing. They just stopped inviting me.”

“Have you asked for an explanation as to why they stopped inviting you?”

“No.”

“Have you asked your supervisor for time during the year to get additional feedback so that you are not waiting until the 360 comes in?”

“No. I don’t like hearing negative feedback, so I prefer not to ask.”

“Do you talk to the investors for whom you are filling out the RFPs or the consultants?”

“I am not allowed to talk to investors or consultants. My colleague Inigo liaises with outside parties in case there are any queries.”

“Alright, Josh, it’s time for a reality check. No one in your department ever seeks your views, you are not invited to attend departmental meetings, and you are not allowed to talk to potential clients. You are not seeking advice or feedback from your supervisor and, therefore, you probably cannot make much progress. It seems to me that your colleagues do not view you as a reliable and valuable coworker or credible representative for the department or the company. You may be working hard and putting in long hours, but you are having little or no impact. And you are right; it is probably not leading to anything more interesting. You need to find some way of showing that you can contribute a lot more to the department. You need to approach your job more creatively perhaps. And you need to be open to critical feedback.”

“But I find my current job boring. I would really like to work in the equity department.”

“So, have you tried to acquire new skills that would allow you to make the transition to the equity department? For example, have you registered for the CFA Program?”

“No. As I said, I work long hours and feel that I do not have the time to study for the CFA Program. It’s a tough program that requires a lot of time and commitment over a three-year period, at least. Anyway, that is not the problem. I think the real problem is that I am not recognized and rewarded by my current employer. I think I need to find a new job somewhere else.”

“Josh, if you want my advice, the real problem is the fact that you are not doing anything constructive to advance your career. If your current employer fired you tomorrow, you would have nothing to show on your CV. And let’s face it: If they did fire you tomorrow, you probably should not be surprised. You have been stuck in the same job for the last three years. In my opinion, you have acquired no new skills, which makes your employability somewhere else very difficult. It’s time that you face the truth. And in my humble opinion, the truth is that the real problem is you. Changing employers isn’t going to solve the problem. It will only shift the problem from one employer to another.”

In the last 15 minutes of the meeting, Pam explained to Josh how he could potentially re-energize his career with his current employer. But Josh wasn’t listening, because he found Pam’s candid feedback and words too hurtful. After the meeting, on his way home, he stopped at a bar. As he sat there drinking a gin and tonic, he wondered whether visiting Pam was a good idea. She didn’t seem to appreciate his hard work any more than his current employer did.

QUESTIONS TO THINK ABOUT

1. Do you agree with Pam that such broad career objectives as “being the CEO of a company” or “make a lot of money” are not useful career goals? Why or why not?
2. In your opinion, what would be the characteristics of “useful” career goals?
3. Do you think setting long-term or short-term career goals is useful or relevant in the current uncertain and risky work environment?
4. What career implementation strategy is Josh presently pursuing?
5. Is that strategy consistent with his short-term and long-term career goals and objectives?
6. What activities should Josh pursue to enhance employability with his current employer?
7. How is Josh currently evaluating the effectiveness of his career implementation strategy?
8. In your opinion, what should be Josh’s short-term career goals? What implementation strategies should he pursue to achieve those goals? How should he evaluate the effectiveness of suggested implementation strategies?

In this chapter, we will review the general characteristics and usefulness of career goals, discuss various strategies for implementing career goals, and discuss techniques for evaluating

the progress of strategy implementation over time to determine how well it is achieving career goals.

CAREER GOALS

Certain types of career goals are less useful than others and can actually turn out to be counterproductive. For example, many individuals specify a primary career goal in terms of titles, designations, or monetary targets, such as “becoming CEO of a large organization” or “earning \$1 million a year by age 30.” Such goals are not particularly useful because they provide inadequate direction on how to achieve the goal and are beyond the control of the individual. Although admirable and lofty, these types of goals often lead to misplaced expectations and subsequent disappointments.

Career goals become more useful when they reflect the life themes (derived from individual values, interests, skills, and preferences) that define an individual and include a total-life perspective. This implies that career goals should encompass the nature of professional duties that would provide satisfying and enjoyable work experiences, the physical aspects of work environment, and lifestyle preferences. For instance, a long-term (five- to seven-year) career goal could be specified as “to pursue a profession in the field of investments, analyzing and researching companies (or other investment ideas), having autonomy and independence, managing people and processes, undertaking business travel, and working at a mid-size asset management company in a university town.” It is also useful to supplement a long-term career goal with short-term operational or instrumental goals, such as gaining fundamental experiences or developing specific skills. In the example, a short-term operational goal could be to secure a financial analyst position and begin developing critical skills and recognition as a thoughtful investment professional, whereas an instrumental goal might be to develop superior presentation skills. The achievement of these goals may lead to the next short-term goal of becoming the head of research.

IS CAREER GOAL SETTING USEFUL?

Modern careers have become increasingly uncertain and risky, as we have discussed throughout this book. Consequently, some career management experts question the usefulness of career planning, in general, and career goal setting, in particular. They argue that career goal setting has become irrelevant. It potentially introduces rigidity in career decision making when the environment calls for flexibility and may result in frustrations and disappointments, which can prove to be harmful for an individual’s career. Other experts argue that career goal setting can be counterproductive, mostly in cases where career goals or implementation strategies have not been specified properly. In their view, career goals, when appropriately

specified, can be useful because they provide focus and direction for work tasks and form the basis for designing and evaluating an overall career strategy. Also, they point out that career goal setting in itself should not result in rigidity because career goals should change as circumstances change.

As mentioned previously, however, there is much research that supports the usefulness of career goal setting. [Locke and Latham \(2002, 2006\)](#) documented that employees with a high commitment to well-defined, challenging goals outperformed employees who did not have clearly specified goals or had a low commitment to specified goals. They explain that well-specified goals lead to behaviors and attitudes that facilitate achieving those goals. [Greenhaus \(2006\)](#) argued that the development of and commitment to a career goal lead to more-effective career strategies. He documented that career goals result in a successful job search and higher job involvement and effectiveness.

“You may not be quite ready for the position on day one, but you should start preparing yourself many years in advance, even without the expectation of ultimately getting the position.”
(Sauter)

At a practical level, however, most successful people we interviewed in our research indicated that they did not explicitly plan their careers by setting specific goals at various stages of their professional lives. Some even argued that career planning is a futile exercise: “Nothing happens according to plan.” Our conclusion is that some level of planning is helpful but that flexibility and adaptability are essential. Even without explicit planning, many of the successful people we interviewed had effectively positioned themselves for the opportunities that evolved, carrying their careers forward, whereas others who had not considered such positioning may have languished.

Whether traditional forms of career planning and career goal setting are useful and relevant in the new work environment remains a point of debate. However, we point out that some form of explicit or implicit career goal setting is arguably always present in professional careers. In our view, therefore, career goal setting has not become irrelevant. It perhaps needs to be made more consistent with the ever-evolving new work environment. At a minimum, career goals need to be adaptable and may need to be reevaluated every year or two, especially at the beginning of an individual’s career.

EMPLOYABILITY AS A CAREER GOAL

Because the new work environment and the associated psychological contract are characterized by “employability,” individuals may benefit from focusing on those goals and activities that lead to improved employability in addition to other explicit or implicit career goals

they might have. Improving employability can be achieved by using the work infrastructure provided by an employer to enhance existing skills as well as acquire new, marketable, and portable skills. Enhanced employability leads to improved prospects for career advancement with the current employer or future employers.

In our opinion and experience, improving employability can serve as a useful generic career goal at various stages of an individual's professional life. However, different strategies are needed to improve employability at different stages of a career.

ELEMENTS OF EMPLOYABILITY

Employability has many dimensions and can be improved by pursuing various career strategies, such as proactively seeking new assignments in addition to normal work, associating with a senior-level mentor, building a strong reputation, and developing a strong network. We highlight three additional career strategies that, in our experience, often produce significant results in improving employability: (1) seeking client impact, (2) seeking leadership impact, and (3) seeking management impact. After introducing these strategies, we will delve deeper into each to provide some implementation ideas.

Client impact manifests when your clients, external and internal (that is, your colleagues), approach you regularly to seek feedback and advice on issues or problems that they face and that relate to your area of expertise. This will happen only if you have technical knowledge of your job and you use that knowledge to innovate and draw valuable insights for the benefit of your clients. Employability and career advancement are directly linked to your ability to create value through innovation and problem solving.

After client impact, we have leadership and management impact. It is important to recognize that these are separate concepts that are often confused. Although both depend on many of the same factors—such as personal values and integrity, communication skills, and ability to work across functions—they are also very separate concepts. Some of the confusion surrounding these concepts is the result of the terms “leadership” and “management” being incorrectly used interchangeably. We will explain and differentiate these concepts.

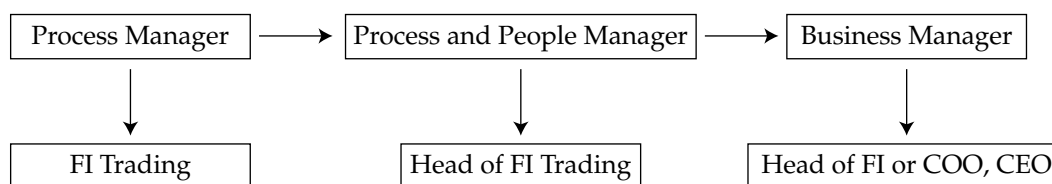
Leadership has to do with shaping the work environment and leading a concept, project, or a part or all of an organization. Leadership impact refers to “having influence”—that is, the power to influence the way your work environment functions. Leadership manifests itself when you acquire the power, through your work and your attitude and behavior toward work, to influence the attitudes and behaviors of others. It has much to do with setting a vision and inspiring others, rather than managing the work. Therefore, it is important to remember that employees at all levels of an organization can inspire. Often, leadership is

inappropriately connected with only the most senior levels of an organization. Employees may think they need to have a lofty title before they can “lead” within an organization. This is simply not true, but the belief alone may hold back very talented individuals from making valuable contributions. You could be a content specialist, such as a security analyst or a portfolio manager, with no management responsibilities per se, and still have more influence within your company and your industry than many of the most senior leaders within the organization.

Management impact can be thought of as having two distinct definitions. The first definition refers to your ability to manage process and the second, your ability to manage people. We will spend some time discussing process management and the ability to go beyond simply by using creativity to enhance processes. We will spend even more time explaining people management because this is the area where effective managers can truly leverage their impact on an organization. Human resource management—the ability to acquire, organize, and motivate talent to meet an organization’s vision and mission—is a powerful skill set. People management can bring great job satisfaction and propel a career and an organization forward.

Consider a career path, depicted in [Exhibit 6.1](#), that starts with a functional specialization, such as fixed-income trading, and then shifts toward more managerial roles within the functional area, such as head of fixed-income trading, and eventually leads to running the overall fixed-income business or more generalized roles, such as chief operating officer or chief executive officer. In this example, career roles evolve from functional expertise to process management to process and people management to business management.

EXHIBIT 6.1. EXAMPLE OF EVOLUTION OF CAREER ROLES



In general, the initial stage of a career tends to be a functional/process management role. In this stage, client impact (most often, internal clients) has a major impact on the level of success achieved and paves the way for career advancement. In the middle stage of a career, career roles tend to evolve toward process and people management roles. In this stage, both client impact (a mix between internal and external clients) and explicit leadership and management impact facilitate career success and advancement. And in the later stage of a career, success as a senior business manager is primarily influenced by the degree of explicit leadership and management impact.

Of course, professional careers are highly individualized and tend to follow a wide variety of paths. For example, some individuals, in alignment with their interests and motivations, may elect to deepen their expertise in a specific technical area and allow their careers to evolve around subject matter expertise rather than shifting to people or business management responsibilities. It is our view that even in such cases, individual careers will benefit from a focus on seeking a successful combination of client, management, and leadership impact through the various stages of a professional career.

“Sometimes people are afraid to take up new and challenging opportunities. So, one important lesson and guidance from my experience is that people should not be afraid to seize an opportunity. I give people the opportunity these days; sometimes they seize it with both hands, and other times, they worry themselves out of it.” (Morrissey)

We will take a deeper dive into client impact and leadership impact in just a moment. Right now, let us return briefly to some of the other necessary strategies we mentioned. These topics are covered in-depth in other books, articles, and webcasts, many available on the CFA Institute website, but the following are a few highlighted points about these strategies.

- **Proactivity.** Pursuing employability and your specific long-term career goals requires you to be proactive. When you identify skills you wish to develop and professional experiences you believe are necessary to achieving your goals, it is important that you not simply wait for someone to come along and give you the chance to develop those skills and gain those experiences. Rather, ask your manager for the opportunity to work on projects where you can do so, either as part of your regular responsibilities or, potentially, in addition to your regular responsibilities. Consider volunteering for cross-divisional committees or working groups within your organization that present the opportunity to practice skills or gain experiences. If such opportunities are not readily available within your organization and you cannot see a way to create the opportunities, find out if there are local community organizations, charities, or not-for-profit organizations—your local [CFA Institute member society](https://www.cfainstitute.org/community/societies/Pages/index.aspx),¹⁵ for example—that might allow you to volunteer your time in a way that allows you to achieve your short-term instrumental goals.
- **Networking.** Career management experts, such as career coaches and outplacement specialists, say it all the time: Networking is essential to advancing your career. Many people may think a network is just a tool for job searching or business development, but information, knowledge, support, and feedback for your ideas are also important yields of a network. There are several rules of thumb that most career experts touch on when they speak or write about networking:

¹⁵ <https://www.cfainstitute.org/community/societies/Pages/index.aspx>

- Build your network before you need it.
- Give before you ask for help. You are establishing trust and building a relationship that both parties will rely on over time.
- Managing your network is an ongoing process throughout your career. Again, the aim is to maintain a relationship with the contacts in your network. Research does show that weak and renewed ties can be especially powerful because of their ability to connect you to fresh information and new perspectives, as opposed to “groupthink,” which can emerge from closer contacts who largely operate in the exact same environment as you. That said, if a contact does not remember you—or more importantly, remember that she trusts you—she may not go very far to help you if or when you ask.
- Social media are very powerful tools for networking. LinkedIn is particularly well suited to managing your online network because of the specific, forced choice to add people to your network and the fact that communications can be handled within the platform. Twitter is a strong tool for identifying potential contacts because you can learn an individual’s thoughts on matters and engage in micro-conversation before meeting in person.
- **Personal brand and reputation management.** You have a personal brand, a reputation, whether or not you know what it is. You also probably have an idea of what you want people to think about you. Take time to make sure that what people are thinking of when they think of you is in sync with what you want them to think of when they think of you. The steps are, of course, easier said than done, but they are fairly straightforward and worth doing throughout your career. Decide how you want others to perceive you. This should align with your values, interests, motivations, skills, and goals. Then, find out what people think of you by asking them for feedback. It is important to ask a variety of people and not just those closest to you or those who experience you in only one, limited setting. When you have collected feedback, analyze the situation and make a plan to move forward. Are there gaps between what people think of you and what you want them to be thinking? How might you close those gaps? Are there strengths you did not previously realize people admired you for, and can you use those more in your career?

THIS VIDEO PODCAST WITH BRANDING COACH BRENDA BENCE EXAMINES THE PRINCIPLES OF PERSONAL BRANDING AND EXPLORES HOW PERSONAL BRANDING STRATEGIES CAN DIFFER AT VARIOUS CAREER STAGES.



<http://bcove.me/9pzweaax>

- **Mentorship.** Mentors can be invaluable resources, providing guidance, advice, introductions, and, in some cases, social capital sponsorship over the course of many years. Mentors and the personal relationship you develop with a mentor can help inspire you and contribute to shifting your interest in the profession to a true passion while helping you solve immediate problems. Many organizations have sponsored mentoring programs, which certainly should be taken advantage of if offered, but it is important to keep in mind that if the organization has an onboarding and cultural disbursement motivation for sponsoring such a program, you may be wise to seek out additional mentors. As discussed in [Chapter 4](#), your managers, especially early in your career, may be strong mentoring figures. Additionally, consider professionals from other organizations as potential mentors. When you are seeking a mentor, as when you seek other career opportunities, do your due diligence to ensure that your values and ethical standards are in alignment.

Myth #8: Success depends on having the right connections.

It is a fact that the vast majority of professional jobs are secured through personal contacts and networks. Once again, some people are lucky to be born into well-connected families. This does not mean, however, that these people are ill suited for the jobs and positions they fill and do not deserve them. It simply means that you should pay particular attention to building contacts and networks of your own. Your personal and professional reputation is what will help you achieve this goal and enlarge your circle of contacts. The more professionally respected you are, the more contacts you will develop. So, rather than worrying about the fact that you do not have the right connections, simply concentrate on building a professional reputation for yourself through the quality of your work. The right connections will automatically come your way over time.

CLIENT IMPACT

WATCH MEMBERS OF THE CFA INSTITUTE BOARD OF GOVERNORS DISCUSS THE IMPORTANCE OF CLIENT IMPACT AND SOFT SKILLS.



http://players.brightcove.net/1183701590001/default_default/index.html?videoId=4834237058001

To have client impact in the initial stage of your career, concentrate on acquiring technical knowledge with an obsession. Aim to be a technical expert at your job. If you are a security analyst, then master financial statement analysis, industry analysis, and security valuation techniques. You should identify and obtain an appropriate professional certification in your profession. In the field of investments, the CFA charter is the most valuable and world-recognized certification. Foster a habit of reading professional publications: journals, such as the *Financial Analysts Journal*, *Journal of Portfolio Management*, and *Journal of Finance*; other industry-related business publications; and such leading periodicals as the *Financial Times*, *Wall Street Journal*, and *Economist*. Seek to acquire a broad understanding of the industry and a more detailed understanding of your specific role within the industry. In today's employment market, it is no longer sufficient to earn a degree and use those skills throughout a career. The investment field continues to evolve, and your skills need to evolve along with it if you intend to remain relevant. This means improving your grasp of the evolving theory and investing environment.

Acquiring technical knowledge is obviously not easy. It requires a significant commitment. It is also hard because in the initial stages of your career, although you may have an interest, you are probably not yet passionate about your job. You do not have the support of your passion to provide commitment and motivation.

So, what will help you navigate this process of acquiring technical knowledge? It is the realization that you cannot enjoy your work and become successful unless you continue to acquire deep technical knowledge of your profession. And the foundation for acquiring higher and higher levels of technical knowledge is actually laid in the first few years of your professional career. If the foundation of continual learning is not established early in your career, it becomes progressively more difficult to do so as the years go by. So, view the first 5–7 years of your professional career as an investment in the next 20–40 years. Your level of investment will simply determine the level of rewards you can expect to reap in the future.

It takes more than acquiring technical knowledge, though. You need to acquire professional “talent.” Technical knowledge provides you with the tool kit you need to feel in control of your work. Talent refers to your ability to use the technical knowledge you have acquired to create and innovate for the benefit of your clients. Realize that there is no shortage of technical experts. But there is a genuine shortage of talented experts. This ability to innovate is what adds value for your clients. Talent is the basis for having client impact.

To have a meaningful client impact, you will need to acquire some basic skills. Some of these skills are mentioned next. Study them carefully.

- Technical expertise: Possess in-depth knowledge of the job.

- Creativity: Create and innovate constantly for the benefit of your clients.
- Communication: Communicate clearly and concisely.
- Listening: Listen actively and effectively.
- Attitude toward work: Possess a problem-solving and positive attitude.
- Integrity: Exhibit professional and personal integrity.
- Execution: Exhibit commitment and attention to detail.
- Teamwork: Contribute effectively in a team environment.
- Interpersonal skills: Treat others with respect and dignity, and build effective relationships.

LEADERSHIP IMPACT

Leadership can and should be practiced by a variety of people at all levels of a healthy organization. As mentioned previously, in the early stages of your career, client impact, which is knowledge driven, generally carries the most weight in determining your level of success. But as your career progresses toward positions of greater responsibility, leadership impact starts to assume more weight. More will be expected of you in terms of idea generation and organizational leadership. This does not imply in any way that knowledge-driven client impact becomes unimportant or irrelevant because it remains the foundation of the value you add. It simply means that conduct-driven leadership impact is what often determines whether you reach the “top” of your profession or get stuck in lower- or mid-level positions.

A sports analogy might be helpful at this stage. You may have heard sports experts talk about the factors that distinguish a true champion from a very good player. Very good players and true champions generally possess superb technical skills, but the true champions often differentiate themselves by helping to lead the team. Athletes can show leadership impact in a wide variety of ways. They don’t “manage” the team, but they can certainly influence and inspire other players. They can innovate, challenge others, and help create a positive environment for the entire team. Interestingly, it is not always the most talented players who provide the greatest leadership impact. There are many examples of individuals providing enormous value-added “leadership” beyond their technical skills. The business world requires a combination of individual and team performance just as the sports world does. Individuals who exert significant leadership impact become the star players and have considerable influence on the working environment of the organization.

The skills needed to have a meaningful leadership impact include, but are not limited to, the skills in the following list. You should analyze each skill carefully to understand why the skill is important and how it enhances your ability to have leadership impact.

- **Integrity.** Exhibit professional and personal integrity and strength of character. Be willing to do the right thing even if it requires professional risk.
- **Relationships.** Treat all coworkers fairly and with respect.
- **Process management.** Work within or across departments to finish projects on or ahead of time.
- **Innovation.** Find new ways to improve productivity and efficiency—not once, but continually.
- **Acceptance of change.** Exhibit willingness to adapt and change with the environment. Help others with their ability to change. Be willing to challenge the status quo yourself.
- **Stress management.** Keep calm and composed under difficult circumstances, keeping a positive, problem-solving attitude. Recognize that we are only truly tested under duress.
- **Technical expertise.** Maintain an in-depth knowledge of the business and the industry through continuing education, including both theory and practice.
- **Role model.** Motivate and coach others, and inspire by leading by example.
- **Judgment.** Take calculated risks by considering all available information.
- **Effective communication.** Share your ideas, and solicit ideas from others. Be a conduit for improvement, not a roadblock.
- **Listening.** Truly listen. Remember that you can't advocate and inquire at the same time. Listening requires effective inquiry.
- **Conflict management.** Resolve internal or external conflicts quickly and reasonably, using conflict resolution as an opportunity to enhance relationships.
- **Ownership mentality.** Operate like an owner, taking pride in your work and the business. Help keep the organization focused on the long-term vision.

MANAGEMENT IMPACT

As mentioned earlier, management impact can potentially be on both the process and the people side of a business. Process management can be thought of as making a business or parts of a business simply run better. It is often an extension of an individual's technical skills, arguably taking these skills to the next level. That means going beyond the day-to-day work to identify new and better ways to get the job done. This is where many employees get an early opportunity in their careers to show creativity and innovation. By not accepting the status quo and by figuring out how to make something work more effectively, you can provide management impact. Demonstrating management impact requires more than just telling people about an improvement. It requires you to put your thoughts into action and actually

drive the enhancement to conclusion. You will often end up having to go well beyond the scope of your job to see the bigger picture and design an enhancement that fits into it. It may require putting all the pieces in place to ensure that the new processes are stable and sustainable. All of this takes some risk, which can be offset by the potential reward of favorable management impact. Maybe if Josh, from our case study, focused attention not only on doing his job but also on finding ways to make the burdensome workflow more efficient, he would have more time to prepare for the next assignment and might also be recognized for some creativity in his current job.

By definition, people management requires subordinates, so the opportunity to add value may not occur until after some amount of time has been spent in a profession. Nonetheless, it is worth understanding that people management, the ability to acquire, organize, train, and influence your employees, is an opportunity to deliver enormous value to an organization.

An important message here is not to take a management role—no matter the level—for granted. There are few individuals with natural management talent in the workforce, but many people mistakenly believe they possess such talent. Unfortunately, these managers often end up spending their careers underperforming without having the impact that they are capable of. We don't want that cycle repeated, so if you recognize that management skill is something you need to acquire, you are already headed in the right direction. Those skills can and should be acquired from a variety of sources, such as management books and articles, conversations, and observations of other managers in action.

Even if there are few good examples of managers in your organization, you generally can find something to learn. One area worth significant skill building is in giving (and receiving) critical feedback. Without training and skill development, managers will often shy away from direct feedback, either being overly general or waiting until a problem situation is out of control before providing feedback. Learning how to give feedback effectively may also make you better at hearing it.

Even if you do not anticipate taking on a management role in the foreseeable future, you can begin learning such skills early in your career. Not only can you observe how you are being

"[I]t seems that everyone is trained to become a CEO of a company. But not everyone has the talent or even the appetite and the stamina to become CEO; therefore, it is really important for people to assess relatively early on in their career where they would like to see themselves in the future with a kind of cost-benefit analysis. For example, at a personal level, if I had been on the management side of the investment world, I probably would have made more money, but I don't think I would have been very fulfilled because I wouldn't be doing what I really like doing and what I really enjoy doing." (Villain)

managed but you can also think about how you or others might be more effectively managed. It is helpful to imagine yourself in your manager's job, thinking about how you might handle various situations. We all become better employees when we think beyond our own role to try to understand the trade-offs that managers need to make.

Even if you were fortunate enough to attend human resource management classes in the course of your academic studies, translating theory into practice is not easy; for most people, it is harder than being able to put investment theory into practice. Therefore, it may not be appropriate to depend on academic classwork when you are first put in a people management role. Some organizations offer training for managers, but these training sessions are often viewed as too rudimentary or potentially embarrassing to be taken seriously. Especially in the investment field, where talented individuals can be quickly elevated, management training and education are often viewed as unnecessary. This oversight creates an avoidable problem that can have a poor outcome. Management skill building can occur at any time in a career, with significant benefits to the person and the employees. Maximizing people management impact will take time; you must first learn and then hone and use those skills to make the most of the opportunity and employees working for you.

FEEDBACK AND EVALUATION



Gathering feedback and evaluations of your performance is vital to your success.

MEASURING CLIENT IMPACT

In some jobs, aspects of measuring client impact can be relatively easy. For example, a decent portion of a security analyst's contribution can be quantitatively assessed through his performance relative to the market of the securities he recommends for investment. In other jobs, assessing client impact may be less straightforward. One way of assessing the level of client impact is by analyzing your relationship and interactions with internal and external clients. Ask yourself the following questions, which can also be found in the interactive pdf file, Client, Leadership, and Management Impact, at <http://cfa.is/CSnnwe3>. You could also add your responses to your saved companion workbook file. Remember to save the changes to your file after you complete the exercise.

- Do your clients approach you to seek factual information, or do they ask for your views and opinions on general or specific issues they face? Do you think they see you as both a content expert and a creative, independent thinker?
- Do they listen actively and attentively when you speak?
- Does your manager ask you to represent her and the department at interdepartmental meetings?
- Does your manager assign you responsibilities that go beyond your normal work duties?
- Are you invited to speak to external clients?
- Do external clients share their problems with you and seek your input for potential solutions?

Notice that client impact is an external and practical test of your success in the initial stages of your career. As we have addressed, young professionals are more likely to disagree with their employers' performance evaluation feedback in part because they are more likely to lack self-awareness on a relative basis. Independent of what an employer's evaluation suggests, assessing client impact provides a simple reality check of performance. What you think of yourself and what you think you know are only part of the formula. What also counts is what others think of you and your ability to add value. The nature of these relationships and interactions will largely determine your ability to succeed.

If you are not having client impact despite your best efforts, then either you are not learning or acquiring enough technical knowledge and/or you are not using the knowledge that you have acquired creatively to generate valuable insights for your clients. You must train yourself to think imaginatively, to be different and original, and to go deeper when working on problems. It is often helpful to identify a list of individuals, friends, colleagues, or clients whom you respect for their creativity and independent thinking. Hold discussions with them, and analyze them closely in terms of their thinking processes. Learn from them, and see if you can contribute to the dialogue meaningfully over time.

Before we discuss measuring leadership and management impact, let's revisit Josh's situation in the practical application at the start of this chapter ([Practical Application 6.1](#)) and expand on the questions raised at the end of the case. This exercise will give you a chance to reconsider some of your answers. What advice might we give Josh? What advice was Pam giving him in the last 15 minutes of their talk that he chose to ignore?

To start, we should recognize that Pam was being honest and helpful but Josh was not open to hearing it. Although her feedback may have been hurtful, not listening to it was a major error in judgment. If we were sitting next to him in that bar, we should help him recognize

that he needs to reevaluate his situation and the differences in opinion regarding his contribution. We should help him see the signs that he is not advancing his career and that blaming the organization, rather than himself, is counterproductive. He needs to improve his self-awareness by actually seeking feedback rather than waiting for a 360-degree performance evaluation to be delivered (which might happen only once a year). And when he does receive feedback that is counter to his own evaluation, he needs to ask about it.

Most supervisors are willing to discuss poor performance in-depth only if the person is open to hearing the news. If Josh bristles when the words are spoken, many supervisors will not go much further in discussing their concerns. Josh needs to eliminate his defensiveness to truly hear what his supervisor is telling him. He should be asking questions to understand other people's point of view rather than dismissing their input. Josh may be in a rut, but his approach to the problem will keep him there. Although changing organizations may help, Pam is probably right that the same problems will ultimately return. Furthermore, without adding skills, his employability is not improving.

It might make sense for Josh to set aside, for now, the long-term goal of becoming a CEO to establish some more tractable short-term goals, including finding a way to be invited to departmental meetings, being a more valued employee by coworkers and supervisors, and focusing on the type of education that will open new doors. It may be that Josh will need to move to a new organization, but we should advise him to change his approach now and position himself for better opportunities. He can hope that someone sees talent and he is fortunate to be placed in an investment role or that he can take positive actions that will dramatically increase the probability of that occurring. Ultimately, the choice will be his to make.

MEASURING LEADERSHIP IMPACT

To determine if you are having meaningful leadership impact within your company and your industry, ask yourself the following questions:

- Do you accept the environment around you, or do you creatively think about ways to improve it? Are you willing to take action to make the cultural changes you think are important?
- Are you a problem solver, a problem creator, or a “complexifier”? Can and do you bring disparate parties together to solve problems?
- Do you keep your eye on the long-term mission and help others do the same? Do you help set direction for others?

- Are you able to help people adjust to change? Can you keep people focused on the opportunity that change can bring with it?
- Do you seek out opportunities to mentor others? Are you asked to mentor others?
- Do individuals in other departments respect you and follow your direction even though they do not directly report to you?
- Do people see you as an innovator? Do you inspire others to take risks to innovate?
- Do others follow you because they want to or because they have to?
- Do you inspire others to push themselves to accomplish more or learn more than they would otherwise?
- Are you willing to take professional risk to try to do the right thing? Can people count on you to stand up for the right thing?
- Do you have a healthy balance between advocacy and inquiry? Are you drawing in new ideas or just expressing your own?
- In highly stressful situations, can you be counted on to remain calm and logical? Can you help others to stay calm and think clearly?

Again, notice that leadership impact is an external and practical test of your success. It is not important what you think of your ability to influence others. What counts is whether others perceive you as a leader and hence are willing to follow your example.

MEASURING MANAGEMENT IMPACT

To determine if you are having meaningful management impact within your company and your industry, you might ask yourself some questions.

- On the process management side, consider the following:
 - Are you continually looking for better ways to get things done?
 - Are you willing to take some risk to question the status quo?
 - Do coworkers see you as an expert? Do they seek your advice?
 - Are you building controls into processes before problems occur?
 - Do you think through the creation of the infrastructure to ensure that process improvements are scalable and sustainable?
 - Can you focus sufficiently on the details and the longer-term vision simultaneously?
 - Can you learn from your mistakes and improve systems to reduce future errors?

- On the people management side, consider the following:
 - As a manager, are you able to attract talented professionals to work for you?
 - As a manager, are you able to retain your best talent over time?
 - Do other managers seek your advice for sticky personnel issues? Do you seek theirs?
 - Are your employees often chosen for higher-level positions?
 - Do you encourage your employees to speak up and support creative thinking, or do you stifle it with an autocratic management style?
 - Do your employees trust you to do the right thing, especially under duress?
 - Do you work to advance your employee's careers, or are you threatened by them?
 - Do you encourage and protect your subordinates when they take calculated risks and fail, or do you point blame?
 - Are you happy to see employees of yours be given new opportunities, or do you find it threatening?
 - Do you always have to be the one with the answer, or do you feel comfortable when your subordinates come up with a better solution?
 - Do you have a mechanism to get honest feedback from your employees? Do they trust you enough to tell you what you are doing well and what you are doing poorly?
 - Are you comfortable when your subordinates respectfully question or push back on your ideas?
 - Do you seek opportunities to provide useful feedback to your employees, or do you wait until it is required? Do you sit with employees multiple times throughout a year to provide useful, actionable feedback?
 - Do you take appropriate and timely action with problem employees, or do you procrastinate to avoid the conflict?

Managing people is very hard work if it is done well. Often people will step into such a role and not think that they need to act differently. Management usually requires some internal reflection and new skill building. It is often useful to seek out resources, including books and articles by experts in the management field, that can help you become a successful people manager.

SUMMARY

In today's work environment, a useful goal throughout your career is to improve your employability. Achieving this goal is facilitated by focusing on seeking client and leadership impact at various stages of your career. As you acquire talent and develop client impact in the early stages of your career—and a combination of client and leadership impact thereafter—rewards and recognition should also follow if your employer understands the basic principles and processes of talent development and retention. Fair rewards and recognition are an integral part of talent and career development and, more importantly, of the process of making work truly enjoyable for you. The combination of what you give—that is, client and leadership impact—and what you receive—that is, financial and professional reward and recognition—makes your work satisfying and fulfilling. Over time, this cycle can potentially convert your profession into your passion. And your ability to make higher levels of contribution to your profession is enhanced further by the fact that your passion now drives you. It gives you more commitment and dedication, willingness to learn even more, and ability to be even more creative. And it is these qualities that will truly distinguish you in your profession.

To bring it all together, let's have another look at Warren Buffett. He practices a profession that motivates him and that he truly loves. He occupies a job that leverages his natural strengths. As a talented and creative expert, he has had significant client impact. As an inspiring leader, he is a true role model for all of us on how to lead our professional and personal lives. And he has been amply recognized and rewarded for his contributions. It is no surprise, therefore, that at age 83, he is still tap dancing to work. The question is, are you?

CHAPTER 7

CONCLUSION

To wrap up this book, let us take a moment to review what we have discussed here. Then, we will leave you with some final exercises designed to help you apply lessons learned here to your own career and job searches, followed by the transcripts of the interviews we conducted with industry leaders.

Let's summarize what we have learned thus far. In the new work environment, defining and managing your career is your responsibility. Career exploration—a careful and deep analysis of yourself and your environment—forms the cornerstone of effective career management and compatibility, or fit, between you and the environment and should be the guiding principle in career decision making. Compatibility helps to mitigate or eliminate misfit risk, which often leads to misguided and unsuccessful careers.

In other words,

- Choose a profession that motivates you and is likely to become your passion over time.
- Choose a job, role, or function that leverages your natural strengths.
- Choose a manager whose values and management style suit you and who can become your mentor.
- Choose an employer whose corporate culture is compatible with your values.
- Choose to take considered risks that force you to grow and develop without compromising your fit with your professional environment.

Successful people identify passion as one of the most important factors driving success. It is our experience and belief that you can facilitate the process of building a passion for your profession and/or job through active and effective career management, which encourages compatibility in career decision making throughout a career.

Whether you are a fresh graduate or an experienced professional, do not lose sight of these basic guiding principles. As Yogi Berra famously said, “If you don't know where you are going, you will end up someplace else.”

Now, let's consider some final exercises that you can apply to your current employment and/or career, particularly if you are feeling unsatisfied or considering a job change anytime soon.

PRACTICAL APPLICATION 7.1

ASSESSING CURRENT EMPLOYMENT



Visit <http://cfa.is/CSnnwe3> to access an interactive pdf of this exercise, Assessing and Pursuing Employment. Alternatively, you could open your saved workbook file and add your thoughts. Remember to save the file once you complete the exercise.

1. What is the source of unhappiness with your current employment?
 - A conflict between your “always valued” values and the corporate culture of your present employer
 - The management style and/or personal values of your supervisor
 - Incompatibility between your current job and your interests, motivations, and/or skills
 - Consistency and compatibility between your current employment and your life themes and lifestyle preferences
 - Lack of reward and recognition
2. If the source of unhappiness is a value conflict, can it be resolved? If not, then you may have to look for a more compatible employer.
3. If the source of unhappiness is the management style and values of your manager, can you ask to be reassigned to another department or manager? If not, then you may have to look for other employment and a new manager.
4. If the source of unhappiness is that you are in a job that does not interest you, does not leverage your strengths, or is inconsistent with your life themes and preferences, then you have to more carefully develop your career aspirations. In this case, changing employers will simply move the problem (i.e., you) from one employer to another, rather than solving it.
5. If the source of unhappiness is related to lack of reward and recognition from your current employer for your efforts and contributions, then seek to understand why. For example, conduct a reality check by evaluating the degree of client and/or leadership impact you are having.

In many instances, individuals tend to blame the employer/manager for an unhappy employment situation. In many such cases, however, the problem is not the employer/

manager but rather the individual's lack of self-awareness, environmental awareness, and understanding of what is sought from work. In these cases, changing employers does not solve the real problem. In other instances, changing employer/manager would be a reasonable strategy to follow.

If you are looking for initial or new employment, the following exercise may prove helpful.

PRACTICAL APPLICATION 7.2

JOB APPLICATIONS AND INTERVIEWS

1. Identify three employers and three jobs that you would like to pursue.
2. Analyze the corporate culture of each employer, and prepare a summary statement that defines their cultures.
 - Conduct a value test exercise, as shown in [Exhibit 3.5](#), to determine compatibility of each corporate culture with your “always valued” values.
3. From the job postings, identify the skills that are required for the three jobs.
 - Compare the required skills with your strengths and weaknesses as identified in the skills assessment exercise ([Exhibit 3.7](#)).
4. Determine the consistency and compatibility of the three employment opportunities with the life themes you have developed ([Exhibit 3.8](#) and [Exhibit 3.9](#)).
5. Which employer and job offer has the highest level of compatibility with your “always valued” values and strengths? Justify your answer.
6. For the most compatible employer and job you have identified, draft a cover letter explaining why you are well suited for the employment opportunity. The cover letter should not exceed one page.
7. Identify 10 questions that you would ask during the interview process to confirm compatibility with:
 - Skills needed for the job
 - Corporate culture
 - Values and management style of prospective manager

SECTION II: INTERVIEWS

CHRISTOPHER J. AILMAN

Chief Investment Officer, California State Teachers' Retirement System
(CalSTRS)

Chris, thank you so much for taking the time to speak with me today. Can we start with a brief review of your background?

I've been the chief investment officer for the California State Teachers' Retirement System for 13 years now. The retirement fund is about \$170 billion in size. We are the second-largest defined benefit plan in the United States [and] the largest teachers' plan, and we cover about 850,000 public schools and community college teachers in California.

I have been a public fund CIO for about 28 years. My very first start in public service was with the county of Sacramento, where I was CIO for both the county and the employee retirement system. Then, I went up to the state of Washington and managed its pension plan for four years and then came to CalSTRS. My original start was really on Wall Street with a regional brokerage firm. I started with Dean Witter and Dean Witter Reynolds and then went to work for Kidder, Peabody & Co., mostly managing not just high net worth but also its retirement fund for doctors, Keoghs, 403(b)s, and those types of plans.

My education background: My undergraduate degree is from the University of California, Santa Barbara. I was a business economics major, with basically an emphasis in accounting, but I wanted to join the Big 8s and get into management accounting. Most of the opportunities were in auditing, which is not very interesting. And the field of financial management was

Chris Ailman is the chief investment officer (CIO) of the second-largest pension fund in the United States, the California State Teachers' Retirement System (CalSTRS). He joined CalSTRS in 2000 and has more than 25 years of institutional investment management experience. In 2000, Mr. Ailman received the CIO of the Year—IFE Leadership Award. In 2003, his state CIO peers awarded him the Richard Stoddard Award for service in the investment of pension funds. In 2011, he received *Institutional Investor's* Large Public Fund Manager of the Year Award, and in 2013, he was ranked third in the Power 100 CIOs from *aiCIO* magazine. Also in 2013, Mr. Ailman earned the CFA Institute Investment Foundations certificate (formerly the Claritas Investment Certificate).

really starting to take off in the early 1980s. It's interesting: There was only one investment class offered back when I went to college. And it was mostly just a financial analyst class.

So, I started with Dean Witter. At that point, the CFA Program was just starting, but so were CFPs—Certified Financial Planners—so I pursued that avenue and became a CFP in 1984. I used that to help me focus on retirement asset management. And, as I said, I went to Kidder, Peabody, and then shifted over to do public service. I thought I would stay for maybe just five years, but I found it an interesting challenge, and I enjoyed staying in it.

Did you plan your career in that fashion?

Interesting question. Yes, I did from a young age. I didn't think about this particular career because it didn't even exist. There weren't even CIOs when I started in the business. Actually, way back in my youth, I thought I would be an oceanographer. But then I learned to be a private pilot at age 16, and so I was very interested in being a commercial pilot. During college, I went around interviewing and talking to commercial pilots about their lifestyle, their family situation, what kind of a career path it was. And I realized very early on that most of them had broken families; they loved their job but had very difficult personal lives. And I wanted to find a work–life balance. That was very important to me.

So, going to college, I found that I had an aptitude and appetite for accounting and business and enjoyed that immensely. I had a first-year professor who lit a fire under me in terms of macro- and microeconomics, so I stayed in that.

I interviewed with most of the Big 8s—back then, there were eight—and I thought I would head in that type of a direction. And interestingly, when I was a junior, there weren't as many internships as there are now. But when I was a junior in college, I really started looking at where I wanted to live.

There were a number of career opportunities. You have to realize, obviously, that coming out of the 1970s and coming off the oil embargo and really starting to move into more of an economic boom, no one knew what was going to come of the Reagan era. But for me, it was more of a lifestyle decision than a career path. I knew I wanted to live on the West Coast. I knew I wanted to live fairly close to the ocean, so that meant a series of different marketplaces and different opportunities. I started with Dean Witter because I was very interested in the financial planning side of it, but Dean Witter also had not just a retail but a West Coast orientation, which came from the firm's original days in San Francisco.

So, from that standpoint, yes, it was somewhat planned; the move into public funds or into managing pension plans, not at all. CalSTRS didn't even have a CIO back then. Until five years after I was out of college, these positions didn't even exist. In our industry (public

pensions as institutional investors), the prudent person standard was not put in place until 1982. Prior to that, funds were on legal lists, and investing for a public plan was no more than checking a box. The corporate industry was really just taking off because ERISA was put into place in 1974.

And so, your move into the public plan area was driven by your desire to have a work-life balance?

Yes. You know what is interesting? The brokerage firms at that time were going through a lot of transition. I was working for Kidder, Peabody; I found I didn't enjoy the sell side as much and having to survive month to month on commissions. I was starting a family, so I was more interested in a stable, salary-based job with upside opportunities. So, that is why I chose to go to public service. I thought, "It's public service. I'll do it for five years; then, I'll come out and do investment banking or something like that." And to my surprise, I found I enjoyed it, mostly because on the investment buy side, there was such a variety of assets. I remember the first day coming to work and being handed a short-term cash portfolio on old computer paper; as I flipped through it, I realized this was a \$360 million portfolio. It wasn't clear throughout the interviewing process at all that they had that much cash. I wouldn't have thought that a small municipality would have that much cash. But it was bond proceeds, cash. And so, my first reaction was that was pretty cool. Because I had been managing barely a couple of million dollars in assets for high net worth, it was quite a dramatic change.

Do you think that, with the benefit of hindsight and your career experiences, there is any advantage in planning a career these days, or do you think it becomes more of a handicap?

No, I think I am a planner by nature, so I think it absolutely makes sense to have a plan. And you can certainly see in certain careers that you do need to plan ahead because you need to go to the right undergrad and graduate schools, and you need to have the right summer internships in order to even be in line to get that. At the same time, while you are planning, people have to be open and flexible because there are probably careers and entire industries that will exist 10 years from now that we can't even properly see or pursue today. You have to realize my college computer class used punch cards, learning BASIC and Fortran; we knew the PC was coming, but no one had one. So, it's kind of amazing to me to see that technological change from analog to digital, and we may view the same revolution in technology in any number of areas.

So, although I think it's important to plan and have a general strategy, you have to be open and flexible to opportunities that present themselves just like that. I normally would have never seen myself in public service. No one in my family has worked in public service, other

than now my sister and me. It was never in my thoughts. I was always with the private sector, in the corporate environment.

You seem to be pretty aware of your values and your lifestyle preferences and so on. Were you ever in a situation where there was a conflict between your job, corporate culture, and your values?

I'm glad you asked that question. Very early on, one of the things I've been a big believer in is investing in yourself with training—taking advantage of training opportunities. Very early on at Dean Witter, I attended a seminar where the person challenged the group and asked, “What do you stand for?” And I thought and couldn't come up with an answer. Then, his question was, “What does Superman stand for?” A crowd of 500 rattled off, “Truth, justice, and the American way.” And he said, “Great. You should be able to rattle off the top three things you stand for just as quickly. You should have it memorized, and in that way, you can gauge any decision, any opportunity, through that. If these are my priorities, does this match them?”

As a mid-20-year-old, I was really challenged by that, and I took it to heart. Ever since then, I've kept that in mind. I make my career decisions based on that. That's when I realized that work–life balance was important to me. It was important to have a family and participate and not devote myself just to a career.

So, what are the three things that define you?

Actually, there are four things. I'm a Christian, I'm a husband, I'm a father, and I'm a chief investment officer. And it's in that order. I almost didn't get this job, frankly. I had heard ahead of time, and I knew it was down to three people. I'm an investment guy; I do my due diligence. And I knew that I was going to be asked what I stood for. I thought, “Great, I know the answer to that.” I have the question cold. I figured the other people would probably sort of stumble and think. I could just rattle it off just like that. Some people on the board were quite taken aback by the fact that I said my faith first. But I learned a long time ago that that is what I stand for. If I get persecuted for that, bring it on; that's fine. But that is who I am. I'm not going to change who I am to fit a job.

I wanted them to know that if it came down to a decision between something for the chief investment officer and something for my wife or my children, my family was going to come first. If I didn't get the job, that would have been fine because I was happy where I was at the time. But I think that helps. Knowing what defined me helped me make decisions like that. There have been career opportunities that have come up clearly in a private sector that would have been much more demanding, particularly with travel, being away from home a

lot more, better money, but no control of my time and my life, and I made the decision that that was not where I wanted to go.

Are you passionate about your job?

I would say yes, very much so. What's hard now is, like anybody, once you pass 10 years on a job, a lot feels very common. Some parts are frankly rote, and it takes a little motivation to deal with that. I think what's interesting, as we were discussing, is that these markets in the decades of the 2000s and the 2010s are so challenging. They are truly global in nature, which is the difference from the 1980s and 1990s. You cared about international investing, but, clearly, correlations were at 0.7 or lower between the United States and other markets. Now, we are at 0.8 or 0.9, and there is the feeling that they are very tightly correlated, night to night, day to day. And there's just the enormous size of the problem. Because we went all the way back in our asset allocation work to 1926, we were modeling, and knew, that a depression could happen, hopefully only once every 100 years. We also knew that you could have an attack on US soil, hopefully only once every 100 years. We knew those things could happen, but we never expected it. Those two events occurring within basically six to seven years of each other, in the same decade, is what is so staggering and so challenging.

So, when I think about being passionate about my job, it's the fact that it's so dynamic, so personally challenging, but then also so rewarding. It may be a cliché to people, but we do know public school teachers. I run into them all the time and know that we are managing their money, and there is an awesome sense when you are running other people's money of that responsibility. They don't know you, but they are hoping and holding you up to that, and the markets present such a unique challenge every day.

That probably is what helps you get through the routine that becomes fairly consistent.

Are you more passionate today about investing than you were 20 years ago?

I guess I would say I am the same. You had better think about how the markets have changed from 20 years ago. There wasn't a derivatives market. Puts and calls were quite fascinating and new and exotic instruments. There wasn't a credit default swap (CDS) market. It was always interesting to note the number of products Wall Street would create, and I think the fact that our world is constantly evolving and changing is stimulating. That interest in learning and being challenged was true back then and is still true today, just in different ways.

When you started your career, were you passionate about investing?

I always enjoyed the idea of Wall Street and capital markets. By far, the most humbling lesson to me was early in my career, where we were all pitched the idea that a new IPO was

going to follow the same industry pattern that other IPOs had followed, and it didn't. I lost a lot of people's money—friends, family members. I often say to myself, "Losing your own money hurts, but there is nothing worse than losing other people's money." That becomes such an enormous challenge, and I would say that the passion changes because the industry has changed. But I think that is what has kept me in long-term investing and pension investing. As I often say, I like being on the buy side. I like the challenge. Long-term planning and long-term investing fit my nature.

Is your passion one of the reasons you are so successful?

I would think it has to be. I look at successful coaches in terms of leadership roles. I particularly look at successful coaches with sports teams. Some coaches take a very talented group and make them work together and rise to the occasion, and then other coaches, managing very similar talent, don't seem to be able to make it or put it together. I like studying their styles, their habits, and I would say passion for what they are doing definitely has to be part of it. You have to have enthusiasm and some interest in what you are doing. If you are not interested in what you are doing, you have to quit and find something else.

What is it about passion that helps one succeed?

I think passion equals motivation. It's the positive side. You can be motivated by a lot of different things, but passion is a positive form of motivation.

Has passion helped you to become more creative?

Yes. But I think our business tends to draw competitive people, and I'm somewhat competitive, so that creativity comes from learning from other people and seeing somebody else trying something and wanting to try to figure out how to do it better or differently. When I think back on college—and my daughters are in college now—one of the things I tell my children is to take a variety of classes. My point is that undergrad is just to learn—not learn your trade, but to learn. You can go to a graduate school to learn a trade, and even then, companies are going to really want to teach you to do it their way. Take a variety of classes because you may find that your passion really is in some completely different area. Unless you study and find out what lights the fire for you, you are not going to know.

Taking a Myers–Briggs test or some other test isn't going to give you that idea exactly. There are so many facets even within any industry—there are the quantitative roles, introverted quantitative roles, outgoing qualitative roles—so finding your passion does absolutely help people succeed if they are interested in that field and find it enjoyable. Passion helps propel them along.

What other factors do you attribute your success to?

When I look back over my career, I would say one of the definite advantages was working at a smaller shop, whereas normally, I would probably be drawn to a bigger entity. I got the opportunity to work at some smaller places where you had to wear multiple hats. From my perspective, I'm a big fan of learning about a lot of different disciplines so that you can figure out what appeals to you. Do you like being a generalist, or do you want to be a specialist?

When I first started working on Wall Street, I enjoyed building bond portfolios, building retirement fund portfolios, and helping people put together a charitable donation trust. It helped me discover that tracking equity markets or bond markets was interesting to me, but planning was something that was much more interesting to me—building something rather than just trying to make a gain on a particular thing.

But then, working my first job in public service for the county, I ran a short-term cash portfolio; I ran an intermediate bond portfolio. I had helped them with the issuance of municipal bonds, so I was active on the bond side. We ended up using options and swaps on the debt balance sheet of the county, but I was also the chief investment officer for the retirement system. Because there were only two of us in the shop running a \$3 billion retirement fund portfolio, I had to be an expert in all the different asset classes, which weren't as varied back then. On top of that, I was running the fund contribution program, picking the various options, structuring an employee benefit plan, trying to figure out the most marketable options and which were the best ones for employees, and then actually going to the employees' locations and answering questions and helping guide people with financial planning.

So, by wearing multiple hats, I gained a little bit of exposure to everything. I wouldn't just say a little bit of knowledge; it was pretty in-depth in each of those respective areas. Then that helped me open doors to what I wanted to pursue after that because I realized after my initial years, I needed to specialize in a particular area.

How would you characterize your management style and your leadership style?

I separate leadership and management as two different functions and two different tasks. I would say my management style—which I learned not from reading books or from classes—was picked up a little bit in training here or there but also from modeling other people and learning from other managers whom I liked working for and whom other people liked working for. The biggest lesson I picked up—and I teach this to my staff—is flexibility as a manager. Don't manage people out of your style. You actually have to go the extra step to manage people in the way that they are best managed. In that area, I'll use a sports analogy. If you think of a sports team, some people have to be yelled at to get their attention and to get them to pay attention; other people, you put an arm around them and you coach them.

The one thing that I did learn in the training path was the one-minute manager theory, in which there are four different styles: a director, where you are telling somebody A, B, and C; a coach, where you are working and watching them, supervising them doing one, two, and three; a true coach, where you are letting them do it and giving them advice; and finally, a mentor, where you are just there to answer their questions.

It's important to realize that the same person can be in different stages with different facets of a job and to be flexible enough to know that. Particularly being the chief investment officer, I definitely see that. The challenge with that in all the different plans where I have worked is that, for some reason, the fixed-income staff tends to draw certain personality types to it. Those people are generally better coached by putting my arm around them, talking to them. They'll solve the problem before I get there.

For whatever reason, the real estate industry tends to draw much stronger competitive and combative personalities. Wherever I've been, with my real estate staff, I generally have to yell at them like I'm a football coach. That is not my style. I don't enjoy doing it. I'm drained afterward. The best example I can give you is a meeting I did on Monday where I had to create a little tension in the group. I knew that. My fixed-income person said afterward, "Wow, that was a real tough meeting; they wanted to hide in their offices the rest of the day." And my real estate staff said, "Wow, I guess you really wanted to make a point there, huh?"

I thought, "Well, there's a spectrum I have to reach." This is a long-winded answer, but it's important to be flexible enough as a manager to work with your people at the different stages of their skill set and then know how they want to be reached. It's very hard to do because it's different from how you like to manage, from your comfort style.

Leadership is definitely something I've gotten from reading books like crazy. *Lincoln on Leadership*, by Donald T. Phillips, is definitely one of my absolute favorites. I also like looking at different people and looking at how they model the role. Clearly, as you move up into the top of an organization, leadership becomes absolutely critical. I've looked at successful corporate CEOs, political leaders, and sports figures, and there's no one individual model. But in the money management business, what's clear is the leader's role to define the culture of his or her organization or help mold the culture and help sustain the culture. I'm a firm believer that the culture does produce alpha.

When we've looked back at money managers who have produced alpha and then lost it, it's very easy to see the reason when it's a personnel change or a philosophy change, but the subtle changes that are the most dramatic or most catastrophic are when there is a change in culture—when the manager goes from being a good active stock picker to suddenly talking about his or her own personal wealth. You can't pick that up out of a quick meeting; you can't

pick that up even on a short off-site visit. Culture is very subtle, but it is absolutely linked to alpha, and I think that is the leader's role—to define the culture and help sustain it.

When you approached employment opportunities or were reviewing employment opportunities, how did you ensure that there was a fit between your values and the corporate culture?

The nature of the investment business is to do your due diligence. We're constantly preaching that to each other. And I have to say, when I look at some of my peers—chief investment officers at public, corporate, private, and endowment funds—I'm often fascinated that they seem not to have done their homework, and then they seem rather shocked at how the entity is managed and what the culture is like when they get there. I think that is rather unusual.

I tried to learn as much as I could and do full due diligence about the entity, how it was structured and how it was run, and know what ideas I had before I was interviewed about how I would do it differently. But as well as doing all of that good old qualitative analysis and fundamental analysis, also talk to all the people around the industry about the organization's reputation, culture, public perception, strengths, and weaknesses. I think back on my interview here, and I remember two board members. I told them things that their own CIO had not told them, and they were shocked that I knew it. I had a little book with a couple hundred pages in it, and I flipped it open and said, "It's right here, from your website." It wasn't like it was confidential.

I guess they were pretty surprised that I had done that much studying. It wasn't that hard. Even with the young people we interview today, it really jumps out whether they did their homework on us and understand us versus the people who only understand the initials and what they stand for and roughly a little bit about the organization. Companies put so much out there on the web; it's very easy to do a deep dive, but picking up the culture is where you have to get feedback from outside people.

So, when you are interviewing a candidate, fit with the job is obviously important, but how important is the cultural fit?

First, let me lament: I don't think the interview process is one of our strengths. It is a problem of being a money manager in a public fund environment. We're locked into the interview structure of government, which I don't think is very efficient at all. There are some money manager organizations I know that will interview people as many as 15–20 times—one claims they have 40 touch points—before they will hire them. We try, in a short interview, to understand what the person is looking for and to explain a lot about us so that they understand if we are really a fit for them.

Even when I interview, I will use a team, including people who aren't experts in that particular field but who I think are highly intuitive people. I don't even have them ask questions but just have them observe the candidate and get a feeling for if they were comfortable, if they were a good fit or not. So, I do believe in intuition. I don't have very much intuition, according to the tests I've taken, and I believe that, so I will get people around me who are highly intuitive and get them involved in the interview process.

You don't usually just buy a car without ever even getting in it. You want to test drive it. I think the internships give you a chance to observe somebody, to see if they fit into the culture and to see if there's a good fit with their skills. We're handicapped in different ways because we're trapped inside the body of a governmental entity. When you look at an investment management organization, I often say that the most important asset is not the money; it's the people. And for us, it's people who walk in and out of the door every day here, not the \$175 billion. So, that decision to hire someone or to encourage someone to leave is 10 times more important to me than a particular limited partnership, real estate transaction, or private equity transaction. We should apply the same diligence to that hiring decision that we apply to our investment decision.

I hear you turned down a great opportunity once.

It's an interesting story and a helpful life lesson. There was one time when I was in an interview process for a very high-level position, a great opportunity. I knew I was one of the three finalists. I was honored to get to the finals, but I was doing my due diligence on them, and I had questions. But then I sought advice, and I think that fits in when you look at career planning. It really helps to have somebody who is an adviser, a confidant, a friend in some way to bounce issues off of because you are not objective; you are in the middle of making a decision about your career. Find somebody who is older than you, more mature, and maybe more experienced in their particular field (it doesn't have to be your field), but then find somebody who is a peer alongside of you that you can bounce ideas off.

In this particular example, I was uncertain. I bounced my concerns off the other person, and they said, "I have one word for you: roadkill." I said, "What do you mean?" They said, "You are going to be roadkill, and you won't even know it."

And so I thought about it for a night. I called the CEO and said, "You know, I hate to do this to you, but I'm going to back out before the final interview. Hopefully, you have somebody you can replace me with." And his comment to me was, "I'm really sorry to hear that. I really would have hoped you would have been willing to join me in the battle." And boy, that hit me like a ton of bricks. I said, "But it's not supposed to be a battle; it's supposed to be a partnership." That CEO lasted maybe another two years before he left. They have been through five people in that position I interviewed for.

So, I look back and think, “Wow, I really dodged the lucky bullet there.” I had some suspicion, but by bouncing it off a friend, it just was absolutely black and white, whereas my thoughts were all gray.

So, is asking a lot of questions in an interview important? What about figuring out whether a prospective manager could be your potential mentor?

Even when I interview someone for an asset class director position, which is a very high-level position, what surprises me again is that as investment people, they are not asking me enough questions. If they are going to work for me, they should ask, “What’s your management style? What’s your reputation? What’s your background?” I would always encourage people in an interview that you can’t exactly make it a full two-way street, but I would definitely have a list of questions to ask people interviewing you when they are done. In an interview, they will inevitably say at the end, “Do you have any questions for us?” And you say, “Yes, can I take 20 minutes because I’ve got some questions?” I think that just shows them that you are diligent, and especially in our business, that’s absolutely critical.

When I look at the people we have interviewed lately, they have to figure out whether the position is a good fit for them, but they don’t know right away whether that boss or supervisor is going to be a good mentor. I think that it behooves people to pick mentors, even as early as college. Pick someone who is a professor or a friend or a family friend in the industry; pick somebody outside your immediate family. But I think your mentor could also be someone outside of the industry. That will help you in the early stages.

As you are maturing in your career path within an industry, I think it helps to have a mentor—not necessarily your boss—because you might want to ask somebody, “Should I be taking this advancement or this job?” And your boss may not be the right person. What I have constantly encouraged people to do is find somebody at a level or two above you, take them out to lunch, and ask them if you can sit down and talk to them. Get to know them and build that rapport. Also, find somebody who is a peer of yours who has the same ideals and objectives, maybe in the same industry, but could even be a different company. You need those reference points to help you figure out where you are going and how you are going to steer your ship.

This week, we’re doing our annual evaluations, and I’ve been challenging our asset class directors to find one or two people to mentor this year. When you look at my staff—and I think a big chunk of our industry—the vast majority of senior people are from the Baby Boomers generation. We’re all born within a 10–15 year window. When I look at my staff, that’s absolutely true, and even when I look at my portfolio managers a level down, that’s very true. So, where is the youth that’s going to come up and fill that gap? When I challenge my asset class directors to think back in their careers, there was somebody who brought them

to a meeting they necessarily didn't need to be at or took them on a due diligence trip, just so they could experience that and walk through it with them. I think we need to build down into people's lives so that they are ready to continue to grow.

I was struck by Myra Drucker, who is a very famous CIO for a couple of different corporations. I believe there are more than five different CIOs of other corporate funds or endowments that were her deputies at one point. That tells me she really grew those people and developed those people. I was very struck by that, and it challenged me to think, "What are we doing here? What have we done to build those people up?"

We do believe that if somebody leaves CalSTRS, that's fine; they are alumni for life. We just want them to succeed. I'd love to find that 5–10 years from now, there were CalSTRS alumni that were CIOs of a bunch of different funds or asset managers. That would be awesome because it would mean that we developed the people who were here.

Would that be your notion of having been a successful manager?

That and the investment return. The bottom line: It always comes back to the return.

Chris, you seem to be unusually self-aware. Typically, other people have a better understanding of us than we do. How did that happen? Did you make an explicit effort to self-explore, or are you just wired that way?

It might be that I'm just wired that way. I think that is something my father and mother built into me. I'm one of three children, but as with the nature of children, we've all had successful careers in completely different fields. None of us followed in my father's footsteps. I developed through my life experiences and being around other people and constantly trying to define exactly what my skills are. I've always had a very high interest in Myers–Briggs, the personality test. I thoroughly enjoyed taking those tests because your result changes over time, and it makes you more aware of your strengths and weaknesses. OK, I can change it or I can't, but it's good to at least know that and be able to work with it.

What are some mistakes that people make when they manage their careers? What are some mistakes that professionals should avoid?

I think the number one mistake, as I've said before, is not doing their homework, not doing their due diligence on a company or the industry, not looking at all at the different options by seeking out advice from other people. It's sad but true. I cannot think of the last time someone knocked at my door and said, "Hey, can you just talk to me about what the career life in public pensions is like, or is it better in another?" When somebody is at this level in

an organization, you do have perspective on lots of different industries, but very few people seek it out to get that kind of advice.

We have a lot of student interns and summer interns, even from Ivy League schools, and I generally meet with all of them. One of the things I tell them is, “You have a fantastic open library of a hundred people here that are experts in all their different fields. Walk up and ask them for five minutes to talk to you about what they do. What is your career? What did it take? How did you get here? Do you like what you do?” One out of probably more than a hundred can manage that, and that just amazes me. So, early on in a career, take advantage of opportunities to talk to people. People like to talk about what they do.

When I think back on my experience, I would be an airline pilot if I had not gone out and met different pilots and knew what was important to me and realized, wow, a lot of industries have really clear lifestyles associated with them and there are a lot of parts within those industries. It’s not just an industry; it’s a career path. So, do the due diligence to figure out who the successful people are, what it took for them to get there, and whether it is a path you want to follow and emulate.

This is especially important for CFA charterholders. We put so much effort into education and learning how to do due diligence and tear apart investments and understand risk and return. We should apply that same discipline to decisions about careers.

The other mistake I see people make is not checking out the reputation of the place they are going to work. Unfortunately, we’ve had the opportunity to work with some very difficult people, and what amazes me is that when staff finally leave, there are others more than willing to jump in without even a question as to why staff left. If they had just made two or three phone calls, they would have understood that they are walking into a furnace. Is that really where they want to be? But after they are there for a year, they are sort of trapped, and they think, “This is a nightmare. Why am I here?” Gosh, the writing was on the wall if you had checked it out.

Another big career mistake I’ve seen people make is knowing they have a skill and a passion but not choosing a job in an industry that allows that skill and passion to shine. It’s important to know what your interests are and then get yourself going in that direction so that you don’t feel stifled and bottlenecked. I would encourage people to always understand the industry and the growth pattern. Is the wind in the sails blowing that industry along, or are you going to be fighting uphill in a battle? If that industry is going to be shrinking and contracting, why dedicate yourself to it?

It’s often hard to do—to be able to look that far ahead. But at least take the time and effort to choose the best direction to move.

So, would it be fair for me to summarize almost everything that you’ve said in one simple statement: As much as possible, look for compatibility between your values, your interests, corporate culture, and skill sets required for the job and look for something that is compatible with who you are?

It’s perhaps an oversimplification, but I think that is correct. You could be working in an industry—say, the chemical industry—and it may not be your favorite subject, but you may be doing it because you’re an accountant and you love accounting; that may be OK. You can do that for a while, but you’re right, I don’t know if you would want to be in that particular field for your lifetime. You may find that you would much rather be doing accounting in an industry that you find more fulfilling and interesting.

If you had to start all over again, what would you do differently?

It’s funny; I haven’t thought of that question, what would I do differently?

I see people on TV and think they found a really cool career. I wish I had that job. But I can’t go there; it’s too late. Jimmy Buffett already has that all wrapped up, and I can’t sing that well.

Are there any other questions that I should ask you that you think would be important for young professionals?

What was the most motivating and demotivating job assignment you’ve ever had? I don’t even want to think about that. It would take a while to go there.

I guess the other question I would be happy to answer is, what does success mean to you? As I think of that, I’m getting on with my life, and I can see retirement way out there in the future. Particularly, as with our private equity firm, we’ve been talking about succession for years, and it’s clear that those managers are just going to die in their chairs; they are going to be hauled out of the office by the paramedics. So, how do you measure success in your career? It’s one thing when you’re CIO or you’re at the top of an investment organization, but it’s another thing when you’re a portfolio manager and you really just want to run that portfolio forever.

It’s great to make money and to improve the lives of clients or, in our case, to sustain the future for California educators; that gives you a lot of pleasure. But I think at the end of the day, we are going to spend 8 to 10 to 12 hours a day working with other people. It’s changing the lives and improving the quality of life of the people around us. As we’ve all said, when someone is on their deathbed, they don’t look back and think, “Gee, I wish I spent more time in the office.” It’s about family. That’s why work–life balance is so important to me.

But I also think, by virtue of what is demanded of us in the finance business, we spend a ton of time around our coworkers. At least where I am right now in my life, I think that building into other people is important. It would be nice to retire and see the people that worked for us being superstars in our industry and being able to point to them and think, “I helped develop that person and pushed them along their way.” Because what we do is so intangible. The people part is tangible, and it’s rewarding to see those people succeed and take off. It’s nice to win awards and receive the respect of your peers, which many of us think of as a form of respect. I’m kind of saddened by how Wall Street compensation has become such a sole focus of success, particularly with the extreme compensation in lower Manhattan. I realize I’m well paid—I should not be picking on that—but there is well paid and then there is extreme compensation, to the point that it is obviously creating social problems.

I think that we need to look at success in our industry as what we add to society. What did we add to the whole—not just whether we beat last quarter’s numbers? Are we sustaining things for the future? Are we investing in sustainable things? Are we building for the people behind us so that the next generation comes up and runs these funds or runs Wall Street? Do we want the ethics to improve or deteriorate? It’s clearly going to be more global. You don’t need to be in lower Manhattan to run money. You don’t have to be in lower Manhattan to trade stocks anymore. I think it’s fascinating to go visit the Korean Stock Exchange. You can see the indentations on the floor where the trade stations used to be, but it’s basically a museum.

It’s shocking. I walked onto the floor of the New York Stock Exchange about three months ago and was just amazed at the change just in the last five years. Compared with 10–15 years ago, the change was incredible. That’s where our industry is heading. People can run money anywhere; the pockets of large pools of money are not going to just be in the United States, even in North America. They are going to be all over the globe. It’s going to be a more global and multifaceted business, and therefore, even though it’s getting bigger and bigger, it’s more intangible.

I think that brings it back to not just delivering to clients but also to building into the people you work with. I’m worried our industry is going to get a poorer and poorer reputation as being greedy and just about money. I don’t think ultimately the people who come into our industry are leaning that way. Money is a part of the measure of a person’s worth and success, but there is so much more than that. We, as a profession, have to place a higher emphasis and value on ethics and morals.

JOHN C. BOGLE

Founder and Former CEO, The Vanguard Group
President of Vanguard's Bogle Financial Markets Research Center

Thank you very much, John, for giving us your time today. You've achieved a lot in your professional life, and more important, you have achieved a lot for the benefit of the industry as a whole and millions of investors. Your work is truly inspiring. So, from the perspective of career management guidance and advice to young professionals, what can we learn from your experiences?

Perhaps the most important lesson I have learned is that you should always focus on what is best for your clients, not what is best for you as the manager. That is what I have tried to achieve with Vanguard. I will let you be the judge of whether I have been successful or not.

This idea goes all the way back to my 1951 senior thesis at Princeton. I wrote about how to make the mutual fund industry live up to its great potential (it was then a \$3 billion industry). In that thesis, which is about 130 pages long, I made many points that proved to be the keys to my career; in particular, they were the keys to my starting Vanguard.

One key point of my thesis was that investment management, or mutual funds in this case, should focus on what is best for the shareholders of the funds. The focus should not be on what is best for the managers of these funds. We sometimes mix that up. Specifically, I concluded that mutual funds could “make no claim to superiority over the market averages.” (It's hard to beat the market!) Therefore, the focus of mutual funds should be on reducing costs—that is, their sales charges and their management fees. I said that mutual funds should be run “in the most efficient, honest, and economical way possible.” The focus should be on management and not on marketing. So, those are really the essential points that I had the good fortune to be able to put into effect when I started Vanguard.

John C. Bogle founded The Vanguard Group, the world's largest mutual fund management company by assets, in 1974. He served as chairman and chief executive officer until 1996 and as senior chairman until 2000. Mr. Bogle has been recognized as one of the four “investment giants” of the 20th century by *Fortune* magazine and as one of the world's 100 most powerful and influential people by *Time* magazine. He is the author of 10 books on investing, including several bestsellers. Mr. Bogle currently serves as the president of Vanguard's Bogle Financial Markets Research Center.

You raise a lot of issues in terms of moral principles, integrity, keeping clients' interests ahead of your own interests, and so on. Do you think our industry is following these principles?

Some businesses in our industry are. But on the whole, I have to say no. For example, consider another important point. I think the focus of our industry should be on investment, not on speculation. In this regard, in my senior thesis I disagreed with Keynes. In 1936, he wrote about a market in which individual investors did all of the trading; institutions were very small. Keynes said that as institutional investors became more influential in the markets, they were going to move away from a focus on intrinsic value or fundamental value or enterprise value and start trying to outguess what the public was thinking about stock prices, thereby shifting their focus to speculation. And I thought, "Wrong, Mr. Keynes, wrong!" I argued that as these institutions came in, they would maintain their focus on investment, research, and due diligence; they would keep investment as their primary focus. As I said in a speech I gave about this a few years ago, Keynes turned out to be correct. Institutional investors have, in fact, focused more on speculation than on investment; the record on that is clear. So, the score is Keynes 1, Bogle 0.

Mutual funds, and investment managers generally, are primarily focused on speculation. They know that the value of a company is, and has always been since the first book on finance was ever written, the discounted value of its future cash flows. That's all there is to it. Yet they still focus on trying to anticipate the speculative, emotional behavior of other investors.

How do you instill these values in young professionals? Where does it start? Does it start at home? At college? Is it influenced by the corporate culture of the employer?

My own conviction is that the development of our values begins at home. It begins with a family culture and a community culture where telling the truth is important. We're thinking about the community, but what one thinks of oneself is important too. We are always going to be the center of our own universe. But maturity is realizing that the world doesn't revolve around you. It revolves around trying to be part of a good community or a good country or a good industry. These values can be developed in the financial industry through a combination of two solutions.

One is what I call the "Adam Smith solution," in which all the investors in America take their money to financial institutions that put the clients' interests first. Investors would take their money to companies that are engaged in investing, not speculation. Then, the financial institutions that put their own interests ahead of their clients would fall by the wayside, leaving only firms that focus on stewardship.

The other solution is to require institutional investment managers to meet a federal statute of fiduciary duty. But that would be very difficult to do politically because many financial firms do not act like fiduciaries, and they have a great amount of influence in the halls of Congress.

We did act like fiduciaries to a significant degree back in the 1950s and early 1960s, and even in the 1920s and 1930s. This industry started in 1924, and the differences between then and now are really incredible. The initial mutual funds were run by money managers, and they didn't engage in marketing or distribution. Another firm would be their distributor. The management firm and the distribution firm would not be affiliated. Under that structure, the managers were free to manage! Think about that. That kind of focus on the investment needs of the client is required to get managers to be fiduciaries again. The problem with the industry today is that these institutional *speculators* (not *investors*) controlled only 8% of all stocks when I came into this business but now control 70%.

So, I'd say if you want to be in the asset management business, you must first decide what business you want to be in. Do you want to be in the business of investing, which is a winner's game? Most of corporate America keeps putting its capital to work and earning a return on that capital and paying dividends. It's got to be that way. Or, do you want to go into the business of speculating, thinking that you are smarter than everyone else? That is a loser's game because all those clients and speculators out there are going to get the market return less the costs of speculation: the manager's cost, Wall Street's cost, trading costs—all those kinds of costs.

We need speculation in the market—I'm the first one who will admit that—but we don't need it to be the dominant player. We need investment to be the dominant player. Let's have speculation play a cameo role. But if you look at the trading in the market, over \$30 trillion each year, versus the amount of capital formation in the market, including primary and secondary issues, the actual amount of capital raised by Wall Street is around \$250 billion. That's 130 times as much speculation as investment!

Your criticism of Wall Street is well known. So, why are so many of the top graduates from top schools attracted to Wall Street?

That's a good question. Why do people go to Wall Street? First, of course, is the staggering compensation. Never has so much been paid to so few for creating so little value—and in some cases, even negative value. Some fresh graduates clearly join Wall Street for the wrong reason: compensation. It is not because they have a passion for investing.

However, we also have to give some of these young men and women their due. You get a lot of money for an exciting and intellectually challenging career, which is a little different from getting money for doing nothing. If you think you are working hard and that you are

going to beat the other guy, you can get all charged up and say, “This is not worthless; this is a great way to make a living.” They are intrigued by the intellectual challenge, but it’s not just self-centered. It’s playing in a great game and being smarter than just about everybody else.

Of course, today’s college graduates who go into this field probably are smarter than everybody else. And their professors are probably smarter than everybody else, and the people they go to work for are smarter. These are not dumb people. But when you think about it, what are they all doing? They believe that they can find the Holy Grail: consistently superior returns. I don’t believe that is possible. Put another way, I don’t believe anybody can consistently beat the market over the long term.

Bill Miller beat the market 15 years in a row and then went down to the bottom for the rest of his career.¹⁶ Maybe he can come back; anybody can. So, professional investors are all looking for the Holy Grail, and I think that the fact of the matter is that they don’t understand that the Holy Grail does not exist. It’s like chasing rainbows. But it’s exciting, it’s competitive, and you can make a lot of money doing it. John Paulson made \$5 billion last year.¹⁷ But how many John Paulsons are there? Is that skill or luck? I don’t know. I think he’s a pretty skillful man, but what do I know? I thought Bill Miller was a skillful man. Bill Miller is a good investor. It’s just that nobody knows more than the market in the long run and on a consistent basis.

There seems to be a disconnect in the money management industry between the costs charged and the value delivered to the end clients. From a career management perspective, looking at the next 25–30 years, what’s in store for this industry? Can it continue the way it has in the past? For young professionals entering this industry, what should they be worried about?

I’d say the industry has to change. In investing, cost is the reciprocal of value; you can’t divorce the two. We can all capture the market return cheaply. Long-term investors who buy and hold the market by definition capture the market return as a group. Short-term speculators also capture the market return in aggregate, but they are trading with one another. By definition, they realize the market return less the costs of trading. As a group, they lose. There is just no way around this. Investors are going to understand that. I would say that people who are honest in our business are doing themselves not only an ethical or moral favor but also a business and a societal favor.

Something else an investment adviser can do is encourage proper investor behavior. Tell the investor to put 50% of his or her money in a bond index fund and 50% of his or her money in a stock index fund and hold it forever. This may not be the most brilliant investment

¹⁶ Bill Miller is chairman and former chief investment officer of Legg Mason Capital Management, a subsidiary of Legg Mason.

¹⁷ John Paulson is founder and president of Paulson & Co., a New York–based hedge fund.

strategy ever invented, but the number of investment strategies that are worse is infinite! The way to protect investors against behavioral mistakes is to ask them to keep a long-term perspective. The rule for investors should be, “Don’t do something, just stand there.” This is the opposite way that we Americans typically think, which is, “Don’t just stand there, do something.” Realize your emotions are your worst enemy and time is your friend. None of this is complicated.

Let’s come back to your personal experiences. In your book *Enough*, which I have to say is one of the best books I’ve ever read, you mention that throughout your professional life you never considered work as work.

That’s true.

What exactly do you mean by that?

I think it’s pretty easy to explain. I grew up in economic distress—a broken family, lived with my grandparents for a while—but it wasn’t the end of the world. Jobs like delivering newspapers or being a waiter were fun. After all, what’s the matter with riding your bike around the neighborhood and throwing newspapers on somebody’s sidewalk or popping magazines into their mailboxes? How can that be work? It kept me away from a lot of other problems.

The only job that I can recall that I considered “work”—and there was in fact one—was when I was a pin setter in a bowling alley. That is work! Somebody knocks the pins down; you pick them up. They knock them down again; you pick them up again.

Did you have an interest in investing from the early days?

I knew nothing about investing in those days. The only financial things that the Bogle family got in the mail were from personal finance companies or the company that held the mortgage on the house. We didn’t have enough money to even begin to think about saving. I did think I would probably go into a banking career because I was always good with numbers—not exceptional, but fine. And I was good at spotting errors in numbers a mile away. I can look at a column of figures and say, “That just doesn’t look right.” I don’t think I was ever once wrong.

Then, I majored in economics at Princeton, which was not quantitative at all in those days. Now economics is overwhelmed with quantitative stuff. I decided I wanted to write a senior thesis because I was a contrarian type of kid. You may have figured that out by my odd temperament. I wanted to write the thesis on a subject that no one had ever written a Princeton senior thesis on before. And in December 1949, I stumbled upon an article in *Fortune* magazine. I used to go to the Princeton library and read *Fortune* every month because I was interested in business and that kind of thing, not in the stock market as such.

There was an article about the mutual fund industry, and it was described as “tiny but contentious.” I thought, “You have found your thesis topic.” I didn’t think about it for another moment because I was tiny but contentious myself, and at that time, very little research had been done on mutual funds, almost none. So, I talked to people in the industry, and I wrote a good thesis. Actually, it helped me graduate *magna cum laude* after a poor start, so that was very pleasing. That’s how I got my first job with Walter L. Morgan, who is also a Princetonian (class of 1920) and who eventually came to run his own company, Wellington Management.

Is there a method to how passion for a profession develops over time?

I think there is. I think it starts with identifying a focus area, an area you want to be in, an area you want to spend your life in, if you will. On a much more granular level, you should develop a passion to do your best whatever your job is. Over time, if you like what you are doing, you can achieve great things.

Because you have been so successful, let me ask you this: What is the secret to success?

People often ask me what the secret to success is, and I say, “I absolutely have no idea.” In fact, I don’t use the word success. But I think it has something to do with working a little harder and a little longer than everyone else on whatever job you are given or task you are doing. Do a better job on it than everyone else, and the rewards will come. From this perspective, at least, the secrets to success are not very mysterious.

Some people will never have passion for anything because that is the type of person they are. Being yourself is very important. This is true whether you are dealing with your associates or your clients because people can spot a phony a mile away.

Figure out who you are, and try to follow a career that fits with who you are. Woodrow Wilson wrote a book titled *When a Man Comes to Himself*. I came into myself, to be honest, when I was probably 11 years old. I figured out who I was and what I wanted to do in life very early—too early, you could argue. Most people start to get a good sense of who they are probably in their early 20s, some in their 30s or 40s, and some never. Some people never get to know who they are.

People need to ask themselves, “Am I the kind of person I want to be? Am I filling a role in life, in the community, and in society that I want to fill? Am I comfortable in my own skin? Where does being a good spouse and parent fit in with a career?” People should consider all those kinds of things.

ALAN BROWN, FSIP

Former Chief Investment Officer, Schroders plc

Alan, tell us about your first job straight out of college.

After college, I decided to apply to two places—the civil service and the city. And that’s when I got my first two pieces of good luck. First of all, I was offered a job in the city, rather than in the civil service, at Morgan Grenfell. Second, they allocated me to the investment division rather than to either corporate or commercial banking. So, I have to admit that my first steps were heavily conditioned by luck. Under other circumstances, I could have ended up as a commercial banker or a civil servant.

So, there was no attempt on your part to actually go into investments intentionally?

No, I have to admit that’s true. There’s always the luck element in everyone’s career development—right place, right time, right opportunities, and those kinds of things. But I also think one should not leave it to Lady Luck, as I did, at least in the first instance.

After that, how did your career progress?

I was still guided by luck for a while; it wasn’t really until I had been in the business for, say, four or five years that I began to actually make a more conscious effort to at least try to steer the boat. But in the first instance, I did what everybody did going into Morgan Grenfell’s investment division: I became an equity analyst. And then after about three years, they suggested that I should attend the J.P. Morgan Commercial Bank Management Program in New York and that when I came back, I should transfer from being an equity analyst to being an international bond manager. This was in the days when people were generalists much more than the narrow specialists of today; that’s a theme I’ll come back to in a minute.

But at the time, I wondered what I had done wrong because fixed income and international fixed income didn’t sound like a terribly interesting place to be. This was in the day when you could go away on holiday and come back and still call a bond price to within a quarter of a point or so after two weeks of absence from the office. And we didn’t have a huge international business at that time. But I couldn’t have been more fortunate. I got some good training through J.P. Morgan, which ran an excellent program. And to be honest, at that

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time, J.P. Morgan owned about a third of Morgan Grenfell. Morgan Grenfell used to send people they thought could do well in the program. But they also did think it would be useful training before I moved into the international business. The good fortune for me was that it exposed me to another asset class, fixed income, and it exposed me to a different kind of client base—an American and Middle Eastern client base of insurance companies, pension funds, and sovereign wealth funds. And that was my second major piece of good luck.

At this point, we have moved from 1974, when I started, to the end of 1977. And so it was only about that time that I actually began to try to plan my career to the extent that one could. I liked the fact that I had this multi-asset-class experience. And although I wasn't in any way setting my aspirations as high as being a CIO, I did realize that having had some generalist exposure put me in a very good place to be able to deal with broad issues rather than just heading up the very narrow circuit of fixed-income managers. So, I resisted all attempts to specialize in just one area of the bond market, like dollar bonds or Treasury bonds, and I tried to make sure that I remained in a position of taking a very broad view of fixed income. And also—reflecting my original degree and interest in science—as we moved toward the 1980s (we were getting to the point where there were some pretty primitive computers and pretty primitive datasets out there), I began to be able to think about (instead of having a hunch and buying a bunch!) doing some modeling and some early quantitative work. And at that point, I also began to soak up finance theory.

Now, you may say that it's pretty shameful that I spent four years before getting on to that, but you have to remember what it was like in the 1970s. Finance theory was something that was going on at university, but it had barely penetrated institutional money managers. I think I'm right in saying that Wells Fargo launched its first index fund in 1974; it might have been 1973, but somewhere around then. Although a few used words like "alpha" and "beta," 99% of the industry didn't have the faintest idea what you were talking about. But I started to teach myself at that point, and then I began to try to use the sort of computing skills I had learned in the physics environment to bring them into play in the investment environment. I began to take my career in a more quantitative direction.

And then, after 10 years at Morgan Grenfell, I moved to head up fixed income at another firm, which was initially called American Express Asset Management and later called Posthorn. I really began to build some quantitative approaches for fixed income and currency management. After five years of doing that, I was asked by Posthorn—15 years into my career—to form a joint venture with Nippon Life, which then became PanAgora Asset Management. PanAgora was to be a pure quant investment management firm, and I took the role of CIO. So, here's where I got my first CIO role.

The fact that I had equity experience was relevant as well because I was CIO across all asset classes. The only problem was that I had to raise my quant skills yet again to start

dealing with equity markets as well as bond markets. I stayed there for another five years, and then I moved to State Street Global Advisors, originally running their UK business and then becoming CIO there. I stayed at State Street for 10 years, which was a house that was originally built around a passive business and then around active quant. But I also did some traditional work; so, again, the fact that at one time I had a foot within a traditional house, Morgan Grenfell, was still useful in understanding that mindset. When I left State Street, I was called by the CEO of Schrodgers, who had been at Morgan Grenfell with me, and so I moved there as CIO. So, I've now been a CIO for over 20 years. I think it's a great job.

And it's also one where if anybody thinks that they too would like to be a CIO, they need to steer their career in a way that they get exposure to more than one asset class—and, hopefully, get a pretty broad experience rather than a narrow one.

As you progressed in your career and as you changed employers, did you make a conscious effort to decide which job you should take next, which employer you should work for?

After my first move, yes, I did. Opportunities present themselves in different ways, but I found the move out of a UK merchant bank into a US bank/institution was immensely helpful at the time. UK merchant banks did very, very well during the 1980s and the early part of the 1990s, but they basically dropped the ball in the second half of the 1990s. And most of the leading UK firms lost their way. I think it was because they really felt that they were walking on water, that they had cracked it. They weren't paying attention to developments in finance theory and, in particular, more systematic ways of managing money. They handed over the baton to American firms. I found that working in an American firm—which had a much greater readiness to absorb finance theory, compute data, do things much more systematically, and have close links with academia, for example—was very, very refreshing. And it was something that I consciously wanted to stay with.

I did learn an important lesson, though, in working with American firms—which also influenced me in taking the job with Schrodgers—which is that, at the end of the day, you may think that if you're working with a broader financial services firm, the “Chinese walls” are high enough and the alignment of interests are good enough, but they are not. And there is something great about working for a firm that is a pure active manager. I think that the last couple of years have borne that out. We've seen firms being sold off, like BGI, which was, in many ways, a jewel of a firm; who knows how it will get on within BlackRock. Also, SSGA, in my view, won't survive in the form I knew. SSGA is part of a much larger custody bank, and it is the custody bank, at the end of the day, that calls the shots. I think that, from a career point of view, asset managers are different. They simply thrive in organizations where they are allowed to do their job with as little interference as possible and are given the resources to try to succeed. It doesn't impress them to hear that it's Merrill Lynch or J.P. Morgan or

Goldman Sachs. What matters is how interested that firm is, how passionate it is about actually trying to manage money better than other people. So, I think it's a little bit different from other financial services businesses in that respect.

What would you say would be the most important things for individuals to concentrate on in the initial stage of their career?

I think, at the outset, one has to recognize that people will not have a very good idea of what asset management means compared with, let's say, brokering—the difference between the buy side and the sell side, the difference between being transaction oriented as opposed to relationship oriented. Those kinds of differences, if you mention them to a graduate, are not going to be well understood at that point. So, I think in the first phase of a career, people have to recognize that it's possible that they may have made a wrong choice, that they might be better suited to the sell side or better suited to the buy side. And I would suggest that they remain open to the possibility that they've made a mistake and be prepared to change it before they're stuck in a rut and unable to change, before they get pigeonholed as being one thing or the other.

I have seen that happen and have helped a number of people move either from the sell to the buy or from the buy to the sell after they've been in their job for a year or two. I often think that unless people are entering the business already loaded up with a PhD in finance or something like that, they need to realize that just because they graduated from some good school somewhere, their education isn't over; in fact, it's just starting. They are going to have to knuckle down and get some more education, whether that's the CFA Program or whether it's setting out to do an MBA or a master's or something like that. They need to realize that they've got to study to be successful—and be willing to put that effort into it.

They've got to be able to ask themselves whether they are really enjoying what they are doing and whether they are truly passionate about it, because if they are just coming in as a sort of journeyman in the morning and doing their stuff and going home, they will not succeed. You want a job you really are utterly passionate about; you leap out of bed in the morning because you want to come and do it. If you can find yourself that kind of job, not only are you going to tend to be better at it, but also you are inevitably going to be able to enjoy it that much more.

So, Alan, when you started your career in investments, you obviously didn't have a great deal of knowledge about the profession, and so your level of passion was pretty low. And perhaps today you are much more passionate about this profession than you were 20 years ago. You clearly went through a process by which you actually built a passion for your profession. Share with us a little bit how one goes about building a passion.

I think there was precious little training given when you arrived at a job back in the early 1970s. In fact, I remember I was given a desk and a book titled *Investment Analysis*, by Dennis Weaver. And I was told to read the book and get on with being an equity analyst, and so it went on from there. It was a completely laughable degree of training. But the net result of being effectively thrown into the swimming pool was first to think, “Oh my goodness, what am I going to do about this?” And the next thing I remember thinking was, “OK, this is susceptible to some kind of structured analysis; I could use some of the skills I learned in physics and apply them to investments.” And so, I set out trying to do that; but very quickly I learned that while that was certainly useful, it was much, much harder than I ever could have expected. I very quickly realized that there were a lot of people out there who were pretty bright, who were all trying to outguess and outperform each other, and that this was a very real challenge. It wasn’t as if there were a whole lot of mugs out there waiting for you to exploit them, so to speak.

The thing that began to make me passionate about this was that it’s a quite extraordinary job in many ways because it’s a career where if you do well, you get a very high level of responsibility very early. It’s a job that, while it has some quite rigorous academic aspects, it nonetheless still involves a lot of judgment. You’ve got to understand the behavioral biases that we’re all subject to. It also has some very interesting people connotations, both in terms of managing people and in terms of interactions with clients. Are you effective in terms of being able to make a presentation to those people? I’ve always said to people when they start that you are taking on an external role for the company, not just an internal job. Anybody who gets invited to the final presentation has already met the minimum qualifications for the mandate. And whether or not you are the one who walks away with the mandate is really going to depend on how passionate you are, how well you project yourself, and whether the client on the other side of the desk or table feels that they would like you to come back every three months, rather than the next person.

You are in what I call the “investertainment” business. It’s a job that has wonderfully different dimensions to it in a way that so many other jobs don’t. It’s also one where you can never, ever relax, because the world is constantly changing. As soon as you think you’ve discovered some relationship, the very act of discovering it means that relationship begins to change. And as we all know, we’re not operating in a scientific world. For my money, that’s what makes this one of the most interesting and fascinating jobs that could be out there. It’s got so many different dimensions to it, and it’s really difficult to do well; that’s what makes it fun. Winning is obviously extraordinarily satisfying. By the way, I also think it’s possibly the only job that I’ve been able to think of where you can come in and do absolutely nothing all day long and yet have done the best possible job for your client! Don’t tell that to many others, I should add.

What do you consider your biggest achievement, professionally speaking?

I really wonder how to answer that. I don't think that I've achieved what I yet want to achieve in this business, so that is at least another mountain to climb. But when I think about it, I had an experience when I was working for Posthorn. I was managing and helping to sell a retail global bond fund. And so, periodically, I would go to the United States and go around to brokers' offices and meet different brokers or, quite often, the clients. I've never forgotten that I went to Valdosta, Georgia—which I've been to actually several times and not many people from Britain can say that—and the office in question would bring together maybe 100 of their clients at 7:00 in the morning to hear me talk about global bonds and the prospects of this fund. And that brought home to me the real fiduciary responsibility that goes with this job. It is particularly so when you are dealing with individuals, but it's also true when you are dealing with the less sophisticated institutions. It's not a game. It really matters to these people whether you do well or not, and you've got to be extraordinarily honest with them.

We live in a world where people go through school and university and don't get taught Finance 101. We live in a world where there are all sorts of people in our industry who do things that may be legal but are not necessarily ethical. For me, the most satisfying part of this business is (1) trying to uphold the highest possible standards in terms of what we do and (2) really trying to help save people from themselves. If you get ill, you don't prescribe your own medicine; you go to the doctor and get him to do it, and you rely on him. It's totally possible that where people have investments to make, they will make their own decisions and quite likely they are going to make bad ones—certainly individuals, and also often both the small institutions and the big institutions.

For me, the greatest, most satisfying achievement that comes out of this business is when you know that you've done your absolute best and hopefully been successful in getting a better result for clients, institutional or retail, than they would probably have gotten on their own. And that tends to be not necessarily a narrow matter of outperforming some market benchmark. Rather, it tends to be—and this is one of the rich things about a CIO's job—where you are able to sit down with clients and talk about the holistic purpose of that pool of capital and help them organize their thoughts about how the whole fund or a significant part of that fund should be managed. That, to me, is the most satisfying part of this job and where I think the biggest achievements lie. Basically, it's in improving the results to the clients way beyond what they can ever achieve on their own.

You mentioned that you haven't really achieved what you set out to achieve despite all your success in your professional life. So, what are your plans for the future?

I tried to define this for myself quite a number of years ago, shortly after I took on the CIO role—probably after I had been at PanAgora for some time, or maybe just after I moved to

SSGA. Basically, the questions I asked myself were, “If you are the CIO, what represents success? When have you got the job done, *if* you can ever say that you got the job done?” It goes without saying that before you can begin to think about declaring success, you have to be able to demonstrate that you are able to perform for your clients and have been doing so. That’s necessary, but it’s not sufficient. You’ve got to be able to show that you deliver that performance through a process that is likely to be repeatable in the future—not just some happenstance that works for a couple of years or so. That’s necessary, but it is still not yet sufficient because you then also have to develop the organization in such a way that you could leave it and its succession will be smooth; the organization will go on and continue to flourish and be able to deliver performance in a way that clients will hopefully believe will be repeatable.

Getting all these three things done—and doing them as well as anybody else out there—is extraordinarily difficult. I sometimes think I’ve got one or two things in place, but then I realize that the third one—perhaps the succession one, the ability not only for you to leave but for others in your organization to be able to leave without damaging the business or damaging clients—is really hard, and I don’t think I’ve managed that yet. Not completely.

Professional integrity seems to be one of your main professional core values. So, Alan, tell us a little about two things. First, tell us about your professional core values, other than professional integrity. And second, have you ever been in a circumstance where there was a conflict of core values between you and your employer or between you and your manager? And how did you deal with that situation?

Outside of the ethics and integrity side, I am a huge believer in process—and in teams, rather than individuals—in this business. Back to what I was saying earlier about performance being repeatable, I think you can only lay claim to the fact that hopefully it will be repeatable if it is based on a team effort—rather than just on an individual star effort—and on a rigorous, defensible process. So, process and team are absolutely essential to my core values. We should be using the words “we” and “us,” not “me” and “I,” all the way through. And we should demand real rigor in our work, so if somebody is buying a security or a market or selling it, why are they doing that?

In no way am I insistent upon the whole thing being done quantitatively—far from it. I’m perfectly happy for people to use other kinds of investment processes. As a quant, I’ve enjoyed it, but it is not a core belief. I think there are many ways of “skinning the cat.” But I think the cat needs to be skinned in a very precise way whereby you can explain exactly what it is you are doing and why you are doing it. Too often when I’ve sat on the other side of the fence, as a trustee of a fund or as an adviser to a fund, and I’ve listened to managers being quizzed as to why they’ve done or not done certain things, I’ve heard such wooly answers. It really

doesn't boil down to much more than "I had a hunch and bought a bunch." So, for me, a core belief is rigor in the process.

You asked about a conflict. Yes, I had one. In one firm (I'll keep this anonymous), I and a number of others became concerned that the CEO of the firm was effectively engaging in insider dealing. We had to ask ourselves what we were going to do about it. And what we did was that a small delegation went higher up the organizational chain, presented our evidence (which wasn't conclusive—it was all circumstantial, but it certainly convinced us), and demanded that the right of that individual to manage portfolios or trade securities or influence anyone else in the firm in terms of the management of portfolios or the trading of securities be removed. That wasn't an easy thing to do, because this gentleman was effectively our boss. But we did it, and that was exactly what happened.

This was in the days when the actual formal rules were nowhere as rigorous as they are today or as they have been for the last 15 years or so. But purely from a moral point of view, we felt that it was the right thing to do, and that is exactly what we did.

Did any of you suffer because of that?

No, we didn't. It was a pretty tricky time in the office, as you can imagine, when we had to confront him with what we had done, to explain it, but other than that, no. It wasn't as if we were then fired; we were not penalized for whistle-blowing, which was good.

But were you cognizant of the fact that you could have been fired?

Yes, we realized that in going above this person, it was possible that the person above could have taken the view that he wanted to support the person we were accusing and he could have ended up terminating a lot of us. We didn't think that was a very high probability.

So, Alan, based on this experience, which is truly an amazing one, what lessons do you draw and what guidance would you give to young professionals?

I think that the basic guiding instruction—particularly in a world where regulation and compliance are a complete minefield today and extremely complicated—would be to certainly obey all the rules, but don't just stop there. Think about the principles behind the rules, and make sure that you're adhering to the principles as well as to the letter of the rules. It's quite often possible to find a way around rules, but in doing so, you can breach the principles.

Well said, Alan. Let's move on to the next topic, which is leadership. It is generally said that people who are successful are pretty good at managing up, or managing their managers. On the basis of what you have just told us, it seems you are pretty good at

firing your manager. But what do you have to say about managing up? How important is that in one's career?

I think it is quite important, particularly if you're a manager who's not necessarily very good at managing. An awful lot of people in our business are asked to take on management responsibilities when they've been very good in a portfolio management role. But that doesn't mean they're going to be good business or people managers. And many people who are good portfolio managers are essentially lousy at people management. I think someone has to help them. So many people in this business shy away from the appraisal process. What I'm saying, first of all, is to make sure that whether your manager wants to or not, he meets with you pretty regularly, at least in the early stages. You may reach a point where you have such a level of bonding between the two of you that you can almost second-guess each other; you know when you need to inform him and you know when you need to consult. But until you've reached that point—where he is comfortable with you and you will always go to him when you need to—you need to lean on the side of more contact rather than less.

I don't think there is a single model. When I am managing people, I always say to them, "OK, how do you like to be managed? Do you like to have formal sessions set out on the calendar going on once a month to eternity, or do you like a more flexible approach where you come to me when you think you need to and I go to you when I think I need to?" Again, I think there is more than one way to skin a cat. But at the end of the day, your manager is going to have to feel confident with you. Behind this, you have to recognize that this is a business where the organizational model is very different from most other organizations. So, for my money, the one that works is a meritocratic model, not a hierarchical one. In the British military, your power is determined by the number of pips on your shoulder. If you've got more pips than the people you are talking to, you can tell them what to do. In other organizations, it may be the ability to hire or fire—or to control information or something like that—which really gives you power.

And I think in our industry, which has a very high intellectual element to it, it really needs more of a university type of approach, where the most important people in the room, at any one time, are the ones who know most about what they are talking about. Since managers, by definition, are usually generalists and not specialists, a lot of the time they won't be the most important person in the room. They may think they are, they may have the bigger title, and they may have the bigger pay packet, but a good manager will realize that he needs to give room to the people underneath him to demonstrate expertise in their more specialized areas. So, I think fostering that kind of relationship is important. I can't think of an active management firm where I could walk into a bunch of really talented fund managers and say to them that I want them to jump through certain hoops today. You just don't tell them

to jump through hoops; you have to persuade them that jumping through hoops is a good thing to do.

Did you ever work with a manager who clearly did not understand these principles, and how did you deal with that situation?

Yes, absolutely I have. It's quite interesting because at various times, I worked in firms where there was a true partnership spirit, and other times, it has been a more hierarchical firm. I think that the partnership model works well, and the hierarchical one doesn't. I'm not sure I know the answer to how you deal with a hierarchical model, particularly if the manager is equipped only with sticks and no carrots. And it's an issue that will be reflected down the firm very quickly because managers at the top of the firm do set the tone, the culture, for the rest of the organization. If the organization is looking for a partnership structure and is not finding it and instead finds a hierarchical one, I think that can lead people to leave you for another opportunity.

I don't think people just leave because of pure dollars and cents. I think a lot of the reasoning has to do with whether they feel they are in an organization that is allowing them to have the best possible chance of being successful, to do a really good job. Is it a firm that is genuinely investment led in terms of its culture, or is it business led and sales led? Are they being recognized for what they're doing? Are some people bearing more than a fair share of the workload while others are being carried along for a free ride? Are squeaky wheels being oiled? Nothing can annoy someone more than to find that some squeaky wheel in the organization has been paid off handsomely and another individual who just got on with it and did the job is left behind. All sorts of things like that can really frustrate people.

How does a CIO like you build effective teams? What's the process for doing that?

It starts with being careful about the people you recruit. So, I would consciously go out and look for people who demonstrate, first and foremost, common sense and an ability to work in teams, rather than perhaps the other extreme—individualistic, rather arrogant brilliance. I will put teamwork and cooperation and common sense at the top of the kinds of things I look for in individuals I bring into the team. And then, I think it's very much a question of leading by example. You listen to people, you talk to them, you frequently take their advice. You don't try to drive every decision from the top. But you let them help you make the right decisions.

I also think that when you are recruiting people, a common mistake made by many is that they feel threatened if they recruit somebody who they think might be better than they are. This is a colossal mistake. I have always gone out to recruit people who I think are at least as good as, and hopefully better than, I am. And really, the reason for it is if you are

indispensable in some role because you are the only person who can do it, guess what? You are going to stay in that role. But if the people above you can see that what you've got in your organization are other people who are at least as talented as you, then they can move you on in your career without worrying that the unit you were working in will fall apart. In a sense, you get the opportunity to float like cream to the top. So, I think people should not be defensive as their career develops in hiring people who might be better than they are. In fact, quite the reverse. They should go out of their way to look for people who are better than they are, and then they can enjoy the fruits of being cream rather than milk!

In your opinion, what is more important: leveraging your strengths, overcoming your weaknesses, or striking a balance between the two?

I think I would concentrate mostly on overcoming weaknesses. It's very easy for people to play to their strengths. They probably enjoy it, and it comes naturally. But if you're not careful, you won't address your weaknesses. So, I think you've got to constantly lean against the bias to just play to your strengths and actually force yourself to do things that may not come naturally to you. I can remember—you may find this hard to believe—when I was absolutely terrified of getting up and making a speech or giving a talk. And I decided I was going to consciously fight against my nerves in that area.

Any other career management advice?

We've talked enough about ethics and integrity, I think. While I don't think any of us can plan our careers exactly because there is always going to be an element of luck, I think people should be asking themselves fairly early on in the process whether they have put themselves into an area where they're going to be most comfortable. We talked about sell side and buy side, but it's not just sell side and buy side. Let's say you're on the buy side. Do you want to be an analyst? Do you want to be a portfolio manager? Do you want to be on the distribution side of the business? Do you want to have a very narrow, very specialist role, or do you want to have a broader, multi-asset role? Those are all questions you should answer to try to influence your decision early on before you get pigeonholed into a spot where you may not necessarily want to be.

You've also got to give some thought to words like "balance." I remember when I went to the J.P. Morgan Commercial Bank Management Program that they had a session on balance that I have never forgotten. The image you need to have in your head is a stool with three legs, and you had better make sure those legs are of roughly equal length if your life is going to be stable: one leg for work, one for your family (say, your spouse, parents, and children), and one for yourself. If you let any of those legs get too short, then your life will likely be unstable.

Alan, is it really possible to achieve that balance and yet pursue organizational success?

I think so. When I'm out of the office, I'm a complete BlackBerry addict. I've just come back from the Atacama Desert, and except when I went up to over 14,000 feet, I had BlackBerry coverage all the way. But I very rarely take work home on the weekends. I make that time from Friday evenings through Sunday evenings pretty much the time for myself and my family. Of course, there will be exceptions. There will be times you've got to burn the midnight oil; you've got to go the extra distance. You may not get home in time for dinner for a couple of weeks because you're trying to write an article or whatever, so yes, that will be there. But I think it is important that you do what you can to retain a degree of balance.

Looking ahead, what would you view as some of the potential positive and negative influences on the careers of young professionals in the investment industry?

I think this business has come a long way from when I started, but it still has a long way to go. If I look back at what we were doing in the 1970s, by today's standards, it was extraordinarily amateurish. But anybody who would think that we are anywhere close to the end of the road here is kidding themselves. There's an awful lot in today's investment practice that I think is badly flawed. And I think the main lesson of the last decade or so is that the basic model for our industry needs to be rewritten.

I think that people coming into this business need to realize that where we are today is probably not where we will be tomorrow in terms of the way best practice operates. Therefore, the nature of the jobs that we'll be asked to do will change. And I think there will be a return to much more dynamic asset allocation than there has been in the past 20–30 years. In fact, I expect that strategic asset allocation will probably be torn up and thrown away pretty much completely. Now, if I'm right on that—and it may not happen quickly—then it means that the demand for people with multi-asset skills will go up substantially, and there's not a very large body of people out there at the moment with those skills.

Today, most people in the asset management industry are good segment providers—for example, a small-cap manager, a credit manager, a currency manager—for investors looking for good component pieces to fill in some kind of implementation plan around their strategic benchmark. I think that is going to change, and there will be a real shortage of people with true multi-asset skills. So, my recommendation to individuals here would be if you really want to work in a very narrow area—say, small-cap UK stocks or whatever it may be—there will always be demand for that. But if you want to try to address the clients' broader problems—to deliver the real-world outcome they need—then you should think about a career in a multi-asset space where you can have a greater impact on your clients' well-being than you will ever have if you just limit your career to a narrow, specialized product. Ask yourself which way you want to go.

DAISUKE HAMAGUCHI

Director and Chief Investment Officer, Pension Fund Association

Thank you very much, Daisuke, for agreeing to this interview. May I start with your background, your educational background, and your work experience?

My undergraduate major was actually in nuclear engineering; I was quite interested in nuclear physics. But after I entered the university, my interest in academic or technological research faded; I became more interested in international finance and business management. So, after graduation, I joined a Japanese trading company, Mitsubishi Corporation, and for the first 10 years or so, I traded copper. I was involved in imports of copper ore from South America, the United States, Canada, Australia, and some smaller countries.

It was really interesting. However, one problem was that at that time, the most important function of a Japanese trading company was servicing clients. Client servicing is not the same thing as marketing. I acted as a middleman between the seller and the buyer. The buyer was the Japanese manufacturing companies. And I somewhat lost my interest in acting as a middleman because I was more interested in making my own decisions. Client servicing kind of implies “let them decide,” but I wanted to make my own decisions. I thought that maybe finance and investment activities would be more interesting for me because they would involve much more decision making on my part. So, to start my career in finance, I first went to the Sloan School and studied finance and investments; then, I went back to Mitsubishi but joined the investment division. In Japanese trading companies, changing a division within the same company is almost like changing the employer. It’s almost like a separate company.

In Mitsubishi’s investment division, I first worked in Tokyo, then in London for nine years. I traded a variety of instruments, such as corporate bonds and Treasuries and later mortgage securities, then asset-backed securities, then futures. And during this time, I developed my own trading models that were based on technical signals, similar to what commodity trading advisers (CTAs) do today. This experience in developing trading models turned out to be very important for me to understand how markets work and how the pricing of different commodities and instruments takes place.

Daisuke Hamaguchi is one of the most influential thought leaders in Japan’s pension fund industry. He oversees the activities of the Pension Fund Association (PFA), one of the largest pension funds in Japan. Prior to joining PFA, Mr. Hamaguchi was chief investment officer of Mitsubishi Corporation Pension Fund and deputy treasurer of Mitsubishi Corporation. Mr. Hamaguchi received a bachelor’s degree in nuclear engineering from Kyoto University and an MBA from the MIT Sloan School of Management.

Then, I started to look at hedge funds and started investing in hedge funds and private equity. I was involved in many buyouts in the United Kingdom and the United States, as well as some ventures in Israel and South Africa. That experience, from 1987 to 1999, still forms the backbone of my investment experience and knowledge. It was a very important hands-on experience for me because it taught me a lot about the world of investments and the various instruments that people trade in the world of investments.

My overall investment experience lacks a little bit in equity stock selection. Although I traded equity futures for some time, I never really practiced fundamental stock picking. Other than that, I would say that in my professional life, I have covered quite a variety of investment areas. So, based on that overall experience, I wanted to expand the scope of my job, and therefore, I moved to a pension fund, Mitsubishi's pension fund.

Again, even though it was a transfer within Mitsubishi Corporation, it was like changing employers. At the pension fund, I gained experience in portfolio management for six years. Mitsubishi's pension fund was, and still is, one of the biggest private pension funds in Japan. At that fund, based on my past experience, I initiated a program of investing in alternative investments, such as hedge funds and private equity. That is a first in Japan's pension industry.

Then came my big decision to leave Mitsubishi to pursue my investment career further. I joined the Pension Fund Association (PFA) in 2005, more than five years ago, and then I became CIO of PFA in 2009. PFA is one of the biggest pension funds in Japan and is around the 10th or 15th largest in the world. We have about \$120 billion under management today. The reason for leaving Mitsubishi and joining PFA was that although managing the pension fund at Mitsubishi was important, that was not the main business of Mitsubishi Corporation. So, to pursue a career in finance, I wanted to join an institution whose main business was investments and managing money.

So, throughout your career, you have worked in many different departments and many different functions. Did you plan that, or did it just happen?

I did not plan at the beginning of my career, but toward the middle of my career, I started thinking about planning my career a lot more. Initially, at the start of my career, I was clearly not driven by some goals that I had set for myself in terms of managing my career. It kind of just happened. More importantly, I have always, throughout my career, thought about what I would like to do, what I really enjoy doing. For example, moving from a trader to investment professional and portfolio manager was something that I thought about and wanted to do. I felt that I wasn't particularly good at client servicing, and I thought that maybe I'd be a lot better at making my own decisions. So, I spent some time thinking about what I really wanted to do and what I am really good at. And then, some other opportunities presented themselves in my career, and I took them.

The other thing that I noticed in your experience is that you have the perfect background for being the CIO of a large pension fund, given how varied your experiences have been across many different areas within the field of investments and across asset classes. So, again, did you plan it that way? At the back of your mind, did you always think that you would end up being the CIO of some large pension fund?

I have to say that I didn't plan that as carefully as you are suggesting. Also, I ought to say that nothing really goes according to plan in a professional career.

For example, when I was trading Treasuries, I became interested in learning about some more-complicated products, such as mortgage securities, asset-backed securities. And similarly, when I was trading equity futures, I didn't think I was good at market timing or trading. I figured that the markets were probably too irrational, so I wanted to make some more-systematic decisions. That is why I built my own trading models, and then that forced me to meet with all the systematic traders in the market. And then, I got into futures, hedging, market-neutral strategies, and then, ultimately, . . . hedge funds.

I have to say that I didn't plan it in that particular way. Some of it was simply driven by interest and my curiosity.

If you were to start your career all over again, do you think you would do things differently? Do you think you would have benefited from planning and managing your career in a different way?

I don't think so. As I said before, nothing goes as planned in a professional career, which I have learned through experience. More importantly, I would say, in terms of career management, you shouldn't try to manage your career; it's almost impossible to manage your career the way that you are suggesting, where you set goals for the next 10 years and say, "Well, I want to be the CIO in the next 10 years, and therefore, I should learn this and learn that and so on and so forth." Unfortunately, careers just don't pan out that way.

Much more importantly, your objective during your career should be to find what you really like and what you really want to do, what excites you the most. That is much more important than trying to plan for a certain job or a certain function or a certain role. And then, during your life, something will automatically happen if you are doing something that you like. It will take you in its own direction. And from that point of view, there will be times when opportunities will present themselves, opportunities that will allow you to pursue your interest even further. If you try to manage or plan your career, it might be more difficult. I certainly didn't follow that path. Maybe others have planned their careers, and they were lucky that their careers panned out the way they planned. But generally, it doesn't happen that way.

So, instead of planning, just follow your basic interests and instincts. It's really important that when opportunities present themselves, you grab them, you jump on them. And by grabbing and jumping at opportunities, what I mean is that you shouldn't be afraid of taking on new responsibilities, higher levels of responsibility, and going into areas where you don't feel you have experience.

In Japan, there is a saying that you need to have the power of insensitivity, meaning that you shouldn't really be afraid. Try to remain positive even in the face of negative developments. So, in many ways, you have to be insensitive to fear and insensitive to negative things that happen in your life and in your career.

But before you ask your next question, let me make one more comment. Let me just tell you why I joined the pension fund industry. In the investment world, sometimes it becomes difficult to feel that you are really contributing positively to society. Making money is important, but in many ways, that cannot be the only objective. So, I wanted to do something that is really good for society and contributes in a positive sense toward society. That's one of the most important reasons I joined a pension fund and, most importantly, the Pension Fund Association.

When I joined the Mitsubishi Pension Fund around 1999–2000, the markets crashed. Pension funds were confronted with a huge problem, losing money and getting a lot of complaints from the pensioners and from the management. I was not afraid of these negative developments. Instead, I was driven more by doing something positive for society and for the pensioners.

Would you say that you are passionate about finance?

I like my job, but I have to say that sometimes I really hate markets and the way markets function. Sometimes I think that I don't like finance and I don't like the markets. The fact is that I have been in this space for almost 30 years, so maybe I like it and maybe that is why I have survived for such a long period of time. I don't know if I have passion. I find passion a very confusing term. It's really difficult sometimes to describe your passion.

Well, passion could be something that you really love doing.

The thing is, before you like something, you might go through a process where you actually hate it. And if you have a strong hatred at the start, then it will get into the development of your passion.

Many successful professionals whom we've interviewed told us that they are passionate about their work: They love what they do; they can't wait to get out of bed at 5:00 in the morning and go to work.

Maybe there is a little bit of a cultural difference in terms of how I express myself, or how Japanese people express themselves, compared with how foreigners might express themselves when it comes to passion.

To a certain degree, I always feel dull in the morning. Many days, I do not wish to go to the office. Also, I am not very good at separating my work life from my private life. I'm always worried about things that need to be done at work while I am at home. So, that is my weakness, but it could also be my strength. I often find myself taking notes at midnight or very early in the morning because I am thinking about stuff that needs to be done or issues that need to be dealt with at work, and sometimes that makes me very dull at home. And sometimes, because of all the problems that I face at work and that I have to resolve, I do not feel a particular desire to go to work. But if you were to say this more positively, you could say that it is my passion and that is just the way I practice my passion. So, maybe I like my job, but the way I show it is different compared with how others show it.

You said that everything you learned in the first 10 years of your career forms the backbone of your experience and knowledge. Is your suggestion and advice to young professionals that they should consider the first 5–10 years of their career as laying the foundation for what happens later on?

With hindsight, yes, it seems important that the foundation has to be right, but then again, I have to say that I didn't plan it that way. I didn't think of it as laying the foundation for something different or bigger down the road.

For example, I already said that one experience I feel I am lacking is stock selection and fundamental analysis of companies. At this stage of my career, can I start analyzing stocks and picking stocks? It seems very difficult because now is not the time for me to learn that since I have many other responsibilities. So, I clearly missed my window of opportunity for learning that particular skill. When you are young, hands-on experience and depth of experience is what really contributes to your future career.

Another example of laying the right foundation is when I was trading futures initially. It wasn't exciting for me because the market movements were kind of random. However, learning about how these types of markets work was really important. So, nothing is useless. Even experiencing things that you don't particularly enjoy or that you can't make sense of at the time can end up being extremely useful at some point during your career.

You said that after several years of experience, you discovered you weren't very good at client servicing. Do you think it is possible for young professionals to determine what their areas of strength are at the beginning of their careers rather than going through several years of work experience and then discovering that what they are doing is not really their strength?

I don't really think so. I think it's very difficult for young people to know up front what their areas of interest might be relating to a certain profession and then figure out what their strengths are. You have to experience different jobs, different roles, to actually figure out what works for you.

For example, I like to meet people. I like to talk. I like to discuss things, and in that sense, I initially thought that I might be very good at servicing clients. The interesting thing about servicing clients is that you actually have to meet the client. So, I thought that I could be good at client servicing. Then, after several years of being in a client-servicing role, I found that it was not really what I wanted to do.

Now, it is also true that you might get stuck in a job that you really don't like. In everyone's life, you have to start somewhere, and you have to do your best, and then things come up. In my case, for instance, I didn't particularly enjoy futures trading for the first year or two because I discovered that markets move in a completely random fashion and it's very difficult to make sense out of what markets do. But somehow I had to do the job. I was there, I looked around, and I started investigating the CTA models. At that time, they were just starting to come up, so I decided to have a closer look at those. I somehow discovered that was going to be my way of trading futures and making it worthwhile. And then, I developed my own model and made the whole thing quite worthwhile.

So, in my opinion, I think that when you are involved in a job, to make an assessment of whether you like it or not, you have to give it appropriate time. And in my opinion, about three years is what it takes to figure it out, to understand the job, to understand the details and intricacies of the job, and then to determine whether this is what you want to do or not.

You have obviously been very successful in your career. So looking back, what do you think were the two or three major factors that contributed to your success?

In my opinion, one of the factors is perseverance. By perseverance, I mean that when you are working in a job, persevere. Give it your best, and give it enough time to determine whether you like the job or not. Do not make hasty decisions. And the second factor is courage. That is, when new opportunities present themselves, have the courage to take them and to make the most of them. Do not be afraid.

Don't try to calculate and plan everything. Just stick to your basic likes and dislikes. Just stick to what you really like doing, and give it your best. Follow your instincts and what your inner self is telling you, and have the courage to pursue that.

How did you view success when you started your career? Was it money, was it knowledge, was it power? How has the notion of success changed for you over time?

I don't think I am good at pursuing money. It's actually quite the opposite. I really don't think of money as a major driver of success as I define it. My career has evolved in a way where actually I am going in the opposite direction. Working for a pension plan, you know, is not a very high-reward, high-compensation function or job. If you want to make a lot of money, you probably want to be in private institutions. So, money is clearly not my notion of success. I never thought of success as making money, and I never planned my career in a way that money was the major focus.

So, I would say define success as being satisfied with what you are doing. To me, that is what really counts in the end. For me, contributing to society, which is my job right now in terms of managing large pension plans, and looking after the interest of the pensioners have become major sources of satisfaction and fulfillment. And therefore, my notion of success is clearly defined today in terms of how I am contributing to society.

One of the reasons I joined PFA is that I thought I'd be viewed, at least in the Japanese pension industry, as the main guy. Particularly in the field of investments and particularly in Japan, the pension fund industry is not very clear in many ways in terms of what it wants to do and what it wants to achieve. Even at the theoretical level, there seems to be a lot of confusion. For example, between MPT [modern portfolio theory] and post-MPT theories, there is a lot of discussion and debate on how pension portfolios should be constructed. So, my notion of success right now is that I want to lead the pension industry from my position as CIO of PFA. And if I can provide some solutions and some intelligent ways of dealing with the current issues, then I would clearly view my contribution to the industry—and by extension, my contributions to the beneficiaries of the pension plans—as being my way of achieving success and contributing positively to society.

From a career management point of view, do you think it is more important to leverage your strengths or develop your weaknesses?

If you are talking about technical experience and knowledge, you have to do both: leverage your strengths and develop your weaknesses. If you are talking about softer skills, such as how to interact with people, how to communicate, and how to function within a corporate culture, then a lot of those things are really already in your DNA. Those things are very difficult to change. Maybe you can change some of those softer things or softer skills when

you are a child. But by the time you start your professional career, at around 25 years old, it's already too late to change some of those personal qualities and skills in any meaningful way. That means you have to accept who you are and how you behave. And you have to accept some of your weaknesses. So, it might be better in the case of softer skills to accept your weaknesses and to follow your strengths—or, as you say, leverage your strengths.

To be honest with you, I never thought when I was pursuing my career over all those years in terms of weaknesses and strengths because I think that your mind and your body tend to naturally follow your strengths.

Do you still get involved in continuing education and efforts to develop yourself? What do you do for continued learning in your life at this stage in your career?

In the investment industry, we have a particular problem. This industry is characterized by constant change. Markets evolve, economic conditions change, and there is so much happening. Political situations change, and everything affects the markets in the end. And as I mentioned previously, from a theoretical perspective, there seems to be a lot of discussion and debate about how investments as a profession should be conducted, how portfolios should be created, how asset allocation should be performed, and so on and so forth.

I always try to learn about new theories and new opinions, and continuing education and learning are absolutely key in our industry. I take a lot of time to read and to learn what other top leaders in the industry and other funds in the industry are doing to solve some of the problems that we are all confronted with. And on the pension side, one has to worry about not only the assets side of our portfolio but also the liability side of the pension plan.

So, in my job, I have to give an equal amount of time and attention to understanding how liabilities work and the actuarial side of the calculation of liabilities. When I joined the pension fund and first started looking at the actuarial side of the pension fund, I found it extremely complicated, very mathematical, very academic in nature. So, I almost gave up, and I almost came to the conclusion that what is being done is not relevant to the job at a very practical level. But it is becoming more and more clear now that the pension fund has to be totally connected to the liability side of the equation, and this goes way beyond liability-driven investing (LDI). So, over the years, I have had to learn significantly more and put a lot of effort into understanding the liability side of the equation.

To summarize, yes, continuing education is absolutely important, especially in our profession. And without having the desire to learn more and to advance your knowledge in new areas, it would be very difficult to do a good job in the field of investments and to achieve success of any kind.

What are your goals and objectives at this stage of your career? How would you like your career to evolve from here on?

My goal right now is to achieve good fund performance for the beneficiaries of the pension plan. Right now, the situation is a bit underwater because of what has happened in the markets, and I want to recover the funding ratio. But obviously, it will also depend on the markets and how the markets behave going forward. So, it is a little bit difficult to plan. Actually, in the case of the markets, it becomes almost impossible to plan. Of course, my objective would be to ensure that our current fund is financially sustainable for the long term, and good investment performance is what will make it stable and sustainable in the long run.

And my second objective going forward is to make some meaningful contribution to how pension investing is implemented. As I mentioned before, there's a lot of confusion on asset allocation, on portfolio construction, and I want to make a positive contribution and provide some practical solutions to solve the theoretical problems that the industry is facing.

Then, my third objective, as I mentioned, is to make a positive contribution to society through the pension industry by helping the beneficiaries of our pension plans.

What is the biggest achievement of your career, to date, and what can young professionals learn from it?

The biggest achievement of my career is what I am doing now. This position—this role and the contribution that I am making to the pension industry and to the pension beneficiaries—is really my biggest achievement to date. In the end, the biggest achievement for anyone in their lives is whether they are feeling happy and satisfied about where they are and what they have achieved. From that perspective, I am very happy and satisfied with what I have done and achieved to date. But I also know that I have some ways to go. Maybe I have achieved 60% of what I wanted to achieve, and I still have a little ways to go before I can say that I am really truly satisfied with what I have done.

And what was your biggest disappointment in your professional career?

In my profession, sometimes the biggest disappointment actually comes from the markets. So, for the last two decades, all the people involved in Japan's investment industry should have been disappointed in how the markets performed. How can we not be disappointed? Maybe joining the pensions industry in 1999 was a mistake in judgment on my part. That was the peak of the markets globally.

Coming from a market timer, that's pretty bad market timing.

Well, I never really tried to time the market, and in hindsight, maybe I should have.

How would you define your management style?

When it comes to management styles, it is important to be flexible. In my opinion, management and leadership styles need to be flexible. I believe that your management style or leadership style should be a function of what strengths you have—what experience you have, what knowledge you have, what areas you are good at, and what areas you are not good at and so you have to rely on others. For example, if your experience is a lot deeper in certain areas than that of the people who surround you, it is easier to direct them and to lead them because, as I said, you have a much deeper knowledge and they will follow you. But if someone else on the team has a deeper experience or deeper knowledge, then you have to listen to them and you have to delegate to them.

So, in terms of a management style—at a practical level—it depends on where you sit relative to other people on your team. Whether they are your subordinates or your boss, flexibility in management is really important, and an analysis of your strengths versus the strengths of everyone else on the team is also important. You have to adjust your attitude, your style, according to the mix of different experiences and different knowledge that exists within the team.

When I became the CIO of PFA, I did a very conscious analysis of my experience and my knowledge versus the experience and knowledge of the people around me. As I mentioned previously, one of the skills I am lacking is stock selection, and so I very quickly came to the conclusion that I should delegate a lot more because my staff had significantly better experience and a wider knowledge base in many areas and my contribution would not be very much if I were to direct or lead them in those areas.

The framework that I try to set in my management style is to have quantitative, explicit performance objectives and then let the staff make their own decisions in terms of how they are going to achieve those objectives. In this way, I am basically aiming to make them more responsible for their decisions and, in the process, helping them grow.

Did you ever work with a manager that you did not get along with particularly well?

Yes. First of all, I have to tell you that I am not good at managing up. I am actually very bad at managing my boss. And throughout my career, I have been particularly bad at managing bosses. Somehow, it's in my DNA to not get along with my bosses. Throughout my career, I have seen a lot of people who are very good at managing up, but I am certainly not one of them.

In many organizations—and maybe this is more the case in Japan—managing up may mean making compromises. You will always have a difference of opinion with your boss; it's very difficult to achieve perfect alignment of opinion between you and your boss. So, you have to make compromises in many areas, and that might be the most important factor in whether you are good at managing up or not—meaning, if you are good at making compromises and letting go of your beliefs, then maybe you are better at managing your boss. But I am certainly not that way.

Maybe this sounds a little bit too simple, but the really successful people are those who can compromise maybe 25% but do not compromise 75%. So, in my opinion, the people who are truly successful are those who compromise as little as possible and yet capture all the upside. But my DNA maybe doesn't allow me to even compromise 15%. I tried to discuss many issues with my bosses, but instead of managing up—instead of compromising—my approach has been to change employers or change companies if a major disagreement exists.

So, is that a good approach? What do you suggest to young people if compromising is not in their DNA? That they should move on—change employers and change jobs—rather than compromise?

If you are not good at compromising and you're not willing to compromise on some major issue, then my suggestion would be to move on. If you're not good at compromising, then . . . rather than managing up, maybe you should just change up.

Do you think it is possible to be successful while keeping a balance between your work and family life?

I don't think the argument should be framed in terms of whether or not you can achieve balance. I think the reality is that you have to be balanced in life. If your private life is not well managed, then you won't do well at work. If your work life is not properly managed, then you won't do well in your private life. It has to be balanced. So, clearly, the work and private life should be balanced, and how balanced it should be clearly depends on personal preferences but also on the cultural environment—for example, in which country you live. The degree of balance can be very different in Japan from in the United States.

What do you think will be the most interesting and fastest-growing jobs in the finance and investment industry in the future?

Who knows what will happen in the future. Maybe the pension plans will cease to exist. In the practice of investments, I think we are in a transitional position right now. We're going through a period when all the established theories about investing, portfolio construction, and asset allocation are being challenged, and this is true whether we are talking in the

pension fund space or the mutual fund space. So, I think it's a very interesting transitional and evolutionary period for the industry. Portfolio management still remains a very interesting area within the field of investments as well as within academic research because, as I said, there are so many things that need to be revisited. There is tremendous opportunity for researchers and academics to come up with new theories and solve many issues that we are currently facing.

So, both from an academic perspective and from a practitioner perspective, there is tremendous opportunity in the industry for those who are innovative and creative to come up with new theories—more interesting, intelligent, and practical ways of conducting our business. Traditional asset management and traditional asset managers have shown not to deliver much to their clients. I think that traditional asset management might be in trouble going forward in the next 5–10 years.

Finally, what are the two things that you would suggest are the dos and don'ts of career management?

The first thing that I will say is, *don't manage your career*. Do not try to plan and manage your career because nothing goes as planned. That is my starting point. The most important advice that I can give to young professionals is to listen to your mind and body in terms of what you want. That is the only way you will be satisfied and feel fulfilled in your professional career.

Then, the second point I would make is that throughout your professional career, many opportunities will present themselves to you. Just have the courage to jump on them and to pursue them and to take advantage of them—but without calculating and planning too much. Sometimes when you calculate too much, you start to lose perspective and can't make a decision. And as I said before, nothing goes according to plan. And that is just life—full of uncertainty.

Thank you very much for your time. You are the first interviewee who has said, “Don't manage your career,” even though we are talking about career management.

Well, a conscious decision to not plan or manage your career too closely is also career management, isn't it?

BOJAN IVANC, CFA

Bojan Ivanc, CFA, Chief Economist, Chamber of Commerce and Industry of Slovenia

So, how did you get started in finance?

I was studying finance on the Faculty of Economics in Ljubljana, Slovenia. For me it was interesting, and most of my peers were motivated to go into finance. There was a big push for our generation to go into tertiary education. I decided to pick up finance. I could have picked up law or, for example, social sciences, but I found finance more appealing because it's more based on mathematics, quantitative analysis.

And tell me a little bit about how your career has progressed to where you are now.

I may be a bit of a non-typical representative of my population. For example, I speak fluently several languages and was always a hard-working student.

I decided to enroll in the CFA Program based on the recommendation of my boss when I was working at a bank. This was one of the most important projects at the beginning of my career. That was after three years of working experience, when I was already working at the second employer. My boss told me that the CFA Program was something beneficial for the firm and for me as well. He pushed me, gently of course, to pursue the designation—although he did not have it himself—and the company reimbursed me the cost for the entry fees and all exams.

I have switched roles several times and worked at several financial firms. First of all, I was a financial analyst at a mutual fund company covering the capital markets in Slovenia, as well as Kazakhstan and Macedonia. Then I moved to another firm, to another bank. There I was a financial analyst covering mostly global and also domestic equities. Then my third job was also in another bank, in the investment banking division. There I was an analyst covering mostly Slovenian equities, where the market exists for 10 equities at most, as well as some specific global and European sectors.

Then I returned to the second bank I worked at but worked in a different division. I was performing valuations for the purposes of the bank portfolio. I was determining the fair value

Bojan Ivanc, CFA, has more than 10 years of experience as an asset manager, analyst, and economist in Slovenia. Mr. Ivanc has a bachelor of science degree from Ekonomska Fakulteta and a master of business degree from Burgundy School of Business. He holds the CAIA designation. Mr. Ivanc has served in leadership roles at CFA Society Slovenia.

of Slovenian companies based on discounted cash flow, based on all the metrics which you learn about in the CFA Program curriculum. It was a nice switch.

For the last three and a half years, [I've been] working as chief economist at the Chamber of Commerce and Industry of Slovenia. So, this was a clear deviation from my path, a new direction in my career. I decided not to pursue only the finance side and this is a nice opportunity for me to develop the skills of macroeconomists.

When you were making these transitions, did you see it as a kind of risk taking?

Well, of course. Each career move is a risk, especially in Slovenia, where the labor market does not function the same as in the US or in other developed economies. My colleagues, for example, do not change jobs as often as I do. This makes it very important to communicate with the employer why you are moving away from him. Communicating this is the reason I was able to return to a different role with my second bank.

This is especially important for Slovenia, because it's a small market. In a small market, everyone knows each other. The employer, the important people in the finance community—we all know each other, sometimes even personally, not only professionally. We know how we think, what interests we pursue, which party we vote for. You really have to be gentle when making these moves, to not hurt feelings or leave on bad terms.

Do you consider yourself passionate about your profession?

Well, in all of the roles that I have performed, I felt passion. For me it was interesting and something new to learn. I think the worst thing for me would be to stay in the same position for several years doing the same thing each day. I think this would be disturbing for me. Now I have two children. I'm married, so I have a more stable life. But . . . when performing work, I still expect new actions, new projects. This—learning and building new skills—is what motivates me. It's not just how high is my salary, but also these things count. That's where my passion stands.

You're a volunteer at CFA Society Slovenia. Can you tell me a little bit about the role volunteering has played in your career or how you relate to it in your career?

That's right. I started volunteering for CFA exam studies in Slovenia about five years ago. This was the beginning of our local society, which was the predecessor of CFA Society Slovenia. It's interesting why I came to the board. I was nominated to the board mainly because of the CFA Institute Research Challenge project. It was just a coincidence that I found it on the CFA Institute website, and I thought, "Okay, we can do this. I want to work on this." That was even before we had established a local CFA society. Then the current [CFA Society Slovenia]

vice president as well as the president supported me on this initiative and were pleasantly surprised how these things evolved. It led to me serving on the board.

Last year, that was the third year of the CFA Institute Research Challenge. We became pretty confident that we're doing something positive and that we are possibly increasing the number of future candidates for the CFA Program. So, this was the main reason I got involved. Of course, as a member of the board, I have also other activities, but I like that my primary project activity is the CFA Institute Research Challenge and helping [show] students the right path. This year, we had an expanded budget and I could also provide all participants nice token gifts. We also invited participants from Serbia and Croatia to our project. Both [nations] are currently in the process of forming new local societies. So, we invited also colleagues from those countries as volunteers for the CFA Institute Research Challenge.

What's your relationship with social media, and has it played any role or had any impact in your career?

I was born in 1982. It stands, the younger you are, the more you use social media. I mostly use LinkedIn. I don't use Facebook. For work, I look at [LinkedIn] several times a day. It's one of the more important communication channels available, even more so than let's say the *Financial Times* website. I will congratulate someone for a career move or if someone has a milestone or if I give a recommendation on their skill. Otherwise, I'm not so active. I don't want to be more present on social media than is necessary at this stage.

In Slovenia, it's more traditional media that is still a bit more important. So in performing in my job, I am more active, very active, with traditional media. On average, I have two or three media announcements each week. It's helpful to know how those things function. In Slovenia, probably like many smaller markets, it's very easy, because there are only two or three important newspapers where you can publicize your ideas. I'm also helping the society to get the messages through most important financial media.

Do you do a lot of writing as part of your role?

Of course I do a lot of writing when performing my job and also as a volunteer.

Can you tell me a little bit about how you developed the skill of professional writing? Were you specifically trained, or have you evolved through experience?

I think it evolved over time. Analysts do not write, well, let's say, great things. They usually create boring documents. At the beginning of my career, of course, my documents were mostly boring too, but with time and also with my latest career move, I learned that less is more. I've discovered that there are magic numbers that you need to take account of in terms

of grouping ideas and information, like number three and seven. People think about just the most important messages, so if you want to say more, they don't pay attention to you. These are things that you learn. Of course, there were workshops where you can learn these things or you can learn it yourself. In this case, you have to learn from the feedback you get; you have to allow . . . the feedback to come to you and be open to hearing it. In Slovenia, that can be a problem, because as a small community, it's difficult—awkward—to tell someone they're doing something incorrectly. You have to push people to tell you when you could do better.

Can you talk a little bit about other soft skills that you've seen have the most impact for you in your career?

Well, I would say one of the most important soft skills that I learned is to listen to a person very carefully. Many colleagues in my generation are usually very open-minded, but they're not prepared to listen. To have a different impact than the majority, you have to counter the trend. I'm more of a listener and a performer. That's the reason why, for example, my bosses have always liked me. Of course, I argue when there's a direction taken that I believe we should not take, but mostly I listen to the employers so I know what are the important messages.

So, based on the average career length these days, I would estimate you still have a lot more of your career ahead of you than you do behind you. What are you seeing change over your career, and what do you see on the horizon?

Yes, I have been on this career path for about 10 years. First of all, you have to consider that our local financial industry is rather different than the global or the American financial industry. We are part of the euro area. For us, the downturn of equity was even more pronounced than [that of] any of the other markets, and also the capital markets have not improved as much as . . . other markets [have]. So, let's say the stock index is still 30%, 40% below. So, people are still aware of risk and are risk averse, with the exception of real estate.

Basically all of my colleagues working as analysts for investment banking saw a compression in their salaries, or they saw big competition for the positions. Because our labor market is not flexible, they retained their positions, but of course they had more pressure on their jobs. So, they have to perform more, be more productive. Also, the length of your [workday] is not 8 hours, as it is according to the law and as it should have been, but it's 10 hours or more. It's a service sector, so it is becoming more similar to London or to other big financial cities. You receive a higher salary, but of course you need to work longer hours.

Given that, how do you manage stress or find balance in your life?

Each one of us needs to find something where he can reduce his stress level—boxing, running, or something. I manage it by having nice weekends with my family in the countryside or by having a nice conversation with my wife.

What would be some key pieces of career advice that you would offer professionals entering the finance field?

My career advice would be, if you get a chance, an opportunity, then take it. Use the chance, but of course when I made my career [moves], each time I reconsidered what would be the change in my working environment. Would that suit me? For example, I might consider commuting time because I don't want to lose a lot of time during transport. Time is very important. But in Slovenia this is less of a concern, because it [has] a small capital. Most of the financial professionals work in Ljubljana, and most of the jobs are located in a circle of 2–3 kilometers.

Also, when changing jobs, the change in salary should motivate you, but the more important thing to consider should be what work you will be doing and how it will add to your value, your skills. I would say longer term, employers place a lot of weight on the skills that you can get from different employers, so you have to be able to say what experiences and skills you gained. It is also important that when you leave an employer, you leave him with good feelings, on good terms. Do not endanger all the bridges you have built during the relationship, but try to find some positive stories and stay in contact.

ELEANOR KIGEN, CFA

Head of Projects, Moeish Consult Limited

How did you get your start in the finance industry?

When I was in school, I really enjoyed the finance courses and I decided to launch myself in finance. But when I left school, I needed a job so that I could be able to pay for my CFA exams. So I started working at Shell in Kenya, and then after doing Level[s] I and II [of the CFA exams], I looked for a job in the finance industry.

Was it hard to get that first job?

In Kenya, [having passed] Levels I and II [of the CFA exams], no. In fact, I got two offers at the same time.

So once you broke into the industry, how has your career progressed?

I started out as a research analyst, and I enjoyed it thoroughly. I . . . went to South Africa, where I worked for an investment bank as a research analyst as well. When I came back to Kenya, I took up a position as a head of research at a local investment bank.

Can you talk a little bit about that decision to get experience in another country? How did you decide to make that move?

I think it's always a positive thing. It's always a good thing to go outside the borders. Kenya is a much smaller market. I mean, the finance market in Kenya is so small compared to South Africa. I thought it's good to have that exposure where I can grow, where I can learn other things. I can learn another culture too. It's always good to take yourself out of your comfort zone and then learn new things. It was a great learning experience; that's what made me take that up.

Eleanor Kigen, CFA, has more than 14 years of experience in accounting, investment analysis, portfolio management, and research in Kenya and South Africa. She earned both a bachelor of science degree and a master of business administration degree from the United States International University-Africa in 2003 and 2014, respectively. Ms. Kigen has served in leadership roles for CFA Society East Africa.

Has what you consider to be “career success” changed as your career has grown?

I don't think it has changed as much as it has enriched. Because success, according to me, is when you become the best version of you. You have to continue to aspire to become the best version of you. So that has not changed for me.

You know, you can never settle for “OK.” You're always looking to just do the best, and for me, that's what success is. And when you're successful, you inspire other people to want to be like you. They look up to you. You know? You become a change influencer, if I can put it like that. That you influence change. You influence people. You inspire. You motivate. For me, that's what success is.

Like many women, you made the decision to stay home with your children while they are young. How does that decision fit in with your long-term view of your career and how you choose to manage your career?

For me, the decision to stay at home and take care of my kids came after a lot of thought. You know, I looked at my kids and I thought about it and I was like, “You know, I want these kids to be the best that they can be, and how can I do that? How can I instill a value system which is important to me?” You know, because for those first years, they're always at home. They're always with you. I thought, “OK, this is how I'm going to be able to make these people the best that they can be.” Because they say that what kids learn from, I don't know, zero to six is what stays with them most. I thought, “I want to do this. I want to stay at home and take care of them.” Values like hard work, respect, things like that—I want to be the one to influence how they take that up.

Also, something else: I wanted to expose them to a lot of activities out there—you know, like tennis. My daughter, who's almost six years old, plays tennis so well. In fact, she has won the Kenya Open for her age bracket. They swim so well. They play the piano. I wanted them to have these opportunities and to know that there are no limits to what they can do.

I knew that I can always go back because before I took the career break, I worked hard, I built my name, and I've still stayed relevant. So, I knew it was not going to be so difficult to get back in.

I believe as parents we have a huge responsibility. Once we decide to have kids, it's a huge responsibility. And you have to mold them in the way they should go. I know that not everyone can take a career break. Life is expensive, and I am very grateful that I was able to do that.

You mentioned that you've stayed relevant and you knew you'd be able to reenter, so I want to ask a little bit about, how do you see the reentry process?

I think once you decide to take such a career break, you have to make sure that you don't disengage fully. You have to still stay engaged. For me, I became the president of CFA Society East Africa. So I was still able to have that contact with the industry. I was still able to remain relevant. I was invited to join the Derivatives Oversight Committee at the Nairobi Securities Exchange, you see. So that keeps me in people's minds so they don't forget about me.

I think it's also important if you take such a career break that you go and read, you go and study. Maybe it's getting your master's degree or PhD or whatever it is. Then when you come back, it's easier. You may have lost the experience in terms of work, but you have gained a lot more knowledge. You stay current. I think that's very important so you don't get left behind.

Have you had mentors in your career?

Not really, actually. Not so much mentors. I do have a very strong network of support, which I think is very important if you want to get ahead. My husband is amazing. I have my family. I have my friends. So I have people who I bounce ideas off. That is what has helped me up to this point. But I think that it's still important to have a career mentor, so I am looking for a career mentor.

How have you built your professional network and those relationships?

I think, for me, it is important to connect with people who have the same value system as I do—people who are themselves aspiring to be the best at whatever they're doing—who you can confide in. It's important to find people who are not afraid to tell me, "You did this wrong. Here, you're messing up." Or, "You're doing the right thing," which is exactly what a career mentor does. For me, it was important to have those people who know where you're going and perhaps have walked the same path. You can learn from their experiences so you're not making the same mistakes that they did. You shorten your learning curve, so to speak.

What are your thoughts on the role of resilience in a career?

I would say, resilience is very important. You have to be able to bounce back after a setback. For example, sometimes you can do a research report and think it was very thorough; then you discover you missed out on some aspects that were important but which you didn't consider . . . important. You look back and people say, "Oh, you missed this. You didn't consider this." For me, it's about taking the learnings and doing a better job the next time around. So you have to be able to rise from your setbacks and not let them overwhelm you. People who

are successful usually . . . didn't succeed the first time. You have to be able to bounce back and to do a better job the next time around.

What changes have you seen in the profession and in your market over the course of your career, and what changes do you see on the horizon? What would you advise someone coming into the field to be aware of?

I think one of the greatest changes is that the industry is getting younger and younger. People are coming in, and there are a lot of really young people. Young people want things to happen quickly. Everything has to happen fast. But the reality is, of course, that's the modern world. Things are changing very fast—another change that I'm seeing: the internet. Everybody in Kenya now has access; the internet penetration is very high. Everybody has access to Google, has access to WhatsApp. They get information so quickly. So I think information is priced in faster than it was before.

That means you, as a research analyst—which has been my line—you have to be able to adapt quickly, to be able to see how things are happening quickly and how that is likely to affect the future. That time lag doesn't exist as much as it did before. Also, investors are becoming more sophisticated than before. You tell somebody something. They go and challenge it. They'll tell you, "I read about this."

Also, social media and corporate actions in the social media space: [If] a company does something wrong, it's going to immediately affect a lot of things on the share price and so on.

What advice do you have for young women entering the profession?

I think as a woman, you have to do more than what a man has to do. My advice would be go above and beyond what is expected of you. That means you have to be excellent. You have to be. Cut a niche for yourself so that you are that person who is irreplaceable. I know there's nothing irreplaceable, but . . . be so good at what you do that you stay on the minds of people. Excellence has to be your mantra.

I would advise them to do the CFA Program when they are still young. You have time. You can study for the exam and do it easier. When you have kids, it becomes a lot more complicated. You have family. It's difficult. And the CFA exams require you to read a lot, to understand the material so that you can apply it to the exam. I would advise them to do the CFA designation earlier.

And then invest in learning. Learn everything that you can. Stay current. Read as much as you can.

Don't be afraid to negotiate for what you deserve. Don't be afraid to ask questions. Don't be afraid. Take a place at the table. Push for it.

RAMIN MODIRI, CFA

President, Modiri Asset Management

Tell me a little bit about your career story to date.

I was going to be a neurosurgeon, not because of my wishes but, rather, my father's wishes. He wanted to be a doctor, and since it was too late for him, he wanted me to be one. From the age of five, there was this pressure on me to be a doctor. I had no choice but to go to pre-med, and I did. I really wanted to be one, but in my heart, I knew that's not my destiny. There was always this pressure of making my father happy versus pursuing my own dreams, although I was fascinated by studying mind and brain.

I was pretty good at statistics and math, so the dean of . . . mathematics said, "Why don't you be a dual major? You don't even have to come for the classes. Just come take the tests, and I'll just give you the grade." I said, "That's great. I will do that." I ended up being an actuarial science and mathematics major, so I was an actuary when I graduated from the University of Connecticut.

I was offered a real job as an actuary. I love numbers, but believe it or not, during my first interview, I was already bored. They still offered me the job. During orientation, I found myself dozing off. I knew then that was not what I wanted to do.

I used to coach soccer; I love soccer, by the way. I've been playing since I was five, and it has been more than a sport to me; it has been a way of life. I was coaching a high school team, and one of the parents suggested that I would be really good at finance. I said I had never been in finance. I had only taken one economics course; I showed up twice. The professor came into the finals and introduced herself, and somehow I got a B, or a B-; I don't know how. I thought I had no business being in finance. But this parent said because I was good with people, I would be good at it. I took my mutual fund licensing exam, and I got it.

I used to play soccer against these ex-professional soccer players from England. We had a very good team, but we always lost to them. Still, we had this mutual respect for each other. One day they found out I'm into investments, in the investment business, and one of the players from Liverpool came to me and said, "You're the only financial genius we know." I

Ramin Modiri, CFA, is a private wealth professional with more than 23 years of experience in asset management and as an entrepreneur. He earned a bachelor of science degree from the University of Connecticut and a master of science in finance degree from the College for Financial Planning. Mr. Modiri holds the CFP, CFS, and ChFC designations.

said, “Oh, I am?” He said, “I have some money. Can you invest it for me?” Of course I needed clients, so I said, “Sure.”

This is the mid-1980s. The bull market’s just starting. The interest rates are going down. With the luck of the draw, I just put him in some utility fund and he ended up making 25.2%. He thought I was a genius. I had no idea what I was doing. He ended up calling his friends, and all of a sudden I became the adviser to soccer professionals. It’s a small niche, so they all called each other and my destiny was built. It’s 32 years later, and I’m still doing the same thing and I love it. I’m just so fortunate, very fortunate to do it. I still play soccer. I’m still a kid at heart. I don’t even think I have a job, but I have lots of fun. That’s how I started. I got a little bit lucky.

I looked you up on LinkedIn, and I noticed that you have lots of acronyms behind your name. You have the CFA designation and several others. I wanted to ask you a little bit about all of your designations. What have they contributed to your career, and how did you decide to pursue them?

That’s a great question. Some of it has to do with the pressure now and some because I did get very lucky with good performance early, so there was this high expectation.

Again, because I didn’t have a background in finance, I didn’t know where to go. Nobody told me what to do, so it was, again, luck of the draw. I asked, “What is the most recognized designation?” At that time—this was the 1980s—it was the CFP. That’s all we knew. The CFA [designation] was a very elite title, but nobody could tell me what it was. Anyway, I went for the CFP and received that designation. It gave me some confidence and more credibility.

Also, since I had come from overseas and I had traveled a lot, I was familiar with currencies and commodities. I wanted to be different. I wanted to be an adviser who was familiar with emerging markets and international finance. That’s how I differentiated myself from the other advisers.

CFP wasn’t enough. It wasn’t enough of a challenge, so I ended up pursuing the Chartered Financial Consultant designation. I did it in like three months, and it was meant to be a three-year course. I was just hungry for it. I was young. Then I got my Certified Funds Specialist designation. I got my master’s degree in finance and then my MBA. I got a few other degrees.

Believe it or not, the CFA [designation] was the last one. I had finally found out what it was. It was toward the end of all the designations. To be honest, I didn’t really need the CFA designation to bolster my credibility at that stage of my career or for business development reasons like with the earlier designations. I just really wanted the challenge, to know that

I could earn a CFA. That was the biggest reward. When I passed my exam, when I got my designation, that was a joy. I always loved education, and I always liked the challenges.

Stepping back, it sounds like you sort of went into business pretty much for yourself right away.

Correct.

So you've been working for yourself the whole time. What are some of the pros and cons of a career that is entirely self-directed and self-employed?

I advise a lot of younger people—graduating students who are getting ready to launch their career—that it's always good to work for a large company initially because basically they're paying to train you. Fortunately, I was able to do some consulting for Pruco Securities early in my career. They opened the door for me. I worked with Prudential, Pfizer, and General Dynamics. They would send me around to do the consulting. One time, I even did a program for Billy Ray Cyrus. We put [together] a plan for him. He had just come out with "Achy Breaky Heart." He had made like \$8 million, and he didn't know what to do with the money. That opened the doors for me and showed me how that is an advantage of big organizations.

Being self-employed is again self-discovery. It's like you've got to really be the master of yourself. That can be extremely difficult. If you can have the self-awareness and really know who you are, then you can be successful. But if you don't, you need the guidance that can come from working for an employer.

We're all different. I love the flexibility. I'm pretty disciplined, and I can get by with four or five hours of sleep. I'm usually up around 4:00 or 5:00 in the morning. It has worked well for me. Again, the career has allowed me to travel a lot. My children, my family, I can take them anywhere. Now with the internet and everything, you can do what I'm doing anywhere in the world. You can be on a boat, on a faraway island, and so on.

I've been very fortunate, I have to say. Somebody has watched over me all my life. I've been very fortunate.

I think you've touched on my next question a little bit. If I understand correctly, you are based—your life is based—in Orange County, but you have an office in the UK as well. What is it like to work across global regions like that?

Right now, we have an office in Durham, [United Kingdom]. The majority of my clients are British. I do have American clients here too; most of them are in the soccer profession. They are coaches. They are soccer companies or soccer camps. It's just a niche I really enjoy. When

I meet with my clients, it's usually a few minutes of "Ramin, how did we do? Oh, we did well." The rest is all fun. Then we go and watch a game or, you know, just have fun, which is very rewarding to me, having that sense of trust.

Basically, yeah, the majority of my clients are UK based, but now [that I am] living in Southern California, they love to come and visit me. I actually don't do as much traveling as I used to.

Can you elaborate maybe a little bit more too on how the global nature of finance impacts your career? That's a fantastic example. Are there other ways that the globalization of the finance industry impacts you?

Absolutely. I think over the years, when I look at the 1980s, a lot of America being the center, we were like one-third of the global economy. Now we're probably less than one-fourth. I've seen that evolution. In the 1980s, we didn't need to know any second language. I speak five languages. I love languages. It has allowed me to travel, and I enjoy the cultures. Now more than ever, you need that. I think that has really helped me. Being able to speak several languages differentiated me from others, but more and more, it's a necessity for investment professionals as opposed to a skill that sets people apart.

One word of caution is a lot of people want to go to global portfolio management, and they really focus more on the technical side of things, more of the quantitative side. They forget how much the culture plays a role. For someone in Vietnam, the mentality is completely different than someone, let's say, in Germany. You have to understand the culture. If you do that, I would say that's 30% or 40% of it.

Don't just think, OK, I've got my CFA designation, for instance, and I know everything technically about how to analyze the markets. That's only part of it. You have to know the rest. The human behavior side is tremendous. It's been fantastic to see the world getting smaller. Years ago, let's say you visited Turkey or Italy; even the youngsters knew the exchange rate. But in the United States, nobody really cared about it. I think now more and more people are watching it. I can see how we have again grown to understand how things impact each other.

One of the other things I want to ask you about is that you're a longtime volunteer with CFA Society Orange County. I was wondering if you could speak a little bit about the kind of impact that kind of volunteering has had on you, personally and professionally.

Obviously, a lot of new people—I mean graduates—they want to get the CFA designation. It's the gold standard. It's that challenge. And there can be monetary rewards that come with it. For me, volunteering has been a fantastically rewarding decision because it allows me to make an impact on the next generation. Volunteering has opened so many doors for me—not in the sense of getting clients or growing my business but, rather, in meeting with university

students. It's amazing to see them grow in the profession. Students that I met five, six, seven years ago, now they are part of the board that I'm sitting on. There are two or three of them; they're board members. They're helping others. It's been, I think, the best decision of my life.

This is probably the best period of my life right now because I can see that I'm making a little difference. I'm really enjoying those moments. I'm being at conferences and sharing ideas, witnessing that while there's so much work to be done, we're on the right track. The next generation—they're our future. I think that's the most rewarding thing about volunteering. It's my 10th year now, and the time has passed very quickly. I hope I can continue doing this.

I want to ask you kind of a practical question. How do you manage stress?

That's a very good question. As I mentioned, I love soccer and sports. I started wrestling and soccer at a very young age. It has taught me a lot about the value of balance in life. I'm a very spiritual person, and I love my family. I've been, again, lucky to do what I'm doing. I don't see life as a source of stress. I see it as a source of happiness. In fact, every day that I wake up, I approach it as my last day. I truly do. When I kiss my son or hug my daughter in the morning, I ask myself, "What if I didn't come back that evening? What kind of impression do I want to leave with them?"

I look at life as a bonus every day. With that, I think life gets a lot easier to live and manage. The stress is there, obviously, with everything. All of us have that; it's the challenges of life, but how we react is what's more important. Again, I've been very fortunate, and I recognize and am grateful for that. I don't believe life ends; maybe it does in its physical form, but our journey continues. So let's appreciate the quality of life we have here and now.

What about a career in finance do you think has changed for the better in the past decade, and what has changed for the worse?

I think for the better is the amount of information that we have, the accessibility of individual investors. I'll give you one simple example. Somebody is a cocoa producer; let's say in Ghana. Formerly, it would have taken two days to find out at what price he could sell. Now, he flips his smartphone, and he knows exactly what the price is. So there's efficiency there. I think it has helped definitely for many classes of the world to actually become wealthier and prosperous and also more efficient.

But this technological efficiency is a double-edged sword in a sense. It's also what's changed for the worse: the technology to handle all the information. It's created a lot of barriers in the sense that we have to be even more careful. It has created greater risks. I am not only talking about intrusion to individuals' privacy and cybersecurity or children's access to dangerous sites but also creating a false sense of being knowledgeable about everything. We have lost

the art and science of truly understanding the information and have become one-line readers through social media rather than deep thinkers.

I take the positive side, though. When my son was six years old, he used to come and sit with me and say, “Dad, natural gas, look at it. It’s going up. It’s a green candlestick. You should buy it right now.” It’s like 9:00 at night. He should have been sleepy, by the way. Just imagine, a six-year-old actually can see things and can feel it. A 29-year-old could have had trouble surmising that, years ago. I take that as a positive. I think this information age is amazing.

OK. Our last question. If you’re mentoring someone who’s starting out in the industry today, what advice do you give them about managing their career?

Excellent. I think the most important thing is knowing who you are; it’s the self-awareness. We emphasize technicalities too much. We teach them about all the quantitative skills of finance, like how to read a statement. I think nowadays so much of succeeding in the industry depends on the soft skills. It’s the human relationships. But make sure your smile is genuine, your handshake is authentic, and your interest is real. You need to study yourself.

Imagine you’re 80 years of age and you are looking back over your life. What kind of 80-year-old do you want to be? What steps do you need to take to get to be that 80-year-old? If you can do the right things, if you have a full and balanced life, I think that’s success.

Don’t just say, “Oh, I want to read this book about finance” or “I want to go to this event.” Just find out who you truly are, what are you really passionate about. Also know the value of the things that you have. I emphasize a lot about relationships. Imagine that life is not just about making money, fame, or the physical belongings. Life is about totality.

Thank you.

Oh, you’re welcome.

DEREK MOK, CFA

Chief Investment Officer, Convoy Asset Management Ltd. and Fubon Convoy Asset Management (HK) Ltd.

How did you get started in the investment industry?

Actually, my first job was not working in finance or investment, but it is related. My first job was working in one of the Big Four accounting firms, KPMG.

You know that as a fresh graduate you get plenty of chances to join the accounting industry. But of course, within the accounting firm, there are so many areas that you can work on. It's not only auditing. If you're only working on auditing, then your role would more likely be going to the routes to be a financial controller or finance manager. But once you get the chance to deal with other tasks, such as some of the IPOs or some due diligence, then you can get a chance to switch to get into the investment industry.

I think maybe because of my base, with years working at KPMG on due diligence projects for listed companies, I had very good training and a good foundation, especially in terms of understanding and analyzing the financial figures as in the financial statements, even in the prospectus of listed companies.

In the early 1990s, it was the golden age for some of the Chinese companies to be listed in Hong Kong. So I had a chance to manage some of the big-size or mega-size IPOs, and when I got a chance to interview and go into the investment management industry, I think the supervisor who recruited me believed in my strength in financial analysis. That's why I had the opportunity to join the investment management industry as an investment analyst.

And what about your next moves after that?

Well, my path was quite traditional from there: investment analyst, then assistant portfolio manager, and then afterward I became a fund manager managing some of the public funds.

Derek Mok, CFA, is chief investment officer at Convoy Asset Management Ltd. and Fubon Convoy Asset Management (HK) Ltd. Previously, he was head of asset management and CIO at RHB Asset Management Limited. Based in Hong Kong, Mr. Mok has extensive research and investment management experience that spans more than two decades. He holds the FRM designation and is a CPA (Aust.) and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Mok holds a bachelor's degree in accounting from Monash University, a master's degree in investment management (with a concentration in financial engineering) from the Hong Kong University of Science and Technology, and a master of arts degree from Macquarie University.

If you ask me how I differentiate myself from the other fund managers in town, I would say that most fund managers are quite focused on just one asset class or in a single country. Say, for example, if you're an equity fund manager, you are just strong in equities. I'm quite fortunate because I worked for the Hong Kong Monetary Authority as a portfolio manager of the Hong Kong Exchange Fund, which is the sovereign wealth fund for Hong Kong. I'm not just focusing on a single country but also responsible for managing the equity portfolio on a global basis and with Treasuries or government bonds as underlying. Some of the techniques that we're using—for example, synthetic equity—wouldn't be that commonly used in a typical asset management firm.

We learn about this in the CFA [Program] curriculum, but in the real world, which organizations have the chance to make use of this kind of strategy? It is only the sovereign wealth funds that hold the Treasury or the other bonds and then also want to make some kind of change in terms of the asset allocation. We can make use of this kind of strategy that we learn from our CFA [Program] curriculum but in the commercial world.

And what is your role these days?

Well, now I'm working as a CIO—chief investment officer—of Fubon Convoy Asset Management. Before that, I worked at RHB Asset Management Limited—RHB is the asset management investment arm of RHB bank in Malaysia—as the CIO as well as running the local office in Hong Kong. I have also worked as an investment manager for BEA Union Investment Management Limited, which is [a joint venture] between the local Bank of East Asia and Union Investment in Germany. Besides, I also worked for some Chinese asset managers, such as Haitong International Investment Management in Hong Kong.

Now I am with another joint venture, between Fubon Financial Holdings and the Convoy Group in Hong Kong, as a chief investment officer. You may ask, “What is the difference between a fund manager and a CIO or a head of asset management?” I can tell you that it's quite different. Right now, I have to manage my fund managers. When you are a fund manager, your concern is about the size of the fund that you manage and the performance of the fund. But as a CIO or as a head of asset management, you have to take care not only about the fund size of an individual fund or the individual fund's performance but also the whole AUM of the company. You have to think broader. For example, for us, we do multi-asset. Sometimes, the market may not be favorable to equity, but it could be good for another instrument, such as fixed income. So the mentality is quite different. [You] have to be more flexible when you are sitting in the role of CIO.

Do you consider yourself to have passion for your profession?

Yeah, of course. If you want to be an outstanding fund manager or investment analyst, you can't stop your mind. And sometimes, investment ideas or some of the investment opportunities could be just arising from your daily life. You have to love your job and love investment. Otherwise, I think that if you just purely want to earn a living as a fund manager and only "working" during official office hours, I don't think you can do a very good job. If you want to do a great job, you have to be enthusiastic about investment.

Has that passion changed over the course of your career? Have you thought about that differently or felt about it differently?

I think my passion has not dropped but has even increased as well because at my new job, sometimes I have to go to the front desk (i.e., the sales and marketing team) to get different perspectives. You have to think broader and think about your clients' needs.

You're an active volunteer with the HKSFA (Hong Kong Society of Financial Analysts).

Yeah, that's right.

Can you tell me a little bit about why you elected to serve in that capacity and any effect or impact volunteer service has had on your career?

Let me start with my early days of volunteer work with the society. As a new charterholder, you get the chance to know more about the other members of the society. When I got the charter, I became quite active in joining some of the society's activities. As a result, I got to know some of the senior members, some of the board members, even the president of the society.

Through some of the activities arranged by the society, I get inspiration, passion for this industry. As time has gone by, I started to think that [it] was time for me to give back to the society and help some of the younger members. In terms of the activities that I have arranged for the society, I've been very involved in the Research Challenge as an organizing member and also the co-chair of the local Research Challenge. Not only that, I sit on the board. I've been one of the judges, one of the graders, and a mentor at the various levels of the competition: local, regional, and global.

Also, not only this one: Three years ago, we also started in Hong Kong a professional version of the Research Challenge, the Best Research Report Competition (BRRRC). We want to have a competition for the math practitioner, but it is not only based on the number of votes. It is based on the quality of the research reports.

I take it that you find it inspiring to see in the Research Challenge some of the next generation learning about the profession?

Yeah, you can say that. And also why I mention the BRRC is that you get to see there's something that we can do better for the industry or for the finance industry. We want to make our analysts even more professional and more focused on the quality of the report that they're going to produce. So we are trying to change, to influence the industry from our society, from our local perspective.

What changes have you witnessed in the profession and in your market that have had an impact on your career?

I think maybe some of the new products or some of the disruptive technology that has been introduced. I've been in this industry for a long time. Sometimes when the more senior fund managers [are] sitting together, we can be very pessimistic about the industry. You know that right now we have robo-advisory with the rise of passive investment coming up. We may think about that and question the roles of active fund managers in the future.

This kind of thing could pose some challenges for the industry. With the popularity of passive investment, the margin for active investment has been coming down. And in terms of the earnings or in terms of the numbers of the professionals that would be needed in the industry, maybe it will be reduced when we compare with the good old days.

There could be some disruptive technology, but we—as the analysts and as CFA charterholders—we have to . . . get use[d to] . . . these kind of changes, keep using our core techniques or professional techniques to try to fit into this kind of change, and make sure the changes are good for society.

How have you gone about building a professional network in this industry?

Well, when you're working in the industry for a few years, you start to know some of your peers, especially in Hong Kong. I could say that for this industry, even as a big market, it is quite a small world. After working so many years, many of the practitioners probably know me. But I can tell you that the CFA [charterholder] community is quite a good platform for young people if they want to get to know the other market practitioners.

At HKSFSA, we have a happy hour gathering in Hong Kong for every month. So you could make use of this kind of resource from the society, and then you can build a stronger network for yourself. I can tell you that once you build up your network, it will help you a lot. Sometimes, it would help you not only in your work but also your personal life as well. That's why, for example, for us at HKSFSA, some of the events we organize are not only on

the technical side. Sometimes they're on the lifestyle side, such as trail walking and this kind of thing.

Do you consider yourself to have taken any risks in your career?

Yes. I've taken some risks in my past in my career. Say, for example, when I was working in the Hong Kong Monetary Authority, you could say, "Working for a central bank, that's quite a good job, a job that many people want to get into." But I switched back. I came back to the commercial world. That could be taking some risk, you know. When you're working in the central bank, it's quite stable. But when you're working [in] the commercial world, it is quite different.

Sometimes you have to justify the risk that you have taken. But I think you have to have this kind of courage to take up the risk, which can help you to pick and make a move in the future.

What key pieces of career advice would you have for someone, let's say, approaching mid-career in the investment industry?

Ah, well, advice? I think you have to make use of your core competence. For us, we have very good training as CFA charterholders. We know about finance. But finance is only your core competence. It would help you no matter . . . which position you are in. No matter if you are a sales director or you are doing your own business, it would help you a lot to think broadly, to be more flexible. Using your core competence that you gained from the financial world can help you to achieve a better job and better role anywhere in the economy.

HELENA MORRISSEY

Chief Executive Officer, Newton Investment Management Ltd.

Helena, what was your first job?

I was employed by Schroder Capital Management in New York City. So, although I was hired in London, after five days in the training program for graduates, they sent me to New York. It was obviously a great opportunity, and I took it. In New York, I had a great time and learned a lot in two years as a global bond analyst, although I knew nothing before that about global bonds, but that was my training program.

Sometimes people are afraid to take up new and challenging opportunities. So, one important lesson and guidance from my experience is that people should not be afraid to seize an opportunity. I give people the opportunity these days; sometimes they seize it with both hands, and other times, they worry themselves out of it.

Did you have an interest in finance or investments?

No. I should perhaps say I did, but the reality for me was that I liked working with numbers, writing, and interacting with people. I wanted a job that could stimulate all of those interests. So, bond fund management, combined with quant and other market analysis, provides that. But in all honesty, I didn't really work that out until I started doing it.

And then your career progressed from one thing to the next and led you to the CEO role?

Not in a straight line, though.

Did you plan your career?

No, I did not plan my career at all. In all honesty, it was quite a surprise to me the way it evolved. Sometimes if you strive for something, it becomes very obvious. And I see that

Helena Morrissey is CEO of Newton Investment Management, a UK-based global multi-asset specialist. She joined Newton in 1994 and was appointed CEO in 2001. Ms. Morrissey was the first female director of the United Kingdom's Investment Management Association. She was recently named by Bloomberg one of the "50 Most Influential People" in finance worldwide. In 2010, Ms. Morrissey founded the 30% Club, a cross-company initiative aimed at bringing more women on board through voluntary change. She was appointed CBE (Commander of the Order of the British Empire) in the Queen's New Year's Honours List in 2012 for services to British business. A Cambridge graduate, Ms. Morrissey is married with nine children.

with certain ambitious people around me. I'm not saying that means you don't succeed, but sometimes I think it can be more of a freeform path to get there.

My career evolved really from, frankly, me saying yes when people offered me new opportunities. I think when you enjoy what you are doing, people will tend to give you more things to do. You tend to work well if you're enjoying it, then success breeds success, that sort of mantra.

In young people who are working for me, the differentiating factor when I'm trying to encourage someone to develop is finding those who are open to opportunities and will say yes. They almost put themselves in front of the opportunity to get there, perhaps not consciously, but they are eager to learn, eager to get there, and will take on things to gain new skills.

So, at Schroders, I was a little bit challenged because it was a hierarchal organization, and the people who were running it at the time had been there at least 20 years and had climbed a sort of career ladder. For me, I recognized it was quite a challenge being a woman and being a mother at that stage already; I was quite young and had my first child at 25. I was the only woman out of 16 in the bond department, and as I mentioned, it was very hierarchal. I was passed over for promotion at one stage in favor of two male colleagues. I don't know whether it was about being a man or a woman, but I had recently had my first child. I realized that the culture of that firm was, at that time, quite an uphill struggle, and I wanted to be somewhere it was genuinely meritocratic.

Leaving Schroders was the most conscious thing that I did along the way. It was driven more by a sense that my enjoyment factor was less than when I had started and had been given more of a chance; I felt that I was being hampered. So, then I joined Newton, where I have been ever since. I was the junior bond fund manager on the desk.

How did you ensure that Newton was different from Schroders? Did you research it?

Well to start with, I was headhunted by Newton. So, I didn't pick them in a way. But for me, the seminal moment was when I had an interview with Stewart Newton, who interviewed me even though I was going to be a very junior person. That, for me, was a sign of interest in whatever I had to offer. He is a big lateral thinker, and the interview started off slightly inauspiciously because it was 8:00 in the morning and he said, "Would you like some porridge?" It was his opening remark, which I thought was some sort of initiation or an initiation test, and I declined and just had a cup of coffee. But it ended up being a very enjoyable conversation. I did have to take a bit of a leap of faith because obviously interviews aren't the same as what the whole company is like, but Newton did take the trouble, even with a junior recruit, to have several people meet and talk with me.

So, I got a sense from talking to people about, in their view, what was interesting about Newton. It just struck me as more entrepreneurial and more genuinely meritocratic. And I was not at all disappointed. When I joined, a big difference struck me the first week. The meetings at Schroders, at the time, had been more about which clients have we won, and marketing was the big deal. At Newton, it was more about fund performance, and that was really what I was more interested in as a fund manager trying to make a mark and trying to come up with excellent strategies that people would benefit from. I found that very exciting. As time went on, again, it was really about saying yes when people asked you to do certain things, even when those things seemed quite daunting. I'll be honest with you: I sometimes probably took on things I wasn't really qualified to do.

Newton said at the time—and I've been trying to do it ever since I became CEO—that you try to reach people. It's like playing tennis with someone who is better than you; it tends to lift your game. I'm a firm believer that people—if they have a good, sound education and good attitude and integrity—will ask when they really don't know how to do something. You kind of need to, I think, motivate yourself. I realized early on that no one was going to look after me except myself. So, they would reach down and ask me to do things, and because I was a doer, I would do it.

The combination of the culture and of working in my own way, which was a nice combination, set Newton apart from Schroders. I would encourage people if they find that, to go with it. There's always going to be irritations or setbacks on a day-to-day basis in your career. But is the culture, is the overarching vision of the company, of what it is trying to achieve and how it is trying to achieve that—does that fit in with you? I think that is important.

So, you would attribute your success to taking initiative and a can-do attitude?

I would. And I think it's important to be flexible, not have a hard and fast definition of “this is the only one way to do it” and “this is my job.” I think one should be reaching out beyond that where appropriate. And ultimately, do not be afraid to try to take on things that will probably stretch you to the limit.

A defining moment for me occurred in 2001. At that stage, I had been part of the Newton Executive Committee and knew quite a few people on that committee; it was a tiny group of about 10 people. I thought I was in the running for being the CIO—chief investment officer—but then the company was acquired by BNY Mellon. No one knew what Newton would look like moving from a privately owned company to one owned by Mellon. Mellon had, at that stage, appointed their own CEO, and to cut a long story short, the key investment team at Newton decided they wanted me to be CEO and Jeff Monroe, who is still CIO today, to be CIO. They presented me with this proposal, and I remember walking from the meeting room to where the Mellon managers had flown in from the United States because

the management team had left. I explained what the people wanted, and they said, “OK, can you do that?”

I called my husband, and he asked, “What does the CEO do?” I said, “I’m not exactly sure.” But I felt I could do it. It is that sort of approach that has moved me forward in my career. I enjoy the culture, and if I were going to start a new firm, it would have a lot of the same parameters as Newton. I also thought I had a mandate, although I didn’t quite know and I was a bit afraid. But I embraced the opportunity, and it was only afterward that I realized what I had gotten myself into. I spent a year learning. I had never had any management training at all, not even a small training course on how to conduct a performance appraisal. The whole thing was completely brand new.

So, why do you think that Newton chose you as CEO?

I think it just comes back to a cultural fit. The firm has always been very collegial, very team oriented. We are very anti-stars. Although we have a number of very talented people, I think I’ve always been in tune with that dynamic and realized I didn’t have a monopoly on good ideas. As CEO of an active fund management firm, you need to consult on certain things to build a consensus, but you need to also exert leadership when required.

I can’t imagine—although I may be wrong—having become CEO at Schrodgers if the culture there stayed the same. It’s not like I was destined to be CEO. I think I found a company where I was in tune with the culture and it was in tune with me; we were a good marriage.

So, compatibility between you and your work environment in career decision making is important?

Definitely. The thing I’ve seen is that there are so many bright people out there, so many young bright people who are so well qualified, and there’s obviously fewer immediate opportunities today. But you should still hold out, not necessarily for the perfect job at entry level but for the place where you can work well. You should feel like you are carrying out work that you believe in and not fighting against it all the time.

Were you passionate about investing when you started your career?

Oh, yes, once I knew what I was doing. I see in so many people the natural inclination I had to try to achieve things, so that meant that I was going to strive to be the best I could imagine. For me, it was a great job because your results were very visible. It meant that there were lows, as well as highs, but, yes, I was completely passionate. If you like doing something and you are passionate about it, then you will spend time doing it and it almost becomes self-fulfilling that you’ll get better at it.

Can one be successful without having a passion for his or her profession?

I'm skeptical that you can. I see people who are more, how should I say, sort of mercenary about how they've done their career, so I don't think there's any one way. But for me and for the people I work with, it's important to have a passion for your work and, especially if you are in a leadership role, to lead by showing that passion. Clients will believe in you because you believe in it. I think it is tough to do well if you are not enjoying and loving what you do.

At the start of a career, very few people are passionate about their jobs. But over time, they do become passionate, like yourself. How does that process work?

I think, again, it's about finding something you enjoy, becoming good at it, and then becoming passionate about it because you find it very fulfilling. You go around in that circle, and you both feel and perform well. I do think also that if you can see that you are doing something that doesn't add some value to something else, that would be, for me, the most soul-destroying or difficult job. I think the worst would be if you ultimately felt you were completely the cog in the wheel and not going to make any difference—if you spent all of your life and all the best years doing something that you didn't think was adding any value. Creating wealth for people may not be the same as restoring people's health, but it is financial health.

I think that over time, I've realized what a difference you can make in the lives of people if you perform well. That's why I feel passionate about what I do. It's important to get that sense that we are doing something good. Perhaps it's not rocket science or like finding a cure for cancer, but it can make a difference in people's lives.

I understand you are the mother of 10 children. So how did you manage to balance your work and personal life throughout your career?

Actually, I only have nine children, and sometimes I manage the balance well, and other times, less so.

To be honest, the hardest part was at the beginning. My advice to people if they do want to have a family—it is quite daunting, I think, for anybody to have children—is to be aware that the first child can be a mind-blowing experience for most people. And for me as well, it was a struggle. We didn't have much money. I had no friends who at that stage had a baby because I got married young, but I guess we muddled through. It was all a little bit chaotic. But having had that struggle wasn't why I went on to have eight more—because I thought it would get easier. I think if you're enjoying work and family, it makes it that much easier to balance the two.

I'm also quite disciplined. Most evenings, I leave work promptly, I have supper with the children, and I do not go back into the office. But I might then work at night, make calls, and do what I needed to do after they are asleep and just make it work. I think we have that opportunity in the modern world with technology and the option to work remotely from home. I feel much more grateful than when I had my first child. I did some leadership training the other day for some group, and they were quoting me afterward, and I hadn't really realized I had used the expression. Apparently, I said the biggest thing is not to panic. If I sit back sometimes, I am a bit daunted and I think, "Now how are we going to make it? How are we going to cope with picking the kids up from school and trying to work it out with my husband and my nanny? There sometimes just aren't enough of us!"

But where there is a will, there's a way. I'm a positive thinker about these things; it doesn't get you everywhere, but it does help.

How is it being a woman in our industry today?

I think it is as much of an advantage as it is a disadvantage. I think it's hard for people to get noticed in their careers. But if you are a woman, often you are just the minority in the group, and you'll get noticed. I think sometimes it does bother me that I feel like the token woman, especially at outside boards and things that I sit on and so forth. I'll think, "Oh, they just asked me to come on the board because I'm a woman." But I have to get over that.

I also notice that sometimes in groups that have 10 men and 2 women, the women tend to speak a lot, and sometimes I think we end up overcompensating. As women, we have to make a point because there aren't many of us at the table. I'm trying to be more relaxed about that.

I feel we are way off from achieving real inclusion of women in the higher ranks. Women are part of the majority in the workforce, but then the number of women decreases as you go up through the ranks. There's a lot more change needed before anyone really feels relaxed about that whole issue.

Through your experiences, what would you consider to be some of the principles of career management—things that young professionals must do and must never do?

Well, I'll start with the negatives. Never, if you've been given an opportunity and if there are at least as many pros as cons, talk yourself out of taking it. My experience is that, especially when you are young, a safety net will open up. Don't be too cautious at the beginning. You don't always get to create your opportunities, so don't waste them.

But I actually do think that by being open minded, by listening, by trying to put yourself, in an appropriate way, forward for certain things—even if you initially feel that you are not

quite ready for it—you'll learn. If you are bright and if you enjoy what you are doing, you'll learn. And lastly, but most importantly, you'll find something that you enjoy doing, which will create the passion that, in turn, I believe, is the road to success. At least that's my experience.

NAVNEET MUNOT, CFA

Chief Investment Officer, SBI Mutual Fund

How did you get started in your career?

I did my chartered accountancy course and postgraduate studies in accountancy and business statistics. I got an offer from the financial services business of Birla Group, a reputed industrial conglomerate in India.

Then it's been a great journey over the last 23, 24 years or so.

Can you tell me a little bit more about how your career has progressed since then, some of the main milestones along the way?

I worked for 14 years for the Birla Group in their financial services business. I started as an equity trader on the OTC Exchange [of India], the over-the-counter exchange for smaller companies. I did proprietary trading and market making in government bonds, corporate bonds, and equities. During the Asian crisis in 1997–1998, I worked in the foreign exchange market as an adviser to corporates, advising them on their foreign exchange exposure. Over the 14-year period, I was both on the buy side and sell side, as well as in all the different segments of the market, including equities, bonds, and foreign exchange. It gave me a very good understanding of all the spheres of the financial markets. A large part of my stint was in the Birla Sun Life Mutual Fund, where I worked as chief dealer, fund manager, and CIO for fixed-income and hybrid funds.

From Birla Sun Life, I moved to Morgan Stanley as head of multi-strategy boutique and then to SBI Mutual Fund as CIO in 2008. SBI Mutual Fund is a joint venture between State Bank of India and Amundi Asset Management.

So, it's been a great journey.

Navneet Munot, CFA, is chief investment officer at SBI Mutual Fund. He has over two decades of experience in financial markets, working in such areas as fixed income, equities, and foreign exchange. Mr. Munot has held executive and leadership roles in a number of companies in India, and he has managed several funds recognized for consistent superior risk-adjusted performance and which have won several awards from such organizations as CRISIL-CNBC TV 18, ICRA, and Thomson Reuters Lipper. He holds designations from CAIA and GARP and is a qualified Chartered Accountant. Mr. Munot has a postgraduate degree in accountancy and business statistics.

Has what you considered to be “career success” changed as your career has progressed?

If work is duty, then life is slavery; if work is pleasure, then life is a joy. I never focused on “building a career” but, rather, on doing [work that] is enjoyable, creates value, and impacts other lives in a positive manner.

There is no substitute for hard work. Perseverance pays over a long period in your career. One of the important things is to have curiosity and keep learning on the job, keep expanding your skill set, keep your eyes and ears open. Have respect for your peers and colleagues at work and outside in the industry; that’s also important. These all are important for success.

Great. Do you consider yourself to have passion for your profession?

I am deeply passionate about what I am doing. I think it’s a great job, and it’s such a dynamic industry. Every day is a new day. Also, I think the ability to manage other people’s money is such a noble job, and God has been so kind to give me that opportunity where you can serve millions of investors.

And have you been passionate about it from the start, or has that changed as your career has grown?

I’ve always been interested in investing, even as a child. [When I was] an 11- or 12-year-old child, my father taught me about investing. And then from there on, I kept my interest alive in the financial markets and then was very fortunate to get an opportunity to work with great organizations and some wonderful people.

How has the international nature of the finance profession impacted your career? Has it?

Of course. India moved towards liberalization and globalization in 1991, and from [then] on, foreign institutional investors started investing [in] India. I saw the markets moving from an open-outcry basis to online trading, from physical certificates to dematerialization. We saw the advent of derivatives; we saw the massive increase in the volumes and participation in the market. New instruments, new segments got opened up. And I think the journey continues. Being a late starter, India has an advantage of learning from the mistakes that have been made by some of the other markets.

You’re a volunteer leader for the Indian Association of Investment Professionals. How has volunteering played a role or been part of your career? Or how do you think of that related to your career?

So, one of the interesting aspects about being a CFA charterholder is that it's not just about earning a designation after passing your three levels of exams. It's also about remaining connected with the like-minded professionals in the industry and remaining on the path of lifelong learning. I think, as a volunteer, it's a great opportunity to give back to the profession, to give back to the local society. I take part in advocacy activities in India with extremely dedicated colleagues. We are trying our best to spread awareness about the importance of ethics and integrity in our profession. And we are trying our best to work with the policymakers, industry at large, media, and the other participants to bring the best global practices in India so that we build a fair, ethical, and transparent investment industry in India.

Do you think of yourself as having taken any risks with your career? Not so much in how you manage money, but in how you've thought about your career or the next moves you have made. Have you ever thought of those as being risks you were taking?

I was quite established and doing pretty well in my first job, where I worked for 14 years, but the reason for moving to another employer was to get an opportunity to manage money at the global level and not only in the Indian market.

But then I saw a very big opportunity at SBI, which is one of the largest financial services house[s] in India. It was the chance to serve millions of investors and create wealth for them. You know, the state bank is like a banker to every Indian. That's about more than 400 million customers. And I have a dream that I can help be a wealth creator for millions of Indian investors. It was a very challenging but potentially . . . very fulfilling assignment. Honestly, these two changes in career just happened; I never had a designed "career path" as such. I am an entrepreneur at heart, and enjoyment at work is more important than any other consideration. Also, I strongly believe that one's career aspiration must align with [one's] organization's vision and mission. My observation is that people extremely focused on "building their resume" achieve less!

In addition to the CFA designation, you also have the Chartered Accountant designation, the Chartered Alternative Investment Analyst (CAIA) [designation], and the Financial Risk Manager (FRM) designation. Can you talk a little bit about how you decided which designations to pursue?

The chartered accountancy I did immediately after my graduation, and in those days in India, there were very few other opportunities for a commerce graduate. I also pursued postgraduate studies in accountancy and business statistics. But after working in a couple of fields in financial markets, I realized that a course like the CFA Program would add tremendous value. [The] CFA curriculum is extremely relevant for any professional in financial markets. That was definitely something which I aspired for and was fortunate to clear it.

After clearing the CFA [examinations], after a few years, I realized the alternatives industry was picking up, and I decided the next level could be CAIA, where you learn a little bit more about the alternatives industry. The CFA [Program]—from financial statement analysis to corporate finance to economics to . . . securities evaluation, equity and fixed income, derivatives, and all that—builds a great foundation on which a couple of other courses like CAIA and FRM then expand. With CAIA, you learn a little bit more about . . . alternative investments, and with FRM, you get good perspective about . . . risk management. It wasn't easy to pursue all these exams, given the high-pressure nature of our job, but clearing all of them was fun.

Because you're in a pretty demanding profession and you've found a lot of success over the years, I'm interested to know: How do you find balance and manage your stress?

Of course, as you rightly said, there are lots of pulls and pressures of the job. Markets go up and down, performance goes up and down, and investors and everybody have huge expectations of us. But I think I'll always believe that if you work with a sense of purpose, if you work with a sense of trusteeship, if you work with a larger objective in mind—remembering you are managing someone else's money—I think that gives a lot of stability to the mind. Meditation is also a great way to remain calm and cool across situations. Having a spiritual bent helps.

Have you had a mentor in your career or been a mentor to others? Do you have any thoughts on what makes for a good mentoring relationship in the industry?

I've had several mentors, starting with my father, as I told you. He was a great teacher—my grandfather, too. But I think throughout my career, at any point in time, I've been extraordinarily fortunate to have lots of people who took deep interest in shaping me. I'm full of gratitude towards all of them. At the same time, I try my best to give to the youngsters whatever little I can do for them in terms of helping them in understanding the world.

When you're thinking of a younger professional entering the field, what are some of the key pieces of career advice you would offer them?

So first and foremost, I think, is the integrity. Trust is built over a long period of time but can be destroyed in a moment. Never, never take shortcuts, and have a long-term vision in mind. There are no shortcuts. Also, I think hard work and perseverance are very important. One must retain humility; it's easy to reach to [the] top but tough to stay there. As they say, the only constant is change, so adaptability and a passion for learning and unlearning are critical. I see people obsessed with "What's in it for me?" all the time, but the mantra for long-term success is to be obsessed with "What value am I adding?"

SAMI NABULSI, CFA

Director of Private Equity, Qatar First Bank

Sami, when and how did you realize finance was a field you wanted to work in? What attracted you to it?

When I first entered university, I was undecided on which field I wanted to specialize in. I had many options in the management sphere. When I decided to take my first finance course, I was immediately hooked. I knew right then that this area was my intended path, both in university and beyond. I loved the concepts and the practicality of the topics. What made it more interesting and relevant was the fact that it was during the period of the stock market boom.

Once you realized you were interested in finance as a profession, how did you prepare for entering the field?

Once I established that finance was the field I wanted to venture into, I chose it as one of my majors in university. But I did not stop there. I started to plan my path during my time in university and postgraduation. Given my competitive nature, I decided to enroll in the challenging CFA Program so that I would be studying for it during and right after graduation, when the information from university was still fresh in my mind. That decision proved to be a fruitful one because I completed all the CFA exams at a relatively young age, and thus, I had the right tools to give my career a boost early on.

In terms of coming out of school and getting a job, was that hard? Was it challenging, or was it straightforward?

Having graduated and completed the CFA Level I exam simultaneously gave me an edge over other graduates. However, finding the right job for me in Canada was challenging, as it was during the burst of the dot-com bubble. So, I decided to go back to my home country (Jordan), where I did not have any problem finding a good job. Given my strong academic background, I applied to the top investment firm in my hometown, which immediately accepted me at a salary above the market average back then.

Sami Nabulsi, CFA, brings with him over 14 years of private equity, investment banking, and asset management experience with leading institutions in the Middle East. He has a bachelor of commerce degree from McGill University and an MBA from NYIT. Mr. Nabulsi has also served as the president of CFA Society Qatar.

How has your career progressed since then? What intermediate roles have you had? What are you working on now?

I personally believe that, since the start of my career, each year I progress and take long strides professionally compared with the year before. I have been blessed to have worked in every pillar of investment banking. I started with research and then went into asset management, then to corporate finance, and then finally now into private equity, which basically encompasses everything that I have studied for. So, I feel that this progression uses all of my accumulation of knowledge, both academically and professionally. I was privileged to have had several senior roles during my career as well as [sat] on the board of a number of private and public shareholding companies.

It sounds like you have given your career some forethought. Would you go so far as to say you have planned your career at this point?

I always try to plan my life and career given my expectations in the coming years, and fate and good fortune [have] always been on my side. As you know, in our field, there is the buy side and the sell side. At one point in my career, I was on the buy side in asset management because we were managing funds while the stock market in our region was going up. Then I shifted to the sell side in corporate finance, where we provided services for IPOs (initial public offerings) and bonds. The market still had positive breadth between 2001 and 2008. Then came the crash of 2008. At that point, I decided to move back to the buy side by assuming a position in Qatar and take advantage of working in [a] very wealthy country.

Do you consider yourself to have a lot of passion for your career and for the finance industry?

Yes, I do. That's why all my adult life so far I have studied and worked in finance. I finished finance at university, got the CFA designation, and got an MBA in finance. So, yes, I love finance and the accomplishments that come with it. It is those accomplishments that keep me going, like the pleasure of successfully closing a complex deal or beating the market in a fund you manage.

I've heard you mention a few countries. You were educated in Canada, you went back to your home country, Jordan, and then you moved to Qatar. Tell me more about how finance as a global industry has had an impact on your career and opportunities.

First, once you have the right techniques and skill sets in terms of academics, you can easily adopt them on a global level. Also, because finance is globally interconnected, the markets in the United States will affect the markets in Europe, which will, in turn, affect the markets in the Middle East and in Asia. Any ripple effect here or there affects other markets. So you

can't look at a single financial market in isolation from the global markets. By virtue of my career, I have had the privilege to work on many international opportunities via acquisitions in the United Kingdom and Scandinavia and across the Middle East and Africa, which provided me with a unique insight into the global finance industry.

Are there any particular skill sets that you think have helped you to be very flexible about working globally and being able to transition to and from Canada, Jordan, and Qatar? Are there any skills or maybe psychological attributes that you think help you do that well?

Of course, choosing the right university and the right postgraduate program gave me the necessary skill set and credibility across the different lines of work and geographies. For example, I went to Sweden at the beginning of the year and gave my business card to someone. They saw the CFA designation, and automatically, there was a link because the person was a CFA charterholder as well. Having that kind of international background eases the way you do deals with other professionals.

What do you know now from working in the industry that you wish you had known when you started?

A lot of the time, people go into finance or follow their passion in order to succeed both tangibly and intangibly. Tangibly is basically how your net worth is impacted, and intangibly is the sense of accomplishment. Of all the pillars in finance that I have worked in, I believe that private equity was the most rewarding for me on both fronts. First of all, it is financially rewarding, but most importantly, I enjoy working in it immensely. So in hindsight, if I were to choose from the beginning, I would have gone into private equity from the start and into a market that is different from the market I started in. Having said that, maybe I wouldn't have reached where I am now without going through all those pillars and milestones over the years.

If you were advising others just starting out in the industry, are there things that you would tell them? Any advice you would give about managing or planning a career?

For those who are starting in finance, first they need to know where they will be in five years. They need to do proper planning. It's not enough to say, "OK, I'm going to start in this job, and I will take it day by day." No, you need to plan. Second, you need to read a lot. I spent countless hours of reading, reading, reading—market news, international news, financial news, local news, regional news. You need to always read because you are like a sponge and you need to grow the knowledge that you have. Third, the most important thing is that if you don't have a degree beyond undergraduate, you should consider getting one. An undergraduate

degree is no longer the minimum market standard. You need to have a strong postgraduate degree to give you that edge in the market.

Very tangible advice. Thank you. How do you balance your personal life with friends and family and your professional life, considering that the industry and the jobs are so demanding?

That's an issue that most men with families face. It's true that when I started my career, like many others in this field, I never saw the sunlight as I left the office. And often when you get home, the kids are already asleep and you will have only a couple hours before you have to go to bed yourself. So, ultimately your family will suffer because our industry has maddening working hours. I sometimes put in 10–12 hour shifts; I don't even leave for meals—just eat in the office. One thing that I try to do is whenever I have time to go for lunch, I go back home, eat, spend some time with the family, and then go back to the office. If I can't go home at lunchtime, I try to get home in time to at least read a bedtime story to my kids before they go to sleep. I also try to dedicate the weekends fully to the family if work is not needed, in addition to dedicating at least one long vacation during the year.

Have you noticed that your work–life balance has changed as you have advanced in your career? Has it gotten better or worse as you changed either the different pillars you work in or your level of seniority?

Yes, with seniority. Basically, the more senior you are, the more you can delegate and focus on managing the team and the strategic direction of the division. Hence, your time becomes more flexible and you don't need to be in the office for 12 hours. You are managing a team, and you're managing investments among the team. But when you're starting out and you are very junior, everything is in your hands. The more seniority you gain, the more flexibility you have.

Generally speaking, women are a minority in our industry; less than 20% of CFA charterholders are women. I'm curious what you think of that. How does that show up in how you think about the industry, your career, or organizations around you?

It is very evident, especially in our region, that males dominate this industry by a large margin. It is unfortunate, but it is the nature of the business because of the need to put in long hours. Sometimes, for example, I leave at 9:00 p.m. [and] come back in the morning, and my team is still in the office working. They didn't sleep, or they slept at the office. It is difficult for a woman to go through that, not to mention the extensive traveling and other obligations. In my career, I have seen that fewer women tend to stick around in the long term. At the latest job that I had, one woman started with us and then she had to shift jobs because she needed more balance between her work life and her husband and children. It is

unfortunate. Finance should look at the attributes of the person regardless of the gender in terms of academics and career. So, there shouldn't be any prejudice in choosing someone, but the nature of the industry tends to have this outcome.

In terms of finding the right role models in the industry, there can be elements of professional life in finance that apply pressure to behave less than ethically or to be motivated by greed. As a finance professional, when you think about mentors or role models, how do you identify the right people to hold up an industry?

Although it does not always happen, working with a like-minded role model is always a blessing. In my culture, you would know the person, his or her parents, how he or she was brought up, and whether that person has been ethical most of his or her life or whether there are some bad stories that you hear about the person. For example, in the position where I am now, the person that I report to is like a brother to me. We are very much like-minded. He is a very fair and ethical person. We make a very strong combination together because we have this like-mindedness when we work. If it were someone who was unethical or you see any sort of behavior from him that does not make you comfortable, then it goes back to the individual. I personally would resign. Others might not have another option, so they might stay. So, it is an internal conflict. For me, ethics comes before anything else. If you're not ethical in your work or your life, then you will never prosper.

JACQUELINE RUEDIN RÜSCH

Founder and CEO, Privilège Management SA

How did you get started in the industry?

Upon graduation, I was hired by a Swiss bank and started a traineeship. For about 10 months, I rotated through different departments of the bank in order to gain an overview of all the bank's activities, from credits to asset management to trading and private banking, etc. That's how I got my start in the industry.

At what point did you realize that you liked it?

I had a keen interest in finance even before I started working. I knew what I wanted to do, but I was not sure exactly where in the financial world I wanted to land, so I just started working before making any major decision. I must say that when I spent time in the asset management area, I liked it a lot. The asset allocation process—the modeling and analysis—fascinated me, despite the fact that the quantitative orientation was not really my primary interest. On the other hand, I developed a liking for money management because it took me closer to the markets.

At some point, I was assigned to private banking. It was more focused on the relationship with clients, and I enjoyed that quite a lot. At that time, the bank didn't have a centralized portfolio management function, and this gave me the opportunity to manage portfolios directly. That was very exciting because it combined money management with relationship management. That was the first phase of my career.

How did your career unfold since then?

Well, after [I had] about four years in private banking, the bank restructured and, like most Swiss banks, decided to centralize the portfolio management function, which of course made a lot of sense. However, although I liked relating with clients, at that stage of my career, I wanted to see more about the markets. So I decided to move on and joined another big Swiss bank in . . . asset management, dealing with management of private clients for portfolios above the CHF3 million threshold. Clients had an individual and personalized asset

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allocation, and that was very interesting. For the first time, I was really managing money. I started as a portfolio manager within the team, and then I became head of the team.

Do you think of yourself as having planned any of the elements of your career? Was there an element of luck or just a natural progression?

I think it was a mix of both. I believe that in life in general you need some luck, and sometimes you need to be in the right place at the right moment; that's for sure. But at the same time, I believe that it's also hard work that allows you to achieve your goals. You need to know what you want to achieve and how you want to reach your goals, and then you must work hard to get there. Along the way, a bit of luck can only help.

Have I planned my career? I don't really know. It depends what we mean by "planned." Essentially, you never know what your career path is going to be, but I have always worked with enthusiasm and I have always enjoyed what I was doing. In that sense, I always progressed in what I enjoyed doing, and when I changed something it was because I wanted to see and learn something different and new. In that sense, it can be said that I did in fact plan a few things by saying to myself, "OK, now is the time to move on," but I don't know if that counts as "planning."

In what ways has your career in finance provided you a sense of purpose?

Well, I like very much what I do, even though our industry has not always been what I dreamt of or what I thought it should be. For example, the global financial crisis demonstrated that it has not always been as ethical and transparent as it should be. So, for me, it has always been important to proceed in an ethical and transparent way.

Finance also requires a good dose of creativity, despite it being driven by numbers. It evolves continuously: You have new products, new markets, innovative ways of managing the money, and so on. Therefore, the learning process is continuous, and I like learning new things.

During your career, what skill sets do you think have had the most impact on your career? And as you've progressed, what are some of the leadership skills that you feel you've developed over time?

Probably the ability to have good relationships with people—that's probably one of the key elements. Then, I believe, humility, because there is always someone that knows more than you do or who can see something you did not see. Therefore, you must be able to listen and learn from others. Finally, teamwork and being able to lead and motivate a team.

How would you characterize your leadership style?

I believe I lead, as I live, by example and by working harder than everybody else. I also try to transmit positivity and enthusiasm. I try hard to make everyone feel appreciated for the things they can do best and make sure that everyone understands that we are all important within the team. Therefore, I try to make sure that everyone participates [in] the day-to-day decision-making process. When the team succeeds, it is everyone's success and all will be rewarded. When things don't go as planned, I need to take responsibility.

What challenges in your career have you learned the most from?

Obviously, nothing progresses in a straight upward line. Failure is necessary. When you encounter a glitch—like down markets or unsatisfied clients, challenging corporate politics, or even personal setbacks—the first thing I do is to concentrate on how to survive or even exploit the situation. But the most important thing is to learn from adversity so that you can become a better entrepreneur and person.

What do you know now about working in the investment industry that you wish you had known when you started?

When you start, you often think, “I'm never going to be able to know as much as they know,” because there are always more experienced and knowledgeable people than you. . . . But ultimately, you realize that nothing is beyond your reach. Having known that from the very beginning could have allowed me a smoother path, but that again is part of the learning process.

In your opinion, what's more important: leveraging strengths, overcoming weaknesses, or striking a balance between the two?

Probably a balance. I'm a person who believes balance is, in general, the best thing.

Can you tell me about the decision and the process of founding your own firm?

Running my own business has always been my dream since I was a child. I always had the entrepreneur attitude, and at a certain point, having worked in the banking industry in Switzerland and watching it change dramatically in the last 20 years, I arrived at the conclusion that banking was no longer my cup of tea. I realized that there was too much “politics” and too little correspondence with a true commitment toward the client, so I felt that my objectives were no longer aligned with the objectives of my employers. Therefore, I decided that it was time for me to exploit new business opportunities and offer a different type of services to clients.

I started my company alone instead of waiting to find the right partner, and I didn't want to partner with someone that I wasn't sure would share my same vision. A partnership in a company is more challenging than a marriage. For me, the time had arrived and I needed to just start. So I said to myself, "OK, I'm going to try on my own, and if I fail, I fail on my own." Frankly, it was very important for me to create something where clients are truly the focal point of everything we do, and the comfort of having my family behind my decision was key.

What did you find surprising about the effort to start your own business?

It was very difficult at the beginning. I had underestimated [the impact of the fact] that being alone didn't allow me to discuss and share important decisions. Everything was simply on my shoulders, and I had to think about everything, every day. What I'm trying to say is that when you work for a big company, such as a large bank, you can rely on almost everything, so you just need to focus on your own work. But when you start up a company, you need to know about everything: accounting, coordinating the audit, buying furniture, setting up your IT, etc. I even had to clean the office myself!

The second challenge was to acquire clients. When you have a brand behind you, potential clients feel more comfortable and can be more easily convinced to work with you; they feel reassured. But when it's just you, convincing potential clients is infinitely more challenging. Imagine the pressure you are under when you must pay the bills and you don't know whether you will be able to increase your client base. But after the first period, I was able to start hiring people and things started to look up, and it finally began to feel like things might finally work out after all. So I started to think about the next milestones. That was a great feeling.

That sounds very exciting.

It is. I must say, I have never looked back, even though my previous experiences were absolutely important and fantastic. Before starting your own company, it is important—the experience you gain in large or medium-sized companies, where you learn how things must be done and how things should not be done.

If you were mentoring someone who was starting out in the investment industry, what kind of advice would you give him or her?

Well, first of all, I would say, "Be curious, ask questions, and work hard to demonstrate what you are worth." Before expecting something, you have to show your value. In our industry, you often see people that have reached certain levels; they have money, and they just focus on their financial rewards. Personally, I think money is not what can drive your choices. Serving clients and providing a dedicated service will take you to the next level with much

more success and satisfaction. This is something that money will never buy you. The rest will just follow.

Working in a medium to large company could be important at the very beginning, because it allows you to learn and specialize a lot. It's especially valuable if you can move around between different departments. Working in a small to medium company might not provide you the flavor of the big companies, but it allows you to see a lot more details in various fields. Just to give you an example, we regularly hire young trainees that join the company for a period of three to six months. Usually this is their first experience after university. With us, they are able to see things that they wouldn't see in a large organization, because they would be part of a dedicated team specialized in one main activity. In a company like ours, they get to see the overall picture and understand how all the pieces fit together to produce a result. For this, of course, you need to be curious enough and hungry to learn.

A final piece of advice would be to try to gain an international experience, talk to people, and learn from different approaches and attitudes.

AJE SAIGAL, CFA

Founder and CEO, Nuvest Capital

Aje, thank you so much for taking the time to meet with us today. Can we start with a bit of your family background, your educational background, and then how your career has progressed over the years?

Sure. Thank you for this opportunity. I hope that what I am sharing can help somebody somewhere in thinking about career management. In my case, I had a very average family background by Singapore income standards and went to a very ordinary primary school. I then went on to what was, and probably still is, considered one of the premier secondary schools in Singapore. I was very fortunate to be able to get in there. A good thing about growing up in Singapore is the emphasis placed on meritocracy. I didn't have any kind of family connections I could lean on to get into a good school. Then, I was very fortunate again at the end of high school to get a scholarship to go to university. I had applied to study economics in Australia.

These scholarships were unique at that time in Singapore, which was widely regarded as a developing country. So, we were recipients of donor aid from a number of Commonwealth countries.

Hard work and some luck got a few students nominated by the recipient countries, and then the donor country would assign them to universities within the country. That year, five of us were selected from Singapore to do economics, and we all ended up at the University of Tasmania. It turned out to be a great experience academically, as well as personally and socially, because I discovered what a nice country Australia was, especially this little hidden corner of Australia—Tasmania—in terms of climate and scenery; it was just stunning. Some of my most wonderful years were spent there. And academically, I was pleasantly surprised by how highly regarded the economics faculty was. I thoroughly enjoyed that experience.

Then, armed with an economics degree, I returned to Singapore. But nothing is a free lunch. The scholarship had some terms attached to it. You had to serve your own country for eight years after graduation. So, I did my time with the Singapore government. That included 2.5 years of national service. After national service, I could have been assigned to any part of the

Aje Saigal, CFA, is a veteran of the Government of Singapore Investment Corporation (GIC), one of the largest sovereign wealth funds in the world. He started his 30-year career with GIC as an equity portfolio manager, was promoted to chief investment officer of global equities in 1990, and was appointed director of economics and investment strategy in 2005. Widely respected as an expert in global asset allocation, Mr. Saigal currently serves as the CEO and CIO of Nuvest Capital, based in Singapore, a firm he started in 2012.

civil service. Very fortunately, they asked me if I wanted to join the Monetary Authority of Singapore (MAS), which is really like a prized assignment. I leapt at the opportunity because it was in line with my training in economics. Plus, I was always interested in economics, finance, anything to do with the business world. So, I was very pleased at this offer, and I joined MAS. This was back in early 1981.

At the time, the MAS had just gone through a very major shakeup under Dr. Goh Keng Swee, who was the principal architect of the Singapore economy. He created a new entity to manage the Singapore reserves. I didn't know about all of this until after I joined MAS. But three months after joining MAS, it was announced that the function of reserve management was going to be taken out of the central bank. This was a very, very good move if you think about it. Back in 1981, Singapore was still a poor country, but its reserves were growing steadily year after year. They were still very small in absolute terms, but you could see that the Singapore economy, if managed well, would lead to rapidly growing reserves. And given that Singapore is a small country with no natural resources, the proper management of reserves was critical. The government felt that these reserves should not be managed in the conventional central bank way of just leaving them in T-bills to earn very low rates of return consistently but, instead, should go for higher return and, therefore, take a bit more risk. In order to do that, you need to basically set up a new organization that was distinct from the central bank. So, it was very far-sighted.

I was with MAS for less than three months when GIC was created. The government asked if anyone at MAS would be interested in going over to this unknown organization. Of course, all the seasoned career people at the central bank said, "MAS is internationally known. Why would anyone leave this organization?" That was the thinking around me. But I guess ignorance can sometimes be bliss. In my case, when I learned that GIC would be given the responsibility of managing the reserves by investing in things like equities and real estate and private equity, all kinds of light bulbs went on in my little head.

I thought, "OK, I don't know what I am getting in for, but as long as it leads to furthering my interest in investments, then I'm up for it. And given that it's coming from the highest level of the Singapore government—no less than Dr. Goh Keng Swee, whom everybody had great respect for—then surely, this could only be a good thing." So I took the plunge, much to the disappointment and surprise of the people around me, who were advising me to stay put at MAS. I said, "Thank you very much, but I think I will take my chances in this new organization." I was among the first five people hired by GIC. I saw this organization grow from scratch to what it is today—over a thousand people with offices all over the world. It has been a very interesting and exciting journey to watch the organization grow and do so well.

So—if I may interject here—from the viewpoint of career management, what lesson can we learn from this particular experience of yours? That is, your courageous decision to join GIC.

I think a good place to start would be to ask yourself what you are passionate about. Passion is very important. My interests and motivations, and now my passion, have to do with business, with economics, and with investments. So, as long as I am generally moving in that direction in my career and my career is progressing in that direction and I am enjoying what I do—if I'm learning new things every day in a field that interests me—then I'm basically on track. But if there is something that is pushing me in the opposite direction—where I'm not passionate about what I'm doing or I'm not learning anything new, I'm not part of a vibrant team—then I become demotivated and should seriously think about leaving.

I have been very fortunate because the door that opened up to join GIC seemed to be very much in line with my interests at that time. I guess you can say my embryonic passion for investments has blossomed over time. And I discovered that really is where my heart is—understanding how the investment world works and trying to be good at it.

All the successful people that I have interviewed for this project seem to suggest that they have been really lucky throughout their careers, that they were presented with opportunities. However, it seems that they also created their own luck by not being afraid of taking on new responsibilities, taking new jobs, even in areas where they didn't necessarily have the technical knowledge or experience. So, what is your view on that? Is this really luck, or is this something that comes from a can-do attitude toward your profession and your career, which makes it easier for people to present you with new and challenging opportunities?

“Luck” is a very convenient way to describe things that happen to you that you didn't really plan in advance, right? Here I am just going to be very open and express my personal belief that the divine hand is very much at work.

Other fundamental qualities to have, especially in investments, are the willingness to take risk and the eagerness to learn. It's something I have gone out of my way to convince my would-be employers and managers, even when I was making the switch from MAS to GIC. Yes, the invitation was made, but I still had to work for an interview. The first managing director of GIC had been brought in from the private sector to set up GIC. He interviewed me, and I was very candid. I said, “I know nothing about investments, but I sure am very eager to learn. OK, I'm giving up something at MAS, which promised to be a very secure career path, but it's not really what I think I would enjoy doing three to five years into my career. Yes, it's a well-paid city job, but it's not what I think I'm really interested in.” So, I like to think he saw in me a willingness to take risk, which I believe is essential in the line of investment.

So, career management advice would be to at least have a good sense of what you want to be doing over the next 5–10 years.

Absolutely. I think you need to keep asking yourself, “Is what I’m doing right now something I would still enjoy doing 10 years from now? Would it lead to things that actually are more enjoyable?” Or is it really, “I can’t bear to even come to work tomorrow, let alone 10 years from now?” What you do should be consistent with your interests and your passion.

You know, we all like to talk about passion and interests, but at least to me, it wasn’t crystal clear as to what I wanted to be, what I wanted to do when I started my career. But I did know that I had a big and growing interest in things that had to do with the economy, things that had to do with the market, and that is how it started for me. And throughout my career, I just wanted to make sure that whatever I did pulled me in that direction, not away from it. And I think that is all it takes. You want to be heading in the right direction, generally speaking. It’s like being lost in the jungle. You need a compass, which tells you that way is north, the way out, and you just keep trudging along. And so, I guess if you stay the course, then things have a tendency to become much clearer over time.

What is the process by which an initial interest in a field like investments develops into a passion over time?

Well, there are many factors that play a role in converting an initial interest into a passion. Having a good mentor at the start of your career is one. When GIC was established, few people in Singapore knew much about investments, so we brought in experts to help us. I had an American manager who taught me the ropes on equities. I was very fortunate to have him as my mentor. I just fell in love with equity investment from Day 1. So, the more I learned, the more my appetite kept growing for wanting to learn even more. And it was all very satisfying and rewarding. You kind of feel good about what you are doing, and you know you are in the right place. So, I think it’s discovering by doing. The more you do, the more you discover whether this is really what you want to be doing for the rest of your career. And if it isn’t, you should cut your losses and change directions as soon as you can.

There were moments in my career when I wondered if I could stay on at GIC. So, this was not so much about whether I was in the right industry. I knew I was in the right industry. I was enjoying investments. I loved investments. It was more about whether GIC was the right place to grow in my career, in my professional development. There were few of those moments, and they had to do with the direction of the organization and the personal growth opportunities. And fortunately for me, things always worked out at the eleventh hour in my favor. I just stayed on and kept growing—with different assignments, different areas of investments. I started out by just doing one market in equities, Japan, and then another market, US, and then global equities.

Then, I was presented with the opportunity to set up a unit within GIC that focused mainly on asset allocation. This was, again, a heaven-sent opportunity. And so, over a period of about 10 years I helped to develop this unit from scratch. At every stage of my career, I would say there was something new to be learned, a fresh challenge that kept feeding this passion for investments.

That’s very interesting, and I want to come back to this career path of yours. But talk to us a little bit more about the importance of a mentor at the start of your career.

It was absolutely critical. I was very fortunate. I had this American gentleman as a mentor. Unfortunately, a few years ago, he passed away. He was a specialist in Japanese equities, brought in on a three-year contract, with specific terms that he would help grow a local team. I was his first student during his tenure at GIC. I learned a lot—you know, how to look at a company, how to interview company management, what to look out for—basically, how to pick a stock. It was a fantastic learning opportunity, and he was really keen to impart knowledge. This personal, caring approach made a ton of difference. It made the whole experience so much more enjoyable, rewarding—going on business trips, engaging with him. He could be very tough at times, but he set a very high standard, which he did not compromise at all.

Do you think your experiences and level of success would have been very different if it wasn’t for this great mentor?

Yes, I really do. Having a good mentor is critical, especially during the first one or two years, when you are green and discovering like a child—learning how to walk and then learning how to run. If I hadn’t had a good mentor to guide me, encourage me, and at times chide me in the spirit of helping me become a better investor, then that experience would have been quite different. I might even have been turned off [to] investments altogether.

From a career management point of view, when we evaluate jobs or job offers, it would be important to understand if the prospective manager we are going to be working for could become our mentor.

Yes, I think you want to work ideally under somebody who is a good mentor and who is secure about himself. When you are insecure, you start engaging in politics, and that can be very demotivating. You take your eye off the ball. Instead of focusing on investments, you are more concerned about non-investment things—like constantly watching your back. If you devote your energy to those kinds of issues, then you are in the wrong organization or you are working for the wrong person. Or it could be both.

So, the first issue is, am I in the right industry? Then, am I in the right organization? Finally, am I reporting to somebody I can respect as a mentor? If these things don't fall into place, then it is harder to do well in your career.

How did you deal with situations when you were in conflict with your manager?

Thankfully, there were people higher up who were not blind to what was going on. They were genuinely interested in seeing the younger officers grow. So, being in an organization that cares about the career development of the younger people matters a lot. If there were impediments that prevented young people from learning and moving up the ladder, someone senior in GIC would take responsibility to address the situation. You shouldn't have to fight those battles by yourself. If it is a good organization, you should be spending 90%–99% of your energy on the task at hand, which is to be on top of your portfolio, the market—you know, being performance driven. Let the higher-ups worry about the other issues. At least that is *my* definition of a good organization.

So, compatibility between personal values and corporate culture is really important.

You hit the nail on the head. Corporate culture is absolutely important, next to your own passion for the job. Being in an organization where the culture is positive, brings out the best in you, and is consistent with your own personal values is so, so important.

What are your professional core values?

They all start with the letter *i*. Integrity: I guess in any field, it's the one thing that cannot be compromised—personal integrity. Be true to yourself, be true to the people you are working for, and always speak the truth regardless of the consequences. You don't have to be too philosophical or complicated about it.

After integrity, innovation, to me, is very high up the list. In order to do well in a very competitive arena like investments, you have to innovate. Think of a better way of investing, a better way of evaluating opportunities in asset allocation, which is my primary focus now. Think of a more efficient way to deliver good risk-adjusted returns.

And the third one is initiative. You need to take the initiative to do things, even if it appears a little risky. It overlaps a little bit with innovation, but some people can be very innovative conceptually—on paper—but not be willing to act on their ideas. Quite often it's the thought, "What if it turns out to be wrong? What if it is a failure? This could be bad for my career," etc. You end up maintaining [the] status quo, either in terms of your own professional development or for the organization. So, to me, the "three *i*'s" are very important core values. Again, I am fortunate that GIC's culture embraced these values.

Many successful people I have interviewed told me that they never planned their careers formally, never engaged in career management formally. But in the initial stages of their careers, knowing what they know now about career management would have been very helpful. What is your view on this?

I see their point. I think being aware of the things we are discussing can maybe reduce some of the anguish that you might experience along the way. Am I on the right path? Am I in the right organization? Am I working for the right boss? So, knowing what to look out for, knowing who you are, and knowing what really matters in the long run, is very helpful. And, if it can help you shorten the discovery process—making the right choices—then I’m all for career management.

Share with us one or two mistakes that you may have made in your career that, with the benefit of the career management knowledge that you have today, you would not have made.

One or two? My list is much longer. My first boss used to tell me that if you can be right in investment decisions just 51%–55% of the time, then you are well ahead of the game. In other words, expect to make mistakes. I believe that is a good philosophy generally, in line with what I said about being innovative, taking the initiative. You have to take risks, and some will not play out in your favor. So, a lot of my mistakes were investment decisions that did not turn out well. Career opportunities—harder to say. Had I accepted an opportunity outside GIC when it arose, would I have been happier, more successful? I don’t know.

What does it take to be a good equity analyst or a good equity portfolio manager? What qualities and attributes?

It helps to have a nose for value and be disciplined in not going too far with the flow. I believe there is a place for momentum. But one should not be too dogmatic. I’m not, in that sense, purely value driven. So, valuation is a good starting point, and then you add to that other perspectives that can help you evaluate companies and markets from various dimensions.

Being analytical also helps, but not in a very rigid way, not purely quantitative. I am a believer in quantitative analysis. It adds rigor and discipline to the process. But it is not the be-all and end-all. Investment decisions should not be treated like an autopilot, black-box process. Judgment in the end is still very important. It is both a science and an art to be able to blend all the factors.

So, you are saying learn the signs, learn the techniques of security valuation, learn the quantitative methods and whatever is needed to be, technically, an expert, and then apply the art? Let’s talk about being innovative. Some people say that being innovative

is in the genes. You are either born with it or you are not. It is difficult to teach people to become innovative. Do you agree with that?

I am not an expert on the theory of innovation. But, speaking for myself, I have always liked tinkering with new ways of doing old things—asking myself, “How can something be done better?” I was fortunate to be in a corporate environment that encouraged innovation, starting with a good mentor in the initial years who nourished it. Whether it can be taught? I guess if you start the process early enough, then you could help a person develop it. I think the desire to find a better way to do something is probably latent in a lot of people. From there, it is probably a question of how much it is encouraged, to what extent it is allowed to blossom. If your parents constantly put you down for being curious and wanting to experiment, I guess it gets nipped in the bud. Then, you can’t blame the person for not being innovative later on in life.

At each stage in my own 30 years in GIC—such as when I was given a mission to set up and grow the equities department, to set up and grow the asset allocation unit—it was clear to me that we had to practice and preserve this value of innovation. Something I have stressed to my team from the outset is that if you want this team to be successful, then we have to be innovative. We have to first find out where the state of the art is and see how we can help push the envelope one step further, even if it is a small step. But just making the effort itself can be immensely enjoyable and rewarding.

How would you characterize your management style?

I think it is important that the walk match the talk. I am very comfortable giving people lots of discretion—after telling them what is the target, what is the unit’s mission, or what is a particular assignment all about. How they do it? You want to leave it to them as much as possible, to encourage innovation and initiative.

To summarize, the core principles of career management are . . . ?

One, never go against your own core values; don’t take the shortcuts on ethical standards. And don’t spend too much of your energy on organizational politics. You might win a battle here, a battle there, but believe me: You are going to lose the war eventually. Someone someday will discover that you got there on your ability to step on somebody’s head or somebody’s toes. Two, be careful in your choice of organization. Find an organization that is true to your core values. Three, if possible, work for a boss who can also be your mentor.

GEORGE U. "GUS" SAUTER

Retired Chief Investment Officer and Retained as Senior Consultant, The Vanguard Group

Gus, thank you so much for taking the time to meet with me today. We are here to learn the “secrets of success” from you! So, maybe we could start with a little bit of your educational and professional background.

As far as my academic background, I went to Dartmouth College for my undergraduate degree and the University of Chicago for graduate school. I started off as a math major and got to a point where I wasn't really sure where I was going with math, so I changed to an economics major. So, I was an economics major with a minor in math, if you will. And I studied quantitative finance in my MBA at the University of Chicago. I had a strong interest in investing throughout my academic experience.

For my first job, I worked for a year in Boston for Chiquita Banana—the United Brands Company—and really had done very poor planning in trying to get that job and took kind of the first thing that came along. It was a difficult market environment in 1976: We were recovering from the 1973–74 recession, the first oil embargo. And so I took the one job that came along, and it was not very stimulating, not very challenging. That only lasted a year. The company moved from Boston to New York City, and I elected not to go to New York. Then, I went to the First National Bank of Boston in my second job.

Again, I probably took something without doing enough homework, without investigating enough other options, and found myself not being challenged once again. But I did know that I was going back to business school, so I knew that I'd have an opportunity to start anew. I always knew I wanted to get into investing, and neither of my first jobs were at all aligned with investments. Even the First National Bank of Boston was a retail banking position.

In business school, my background was finance and investing, and I thought I really wanted to go that way, but a job opportunity came along in commercial real estate development, and I also had an interest in real estate and building things. So, I took a job with a national—smaller national—real estate firm. It's a full-service real estate firm, so they did everything from financing to leasing, property management to development. And I went into the

As the chief investment officer of The Vanguard Group, Gus Sauter oversaw almost \$2 trillion in fixed-income and equity mutual funds. He is an influential thought leader of the global investment industry. Mr. Sauter is a graduate of Dartmouth College and the University of Chicago and joined Vanguard in 1987.

development side. I was actually transferred from the Chicago office to the Denver office before I even graduated and started in Chicago.

After a couple of years, an opportunity came along, a friend-of-a-friend sort of thing. Basically, this friend of a friend had some gold-mining claims. So, I thought, "Well, I've worked on the commercial real estate development side, putting financial arrangements together to build office buildings, I could build a gold mine." So, I put a venture capital deal together and developed a gold mine.

It took me three years to drive that under, and then I realized that I absolutely had to get into investment management. It was really my life's love, and I had never pursued it. I had a very good friend from business school who was moving up the ranks quickly at PIMCO. He convinced me that I had to get into investment management.

So, I started interviewing and was resolved that I was going to get into the investment field. But I was also resolved that I was going to move back to Ohio, which is where I am from. Unfortunately, there's not much of an intersection between investing and Ohio. I ended up working for a regional bank in Ohio in a trust investment position, and it was a good opportunity to get into the investment field. And after a couple of years there, I had the opportunity to come here to Vanguard, and my career just developed from there.

So, I ultimately knew where I wanted to go, but it took a long time to get to where I really wanted to be.

And then at Vanguard, how did your career evolve?

Since I had an academic background in quantitative investing and computer models, one of the opportunities I had working for the regional bank in Ohio was to develop a quantitative process for managing active equity investments. As it turned out, Vanguard was looking for someone to develop a quantitative program and at the same time run the index group, which was very small at the time—about a billion dollars, about 3% of Vanguard's assets—but Vanguard was very committed to building that out.

So, in 1987, two weeks before the crash of 1987, I started with Vanguard. And actually, I started in somewhat of a predecessor position to my position today, a slimmed-down version of it. I started on the equity side. There was only one other person in the equity group. We had three different portfolios to manage, and they were all index funds, all S&P 500 Index funds: two separate accounts and one mutual fund account.

I came in as the head of the equity group. The other person had been managing it on an interim basis because the prior manager had gone off to get a PhD, and so it was just an

opportunity that came along, rather fortuitously, through networking. It turns out that Jack Brennan, who became chairman and CEO of Vanguard, was a good friend of mine in college, and we saw each other at our 10th reunion—when I was working for the First National Bank of Ohio. He asked my wife what I was up to, and she mentioned I was working on this quantitative investing program. Because Vanguard wanted to expand that capability, he told Jeremy Duffield, who would become my boss, that he might want to give me a call. Jeremy followed up, and we started talking, and I had the opportunity here.

Over time, my career at Vanguard progressed somewhat in a siloed path, just running more and more equity funds. But over time, we kept growing the equity index business and within three years started an active quant business as well. So, I had the opportunity to grow both of those. And then 15 years later, our head of fixed income retired, and I was given the opportunity to run the fixed-income group as well. It was the first time that we actually created a position of chief investment officer at Vanguard.

So, you are overseeing about a trillion dollars of assets?

Yes, about \$1.8 trillion.

Wow. So, did you plan your career in some fashion? Did you think, “OK, at some point, I want to be running this place from an investment point of view,” so you managed your career, planned your career to achieve that goal, or did it just happen?

A little bit more of “it just happened” than intentional management of a career. I definitely wanted to run the equity side of the business, which I was fortunately given the opportunity to do right off the bat (probably when I was a little underqualified—hard to say if I was at that point of my career). But the business was so small that I had the opportunity to grow myself as we were growing the equity business. Vanguard was an incredible place to do that because Vanguard was so committed to building out the index business and the active quant business. And I certainly wanted to be head of the equity group and also participate at the corporate level, not just manage the equity business day to day but also be involved in managing Vanguard, and I got that opportunity in 1996.

Jack Brennan put me on his senior staff, and I was running the equity side of our business. There were nine of us on senior staff, each running a division. Really, it hadn’t dawned on me, or I didn’t set it as a large career goal, that I wanted to be Vanguard’s first chief investment officer or even manage the fixed-income group. When it became apparent that the head of fixed income was going to retire and Jack Brennan approached me and asked me if I would consider taking the job, I thought about it and thought it actually would be a very interesting career challenge, to do something new. That was in 2003.

Your background up until then was all equities?

Yes, plus participating on senior staff to help manage the broader Vanguard business.

So, this was a new area for you. Were you scared?

Well, yes. There's nothing quite like being the dumbest person in the group. Obviously, managing fixed-income professionals who had quite a lot of experience under their belts was very challenging. But, hey, I wasn't totally ignorant about fixed income. I obviously, through osmosis and academic experience, had some knowledge about fixed income but clearly not the day-to-day experience or expertise that the senior investment professionals had in the fixed-income group.

So, yeah, that was a bit challenging, and it took a while to get up to full-speed talking lingo. But the good news was that ultimately, it was largely a position of managing people and empowering them to manage the portfolios and manage the group on a day-to-day basis, so I was more of a people manager than an intellectual leader.

Just to develop this aspect of your career a little bit, a lot of people I have interviewed have told me that one of the reasons why some individuals are not successful and do not achieve their career aspirations is that they are afraid to take risks and afraid to jump on opportunities that present themselves. And this seems to be an example where you were presented with an opportunity, you believed in yourself, and you did it. So, from this experience, what could you tell professionals about how to deal with these opportunities when they arrive, how to analyze that?

I see two things. Number 1 is do your homework; prepare yourself many years in advance so that you have some level of experience or knowledge of what you are getting into. I would not recommend that people bite off more than they are capable of ultimately handling. I had previously turned down a potential opportunity at Vanguard because it didn't interest me and I didn't think I would succeed. You may not be quite ready for the position on Day 1, but you should start preparing yourself many years in advance, even without the expectation of ultimately getting the position. And when the opportunity comes, I think you are right that it does take some self-confidence to take the risk of potential failure, but if you have prepared yourself and you are willing to grow in the position, it usually works to take that risk.

So, prepare yourself and be willing to accept an opportunity if you have a feeling it is something you can succeed in and, I'd say, have a passion for. My experience has been that personally, I don't do well at anything that I don't really enjoy doing. I find I succeed when it's something that I'm very interested in. The broader field of investing is very interesting to me, and fixed income obviously is a portion of that. To me, it was an opportunity to challenge

myself, and even more, I'd say that one thing young professionals should have a thirst for is knowledge—continually learning more and trying to get experiences. There is both academic knowledge and experiential knowledge, and I think they are both incredibly stimulating and important.

And is that more important at the initial stages of your career?

I'd say at the initial stage, probably the academic and technical capabilities are more important. Clearly, you won't have had the opportunity to have the experience. I liken it to professional basketball players. When they are young, they exceed because of their athletic skills. When they get older, they succeed because they know how to play the game. They know how to hold someone and not be called with a foul; they figure out what the shortcuts are as they get older, through experience. As you get older, you don't have the same level of intellect that you had when you were younger, but you are now offsetting that with experience.

So, yeah, when you are younger, take advantage of what's necessarily going to be your stronger suit, and that is going to be your intellect because you haven't had the opportunity to develop your experience.

Your experience up to a certain point was primarily in investments. It was content driven; you were more interested in running equity portfolios. The CIO role is much more of a management role—people management, process management, and so on. It seems that managing investment portfolios and managing people and processes are somewhat unrelated jobs. How did you acquire the additional skills needed for the CIO role?

My initial aspiration was to run money and to be a portfolio manager. And I did have the unusual opportunity that, although I was able to run money, I was also able to build a group and manage people. I would say that initially, I wasn't very good at managing people because I was like so many young technical people: You have to do it all. I was too involved, down in the weeds, and quite honestly, I didn't provide opportunities or enough responsibility for other people in the group.

I guess the turning point for me came when, over the years, I just became too busy and couldn't do it all. And finally, in some respects, I was forced to allow people to assume greater responsibility, and that's when I really started growing—when I allowed other people the opportunity to grow themselves. I started making the shift from being a portfolio manager to being a people manager. And quite honestly, I wasn't sure how I wanted to go with my own career. Did I want to step back away from money management and become much more of a people manager? Nobody says, "I want to manage portfolio managers when I grow up." You want to be a portfolio manager when you grow up, right? But I found that as I empowered

other people more, I personally was growing, and as a group, we were able to accomplish a lot more.

Back when I was still running the equity group, I started, in some respects, learning through the school of hard knocks and, in other respects, learning through our own training classes that we had here. By the time I had the opportunity to assume the CIO role, I was much better prepared for it because I was at a point in my level of self-confidence and in my own career that I could empower people and have them run things on a day-to-day basis. So, when I received the responsibility for the fixed-income group, it was natural for me to turn to the senior people there and allow them to make the decisions and have the responsibility for running the group, and I was giving them a higher level of direction. I think the only reason that I was able to succeed was because I placed that level of confidence in the people; I didn't have the same intimate knowledge of fixed income that they themselves had.

Gus, you said many insightful things in your response, but one particularly struck me. You said, "That's when I really started growing—when I allowed other people the opportunity to grow themselves." Can you elaborate on that a bit?

Ultimately, the goal is what the team can accomplish, what the business can accomplish, what we can do in terms of output and performance. And what I realized was that I was the limiting factor—that people collectively can make better decisions and deliver greater output than one person can individually. So, hopefully, it's more than just additive. It's exponential in that you are gaining efficiencies in a situation where the whole is greater than the sum of the parts.

The other good thing that I did in my career was getting very strong people, people who were very capable and who knew what they needed to do and could step in and work side by side with you.

As a manager, what do you think is more important in the context of the team: to leverage the natural strengths of the individuals or to put an emphasis on developing their weaknesses?

First of all, you need the right people culturally who fit into the organization.

Next, I find that, although it's important to help people address some of their own weaknesses and opportunities, it's also important—I believe it is actually more important—to help them leverage their own strengths.

We all have some rough spots that we can smooth out a little bit, but we may never become an expert in these areas. But there are other areas where we really excel. So, make sure that

you round off where there are some rough spots, but really leverage people's skills and put them into a position where they are going to excel. And I find that they are typically more excited about doing things that they really excel at.

From that perspective, do you think it's easier to create balanced teams than to create balanced individuals?

Yes, I do think that is true. People can complement each other much better than they can be superstars across all different endeavors.

You talked about corporate culture. Were you ever in a job where you had a cultural conflict with your employer?

I never had a cultural conflict. My core values have either aligned with my employer, or I didn't find that the employer had any core values. They were just running a business. In fact, not too many of my first five jobs had much of a corporate culture. Most of them, I only worked for two or three years. Here at Vanguard, my own personal values have been so directly aligned with the company values that I have never found myself in conflict, which is one of the reasons I came here, one of the reasons I stayed.

When you joined Vanguard, did you know what the corporate culture was, what the core values of Vanguard were?

Not to a great extent. Vanguard at the time was still a somewhat smaller company. It was not nearly as large as it is today. We were the ninth-largest mutual fund provider when I first started. So, I had some information about it. I understood the ownership structure, which is unique and drives the culture, but I wasn't totally aware of how significant the culture is. But within one week, I realized that this place really is different, that what motivated people was very different from what I had experienced before.

Vanguard has a very strong and unique corporate culture. During the hiring process, how do you ensure a cultural fit? I assume a cultural fit is important to you.

Cultural fit is a minimum hurdle. You can live with everything else, but if you don't have a cultural fit, it just doesn't work. We have a lot of people interview someone before I will talk to that person. I'm usually the last person to talk to somebody we are hiring at the senior level. I'm asking the other people who are interviewing the candidate to ascertain what the person's technical capabilities are and assess somewhat the cultural fit. By the time they get to me, I figure we've vetted them enough to know that they are technically capable or we would have short-circuited the process along the way.

So, I'm looking more for cultural fit than for anything else by the time I'm talking to a candidate. I'll check out some technical capabilities and experience just to make sure I don't find a skeleton that no one else has found, but I'm really looking to make sure they fit culturally. Like any other company, when you are hiring people, there are some people who are just not going to work out, and it's a very difficult environment when you find someone who is talented and experienced but who doesn't fit into the culture. Usually within a year, the relationship breaks. And that is just very painful, so there is an absolute minimum hurdle you have to get over: the cultural fit.

Let's look at this from the perspective of the candidate. If I am interviewing for a job (and assuming I know what my core values are), how do I, during that interview process, assess the culture of the company? What do I need to do to make sure I'm not getting into a misfit situation?

Even before you get into the interview, you need to do as much homework as possible on the company and learn as much as you possibly can. Nowadays, so much information is so easily available from the internet and elsewhere. So, do that homework, and when you have the opportunity, ask the employer what the mission of the company is. What does the mission statement say? That mission statement better be aligned with your core values, or you might as well start looking somewhere else.

In my career, I wasn't selective enough to begin with. I took jobs as they came along and didn't do the type of homework to make sure that it was going to be a place that I wanted to be long term. So, I would recommend checking out the mission statement and then looking for examples and listening to how the people think.

Our core values are strongly centered around the investor, and if I knew that coming in here, I'd listen to see how the managers talked about investors and if they were focused on what they said they are focused on, or is it just lip service? Do we have a hollow mission statement? So, try to ask pointed questions, and make sure that people are actually living what the mission statement says.

Everybody is going to have a mission statement that sounds rather altruistic, but you need to ask the questions that can uncover whether or not people really live that. Some simple things that I look for are, What type of environment do people want to work in? Do they want to be in a team environment, or do they want to be in a star culture? Neither one is right or wrong. It's just what you prefer. Our world [at Vanguard] happens to be a team orientation. We find that people who are oriented toward a star manager system or star culture hate it here, and they don't excel, and ultimately, they leave. So, how a team is oriented is a very easy thing to find out, particularly in the investment world.

Another thing I'd try to figure out is if your personality is going to fit into the organization. Do the people who are successful here have a certain personality type that may or may not match your own? Or are they from all different personality types? And if they are all of the same personality types, if it's not your own, that may not be a great place to be. But if they are very accepting of all personality types, and you find introverts are succeeding along with extroverts, it may be a place where you can fit in.

What are one or two factors that you think contributed to your success?

The first is being prepared both academically and experience wise. Get the right background for success. And second is having an appropriate network or mentor or sponsor along the way. I've been fortunate that I had a number of people who helped me through my career and found opportunities for me. And in some respects, we all need some breaks. You can be the most qualified person in the world, but without any breaks, you never get the opportunity to demonstrate it. So, I think you need to be qualified to do something, but you also need the opportunity, and that's where the network comes in.

The first thing you mentioned as a factor for success is knowledge and experience. Could you elaborate a little bit more on that?

First, you need to be patient. I know for myself, I was impatient, and I thought I had to be at the top by the time I was 30—very young, naive approach.

Second, you need to recognize how you are growing along the way. I made a lot of missteps, and I could have been a lot more efficient in building my own career. But not taking a short-term view is important. Realize that it may take you many years to get to what your ultimate goals are, but each step of the way, make sure that you are learning something.

If you are working for a company and you have opportunities to apply for new jobs, make sure the job is helping you grow in the direction you want to grow and is not just more money and a higher job level. That type of approach can take you down a path that you can't ever turn back from. If you develop to a certain level in your career going down the wrong path and you realize that you want to be on the other path, you might have to take a very painful step back—taking pay cuts, stepping down in seniority to almost restart your career.

I think it's important that when you come to these forks in the road that you make decisions that take you where you want to go. So, what's important is being cognizant of what you want to accomplish but realizing it's not going to happen overnight. And don't just jump on something because it happens to be a promotion; if it's going in the wrong direction, you aren't progressing. You really need to invest in yourself. It's much like investing itself. People who try to get rich quick usually end up going broke. It's more slow and steady that wins the race.

How important has continuing education been throughout your career?

You have to retrain yourself constantly. If you don't continue to grow through continuing education, you will be passed by. There are people who are very qualified for their jobs when they take them, and 10 years later, they are no longer qualified for that job because the job itself grew. So, as the world grows, you better be willing to grow too.

There are a number of ways to continue to prepare yourself. There are training classes you should take advantage of. There are academic opportunities. I know for myself, I go to conferences where I'm going to learn, in an academic sense. I take training classes where I'm going to learn more people management skills. And then, keeping up with current events is vital, reading the paper, reading everything you can get your hands on. It is absolutely critical to continually retrain yourself; otherwise, you are just going to fall off.

How much time do you spend reading?

A couple of hours a day—two to three, probably.

And how many hours do you spend in meetings?

The rest—9 or 10.

I want to come back to something you said earlier—that you were quite passionate about investments at an early age.

I was always intrigued by money. I liked what it could do for you. When I was maybe 8 or 9, even 10, I started a neighborhood bank. I shouldn't say this because I probably violated a lot of banking laws. I asked my parents, "How do banks make money?" They told me they take in deposits, and then they invest them. So, I went around the neighborhood and collected some money and put it in a savings account. It was all I could do at the age of eight. But I don't know what drove me to have that interest. I bought my first stock when I was 12. I got a paper route when I was 11 and saved up money and bought my first stock. I was one of the original owners of the Cleveland Cavaliers by the age of 14. It was nothing that I could develop; it was just something inside of me from Day 1.

So, when I asked you about factors contributing to success, you didn't mention passion as one of the factors.

I think it almost has to be a given. I know for myself, and I know I observe in many people, that I excel at what I really love doing and struggle at other things. So, yeah, I do think to really excel, it's a given that you have to have passion.

Let's dig deeper into that, why is passion so important for excelling?

I guess it is that if you have passion, you are going to have a natural desire to learn more and more about it. So, Number 1, you will stay current. You'll just become more and more knowledgeable about it out of desire, not because you have to. I think it truly will become more of a hobby than a job. I love going home and pulling down statistical data that can help me understand what is going on in the economy or investments. And it doesn't necessarily have anything to do with work. It's a hobby. Indirectly, it does affect my work. So, I think you also become more willing to make certain sacrifices. To be successful, it's not a part-time job, and I think it's hard to stay focused on something and work very hard at it if you are not very passionate about it. It's the old saying "Love what you do, and you never have to work another day in your life." It sounds a little bit trite, but I think it's true.

In your case, you are very fortunate because you appear to have been born with some kind of genetic thing to have started a bank at eight years old. But most people when they start their careers don't really have a passion for the job that they are doing. But somehow, they develop a passion over time. Can you provide some insight into how that process might work? How do you develop a passion over time?

Developing passion probably comes from being exposed to many different things and realizing there is the opportunity to pursue an interest. Clearly, at some point in time, I developed this interest in investing and money, but it was because of an experience I had.

If you are young and you don't really know what direction you want to go, then you should be trying to get as many experiences or as much exposure as possible. And obviously, you can only work at so many things in a limited amount of time, but you can learn a lot more from talking to people, from reading, just trying to understand all of the different opportunities there are. So, just try to become more knowledgeable, and you'll find something that you like. It would be sad if you don't.

What if somebody starts off in the field of investments with passion and 15 years into it, doesn't like it anymore. What should you do then?

My advice would be to change careers and do what you really want to do. In some respects, life is long, but in a lot of respects, it's short. And I just don't think you are going to be truly fulfilled if you aren't doing what you like. We had a person in our fixed-income group who went off to the Peace Corps. You can't make it much more different than that. And they just found for themselves that the passion burned out or maybe they made the wrong selection to begin with, and they really wanted to do something else.

Is passion more important in our industry than, say, the steel industry?

The investment industry is a very difficult business with a tremendous amount of competition. It's somewhat Darwinian in that there are lots of people who want to get into our industry and only a certain number of jobs; if you don't continually raise your game, you basically are going to fall out or you have to settle into something over time that will put you to sleep.

One of the things I loved about the investment industry is the fact that every day is different. There's always a new opportunity. We're only limited by our imaginations; if you are not passionate, you probably are limited by your imagination. It is an industry where I don't think you are going to succeed without a lot of passion.

Did you ever work for a manager that you didn't get along with very well?

I have always gotten along with my managers. There were certain styles that weren't as motivating as others from a personal standpoint—actually, two on opposite ends of the spectrum. One was almost benign neglect, where there was no direction whatsoever, and basically I ended up doing a very clerical type of job because there was nothing to continually grow the job.

The other was micromanagement, the other end of the spectrum, where my manager didn't necessarily trust my decisions and didn't give me the responsibility to carry them out—second-guessed a lot of what I was proposing. That manager ultimately bought into what I was saying, but in an odd way, he was trying to motivate me by intellectually challenging me when I had come up with proposals. But it was a bit too much. It felt like I was being micromanaged and never trusted. I think in his mind, he trusted me, but he thought it would be motivating and did not realize it was having the opposite effect.

How did you deal with those situations, and from that perspective, what advice would you give to individuals who are confronted with a very difficult kind of manager?

In the first instance, the way I dealt with it was that I got out of the situation. I quit the job.

That's one solution.

In the second case, I learned how to work with my manager. I learned his style and figured out how I could make it work with my style.

What specifically did you do?

I gave him more background along the way. Rather than coming up with proposals, I let him know what I was thinking very early on, before I had a fully developed process or thought.

I had to have a little resolve myself to be able to deal with his style, recognizing it was his style and not let it demotivate me.

What drives a micromanager? Is it lack of confidence in others, or is it too much self-confidence?

I suffered from being a micromanager to begin with, where I felt that I had to do everything. It's because you do have confidence in your own skills and you're not willing to trust your coworkers to the same degree. You are not willing, in some respects, to risk your own career or your own reputation on output from them. You want to double-check everything.

What I found for myself was that I got to a point where I increased my trust in the people I was working with and realized that I had to do that; I recognized the capabilities they had. I think micromanagers are just in an early phase of development, that they have a certain degree of confidence in what they can do and less confidence or trust in what others can do.

From your own professional experiences, what are some of the things that you consider to be the absolute dos and don'ts of career management?

I would be certain to never burn bridges. Even if you strongly disagree with the direction your boss wants to go in or the direction that the company is going in, I would figure out how far I could push and then not push further than that. If at some point you resolve to leave, extract yourself from the situation, but hopefully, it never comes to that. I had a boss I knew exactly how far I could push, and I probably pushed him more than anyone else did, but I also knew when to back off. And I didn't feel like I was compromising. I don't think you ever want to compromise your own ideals, but know how far you can push.

Live to fight another day. I found that to be very successful. Push so far today, come back a couple of days later, and you find that you can push a little bit farther and frequently get to the spot you want by doing it incrementally. But if you push somebody too far into a corner, they come out swinging, and then you'll never get to that spot that you want. So don't ultimately burn your bridges; don't ever compromise your ideals. It's possible that you have to leave the company if the company wants to pursue business in a certain fashion that you don't agree with. Can you turn that freight train around? Probably not. Then, you probably need to start looking around.

If you were to restart your career, what would you do differently?

I would have come in this direction much sooner, toward investing. I took that first job only because it came along. I didn't get into the field of investing until I was 31, and so, I had a

number of years where I could have learned a lot more and ultimately accomplished more in my career.

So, it's really important to figure out what you enjoy doing and get doing it quickly?

Exactly. But I think one good thing is, although I was spinning my wheels a lot in my early positions, I did learn something from them. So, it wasn't a total waste of time. There were things that I learned in my gold-mining experience that I still value today. It was an extraordinarily frustrating experience, but I find it to be valuable today. So to do over again, I would have gotten on the path a lot sooner, but at the same time, I don't feel like I totally wasted nine years of work without gaining anything.

From a career management perspective, for the next 20–30 years, where do you see opportunities and challenges in our industry?

On the challenges side, I think it's two-fold. I think one is regulation. I'm concerned about excessive regulation, that it's going to frustrate the industry and frustrate the returns people can get. The other challenge is for investors (and ultimately, their money managers) to be patient—to not be greedy, to not overlever, to recognize the risks they are taking and realize that building fortunes comes over time; it doesn't come overnight.

Insofar as opportunities, I'm always excited about the investment field because, as I said earlier, we are only limited by our own imagination. Although we are in a mature industry now, there are investment opportunities and ideas that will come down the road that we can't even imagine today. So, I think that it will continue to be a very exciting field.

And for somebody who is competitive by nature, who loves to succeed and loves to be measured every day, it is just an extraordinarily exciting industry. You know how you are doing. You can see if you are making money for investors or not, and you can do that on a daily basis.

You're clearly a top leader in our industry. You are very influential, and you oversee \$1.8 trillion in assets. Is that stressful?

Yes, my job is stressful. I've had three times in my career that have been extremely high stress, where chest pains turned out to be nothing but stress. The global financial crisis was extraordinarily stressful. And day to day, there's a certain amount of stress, but I'm fortunate that we have a great team here, and I stand on their shoulders.

How do you manage stress?

Through lifestyle things like working out, eating a very healthy diet, and then recognizing when I do have stress, trying to intellectually see through that and recognize that I need to just settle down. But it's tough.

Do you think you have a good work–life balance?

I think I've made sacrifices along the way.

In which direction?

I wish I had more time to spend with my family. I wish I had more time to relax. I haven't played golf in two years, and I love playing golf.

We do work very hard here; I work 12-hour days at a minimum. I think I've made sacrifices. I don't really regret them. I just wish the days were longer.

MOHAMMAD SHOAIB, CFA

CEO, Al Meezan Investment Management

Mohammad, how did you get started in the industry?

I started my career in finance on the project appraisal and project evaluation side. When I first got out of business school, I found it very exciting and very challenging to develop new feasibility studies for different projects. The group I was working for had a couple of manufacturing businesses, and it was expanding into some new areas, still on the manufacturing side. My role was to evaluate the feasibility of projects the company was working on. Very soon, however, the focus of the group changed to running the business, and that was the right place for me to leave.

My next job was supposed to be at a development finance institution (DFI), and again, I was looking forward to the role of working on different project appraisals. At that point in time, however, the firm was recruiting managers in several areas, so when I got to my job, instead of what I was looking forward to, the firm put me on the investment side, which was a completely new area for me.

Back then [in 1990], the Pakistani capital markets were not developed at all. Except for the financial statements, there was no research available to analyze and evaluate investments—nothing for evaluating the company and its shares and debt securities. It was certainly a very challenging position because we had to do a lot of primary research in terms of getting to the companies, getting to the management, trying to understand the business models, and evaluating the investment opportunities.

Mohammad Shoaib, CFA, is a seasoned professional with over 25 years of experience in Pakistani capital markets and the fund management business. He earned an MBA from IBA. Mr. Shoaib founded CFA Society Pakistan and has served as its president. In addition, he has been a member of the Asia-Pacific Advocacy Committee of CFA Institute and a member of the CFA Institute Global Corporate Governance Task Force, working to develop international standards of corporate governance. Mr. Shoaib has also served as the CFA Institute Presidents' Council Representative for Asia Pacific. Prior to joining Al Meezan Investments in Karachi, Pakistan, he served as senior vice president and head of the capital markets division at PKIC. During his tenure of five years, the PKIC equity portfolio expanded from PKR60 million to over PKR3 billion.

Because the company placed you in a role that you hadn't gone into the company to do, were you concerned that it might not be the right fit for you? Did you think about going back to what you were doing before?

The first month, I was quite concerned. In fact, I went to my boss and told him, "I don't want to do this. This was not what I was looking forward to initially." But he did a lot of mentoring with me, and he told me that this is a more exciting area and that this is where the future is.

He explained to me that if you are looking at the project feasibility, it's a long process. It takes a lot of time, and you need a lot of patience. You develop the feasibility study for the project to get up and running; that's a two-year cycle or an 18-month cycle. But if you are looking at the companies that are already established and you are analyzing and evaluating their stocks and bonds, then you can quickly learn the outcome of your decisions.

In about a couple of months, I started finding it very attractive, and I thought that, yes, it was a good fit for me. I thought it was exciting and challenging, and I have stuck to that ever since. I've been in the area of investment management for the past 25 years now.

Once you moved into investment management, from that point forward, did you proactively develop your career? Or alternatively, did opportunities just seem to arise that you were able to take advantage of?

The opportunities were there, and I grabbed them. But at the same time, when you are in your 20s or at the very early part of your career, I think the key is whether you enjoy the work or not. If you enjoy the work, you don't lose motivation, and that is the key to a good career path. I enjoyed my work, so I stayed in the field.

Since learning that you enjoy the field of work you are in—and you said that you've been in it for 25 years—have you ever found it challenging to continue to enjoy the field? Or has it consistently been a field that you've been passionate about?

There have been ups and downs during my career. So, yes, there have been situations when the markets were against me or when my investment decisions were going wrong. And obviously, I would be very unhappy and I would feel bad about it. But at the same time, it gave me the motivation to improve on my work, to improve the quality of my work and refine the techniques that I used.

I would say that throughout my career, I have been inspired and passionate. My career has progressed in such a manner that I've always faced new challenges, and that has kept me motivated. For example, during my career, there has been so much improvement in technology, so much information available. Today, collecting information is not an issue; information

management is the key issue. In the initial part of my career, it was very challenging to collect information, and then later, the challenge became to handle information flow and decipher it to make right and timely decisions.

In the course of your career, what professional skills have had the most impact?

I started my career around 1989. After three or four years—because the first three or four years you are trying to build your career and your main focus is on your job—I realized that to move to the next step, I needed to be better equipped in terms of my job. That’s when I came across the CFA Program. It was actually a coincidence. One of the candidates I was interviewing for a job told me about this qualification, so I asked him where could I find more information about it, and he shared some material with me. Let me remind you, there was no internet in the early 1990s in Pakistan.

Once I looked at the material, I thought that it was something I wanted to try. I actually looked at the study guide for Level I, and I realized that despite having a master’s degree in finance, there was so much more I needed to learn in order to excel in the investment management area. There was so much more to do.

After making that decision, it took me a little while to actually sign up because my job was very challenging. The markets had been very volatile. In 1994, we fought the emerging market crisis, which continued until the end of 1995, and we started getting out of it in 1996. At that point, I was able to have some time to think through it and started participating in the CFA Program. I registered for the June 1997 exam for Level I (there was no December exam at that time), and then I continued with all the levels. I was able to complete the program in 1999.

What do you know now about working in the investment industry that you wish you had known when you started?

That’s a tough one. The investment management industry in my part of the world has completely changed since I started. Today, my job is more about managing and absorbing the tons and tons of information that I get every day. Back when I started, the challenge was getting the information. So, because the world has completely changed, it is difficult to say what I could have known back then that would have helped me.

If you were mentoring someone who was starting out today, what advice would you give them about managing their career?

The most important thing is that you need to enjoy the work and you need to have passion for the work you are doing. Today’s professional life is very demanding; you end up spending 10–12 hours, at least, at your workplace or at least thinking about doing your work. That is

about 60%–65% of your active day of 17 or 18 hours, assuming 6–7 hours of sleep. If you are not enjoying it, then that means more than half of the time, you are not happy. You have to enjoy your work, so initially take your time and be very careful about choosing the career path or the area of interest that appeals to you—the area that you enjoy working in. That is the key thing, in my opinion.

You alluded to the fact that it's a very demanding profession. Has work–life balance been a challenge for you, and has it changed over the course of your career?

Yes, certainly it is a big challenge. Not only do I need to balance my professional life with my family and friends, but also, I've been a very active volunteer for many years. My volunteer time has been related to my profession, but again, it has been a lot of work. So that's an additional aspect that demands a lot of time.

I don't have any good advice as such for people on work–life balance. You have to understand the various demands on your time and carefully allocate the time to have a good balance. You need to have the support of your family if you want to be successful in a finance career. Trying to create a balance is not an easy job. Sometimes I had to sacrifice a lot of things in order to excel in my professional life or to continue my volunteer work. At the end of the day, that's what it takes.

Is it harder to find that work–life balance earlier or later in your career?

Earlier in your career, you don't have as many responsibilities, whether it be family or your professional life. As you progress in your career, as you grow your family and you have children, the family becomes more and more demanding. I would say later in the career it's more demanding, more difficult, to find that balance.

As you have progressed in your career (now being a CEO), what are some of the leadership skills that you've built over time?

When you are in the early part of your career, you have to excel individually, on the personal level, and you don't have to worry so much about the performance of your team or the department or the organization. As you move along in your career, it is very, very important to be a team leader, to motivate your team, and also to be a good manager. You have to manage not only your own time but also your team in an effective manner.

That is an area that I focus on more now—on the people management, on the development of leadership skills, on communication skills. These are the key areas that you need to work on as you go up the corporate ladder because unless you are able to communicate with your team and inspire your team, motivate them, you will not be able to get the results.

In an industry where there can be a lot of pressure to behave unethically or otherwise give in to greed, how can young professionals resist that pressure?

In my case, my religious values have helped me a lot. Honesty, transparency, and full disclosure—these are the values that I have believed in even before the fifth grade. They are qualities that my parents taught me, so that has been a good starting point for me.

Generally speaking, I would say it takes counsel and insight. And it is not difficult to be honest, to identify what is wrong and what is right. Your conscience will tell you, and you will know immediately what is right, what is wrong, and what is a gray area.

In circumstances where there is pressure to behave unethically, most of the time they are situations where the gain is in the short term. I don't think you can be a winner in the long term through unethical behavior. For example, in the area of managing money, credibility is very important. So, it is always better to err on the conservative side and to avoid things that you personally believe are not appropriate. Yes, in the short term, one can feel that a good opportunity is lost, but it certainly pays in the long term.

Any final comments or advice for people about managing their careers?

My main advice, as I said earlier, is to understand what you are going into and ask yourself whether you like this area and will enjoy working in this area or not. That is the key point. If you enjoy it, then you have a higher probability of being successful. If you don't enjoy it, then at the end of the day, you will not feel successful in your career and, professionally, you will not be happy. It is very, very important that you enjoy it.

JONATHAN STEIN, CFA

CEO and Founder, Betterment

Please tell me the story of how your career got started.

I got started in consulting to large commercial banks, and I never thought I'd end up being in finance. I had studied economics and psychology as an undergrad, and I really had a passion for economics and the social good that you can do by optimizing things. I was into behavioral economics, or the union of psychology and economics. I suddenly found myself in 2001, when the markets were not great and there were few jobs to be had.

Eighty percent of my graduating class in economics went to work in finance. I found myself with few great options except finance, so I thought, "OK, I'll go and do this." I used to joke that unfortunately my first job was helping the large banks make more money, which is not the most fulfilling thing to be doing, but I found it fascinating. I actually found it much more interesting than I thought it would be. I loved it. I was doing investment portfolio policy for large clients. I was doing product development, risk management. And I just fell in love with it. I got in really deep, and I was enjoying it enough that I wanted to earn my CFA [charter].

I began to think about business school. Some people presented options like, "You can either [earn] a CFA [charter] or go to business school." I remember all along thinking that I wanted to do both. I wanted to really get strong on the investing side—for personal reasons and for my career, I thought it'd be helpful—but also, I wanted the management training of business school. Fortunately, my company, First Manhattan Consulting Group—the firm I was working for—sponsored my CFA [charter], which was great of them, and I really think I wouldn't be here today had it not done that. It launched my career as [an] investment adviser.

Could you say a little bit more about the difference in what you took out of the MBA program and what you got from the CFA Program and how you put those things together in what you do?

I looked at the CFA [charter] as the credentialing on the investment side. I was learning a lot in my job about how to manage investment portfolios for companies, for individuals, and I undertook the CFA [Program] as a means to get really good at that, hone those skills, and to be able to tell clients or prospective partners or investors, "Look, I've done all of this. I have

Jonathan Stein, CFA, is the CEO and founder of Betterment. Prior to launching Betterment, he was a consultant for First Manhattan Consulting Group. Mr. Stein earned his undergraduate degree from Harvard University and his MBA from Columbia Business School.

real experience here, and I'm well credentialed." I think the CFA [designation] is unrivaled in that aspect. It's better than a top business school degree as a credential for investing.

Business school for me was about understanding all the other things that I hadn't had exposure to in my career to date. I knew about investing. I knew about product management, risk management, and the CFA [Program] core skills, but I didn't know as much about how to manage a growing business or marketing or company strategy. I wanted to round out my skill set and found that to be incredibly interesting and beneficial too. I needed both of those, I think, to be successful.

Tell me the story of moving from consulting, getting the CFA designation, and doing business school to being the founder and CEO of Betterment.

I decided fairly early in my time at First Manhattan that, ultimately, I wanted to start my own business. I felt a little bit like a fox in the henhouse. I'd been led into financial services to figure out what was going on and learn, but then I knew ultimately I wanted to start a business and take that knowledge and use it to build something different than the models that I saw. I thought about just going for it; after [becoming a CFA charterholder], I thought I could just go and do this. But I remember talking to lots of advisers and my family and people saying, "Why don't you do business school and you can work on the business while you're there?" That is what I did. I used the summer while I was studying to teach myself to code so I could build the first iteration of the Betterment website. I used almost all my classes there as a sounding board for the idea. I wrote the business plan for it for my entrepreneurial finance class.

When I graduated in 2009, we—my cofounder, our first employee, and I—got an office together and started really full time working on Betterment then. It was a year later, in May of 2010, that we launched at TechCrunch Disrupt in New York. We patterned that launch on another successful company that had launched at TechCrunch, Mint.com.

We're coming up on our six-year anniversary in couple of weeks, actually. I'm speaking at TechCrunch Disrupt tomorrow.

Oh, wow.

It's nice to be back there and on this side of that launch process.

That's fantastic, very exciting. From the fact that you intentionally worked through a lot of the "how to launch your business" thinking in business school, it sounds like you did plan your career in a certain sense. Thinking about your career and how it has progressed, what's the mixture of elements of it you planned versus elements that just

sort of happened? Thinking too from the perspective of, if other young professionals are thinking about their career, how much planning should they be doing?

You can only plan so much. I think of it as a little bit like portfolio management: You don't actually know what the future will bring, but you want to try to set up the best opportunities for future success. In portfolio management, you build a diversified portfolio. You don't know which pieces are going to outperform, but if you carry this basket, you're more likely to be successful in the long term. I wasn't actually sure if I would be successful starting a company. I thought it was something I had a chance to try, and I would rather try that while I was younger and I had a chance.

I knew the stats and the data, how unlikely one is to succeed, but I was willing to take that risk. I didn't have a family at the time, and I thought that this was a good bet to take. I took the CFA [exams] and got the CFA designation not knowing for sure that I would be using it in this way, that I was going to start a company in investment management. But I knew it was a good designation and something that would put me further down a path and be valuable to whatever future career I took.

You mentioned an element of taking a risk there. Thinking about launching your own business and taking that risk, did you go into it with something in mind as a backup plan? Or did you always think of it as “I'm all in on this until I'm not”?

I definitely had backup plans, always. I think I tend to be an optimist in my outlook but a pessimist in my planning. You want to plan for the worst and hope for the best, right?

Sure.

I think having the CFA [designation] was part of an insurance policy in effect, too. I knew I could always fall back on that. There are plenty of great jobs you can get as a CFA charterholder, and that just increased my comfort in taking a risk.

Are there elements of your career story so far that you think back on, or even thought of at the time, as a real challenge or something that maybe was a setback?

There have been challenges all the way. Every day has had its own challenges. Every year has a new type of challenge. In the early days of Betterment, the hard thing was building it. It was a two-year regulatory process to get our approvals as a carrying broker and as an investment adviser.

It was a technical challenge. We had to build a broker/dealer from scratch with really limited capital. Then, it was a personal challenge: I had to be managing business, I was coding, I

was fundraising—teaching myself how to do all these things while doing them. These days, I encounter primarily management and leadership challenges. I’ve got amazingly smart people, all smarter than me, working on these hard problems, and it’s my job to bring them together, set a vision that we can all get excited about, align them, and get enough resources to support them. Those are all new challenges and are exciting and interesting. I love that side of my job. It’s not what I expected I’d be doing when I set out, but it’s become my favorite thing.

Interesting. Given this account of challenges, I wonder, what does resilience mean to you? Is facing these challenges something that you actively thought about in terms of “resilience”?

Resilience to me is durability. I think about one of our company principles. It’s this idea that we’re building a lasting institution. We’re not just out to make a quick buck and do the thing that will get us paid tomorrow, but we’re here to build relationships with our customers over the next 50, 100 years.

We want to build a long-term institution, one of the great financial companies of our age. That means doing things the right way. It means constantly iterating. It means putting in place good hiring processes and people processes so that people are happy and build careers and so that we retain that institutional knowledge. It means doing the right thing even when people aren’t looking. It’s all of these kinds of good principles that I think help to build a resilient, lasting institution.

What are some of the leadership skills that you’ve built over time? I get the impression from how you’ve spoken that some of them would have come to you in your MBA program and some of them were just trial and error. How have you learned the leadership skills that you really depend on today?

You’re right; it’s a combination of both of those things.

When I think about my MBA experience, I think about my leadership philosophy. I went into business school without a sense of what leadership was or what’s the right way to do it, and I came out with a really clear view about it. It could be right or wrong; it almost doesn’t matter. It’s that I have a view and some principles about how I want to lead, and I can be clear about those.

For instance, I believe in this very open, listening management style. One of the things that I learned is, if you’re the sort of the command-and-control style leader and you’re not listening to what’s going on at the lower levels of the organization, that can create all kinds of problems. There are so many cases about this.

One of my favorite classes talked about top management processes and how a goal of a great leader of a large organization is to create listening and feedback loops and to make sure everyone is passing contacts and information up. I see that as my role, and I'm not sure I would have had that framework or that belief if it weren't for business school.

On the other hand, there are things that you can't learn until you're really doing [them], until you're actually in the role. I get lots of practice now with talks and speaking at events like this, which is a great honor, or to the press and telling our story. Those are things that you just have to get from experience. I'm grateful to have these experiences.

What tips have you learned along the way in terms of how to do storytelling or how to do presentations? Are there tips that you've heard that really have stuck with you or informed your approach?

Storytelling is a good word for it, because going back to my psych and behavioral roots, we think in terms of stories. Humans process information as stories. We want a narrative to things. As I think about explaining what Betterment is and what it does, you've got to have great narrative to that; it's got to sound like another story that people have heard before. Then they can digest the information more easily.

Have there been leadership skills that you have found challenging to really take in and execute on? Maybe something that you have a clear sense about what it's supposed to be, but when you really try to embody it, you realize it's harder than it seems.

Yeah, probably every day.

Maybe one example?

Sure. You can have the best-laid plans for communications at the company, but then the reality is you're dealing with people, every day is different, people do unexpected things, and there are a lot of emotions in an organization. You have to listen and be perceptive. I think that's something that I continue to learn about and grow. At Betterment, we're all really passionate about the business, as am I, and empathizing with our team and our customers is something that I continue to learn about and grow in, I think.

On a different topic, if you were thinking ahead in the future—say, 20, 25 years—what do you see for the industry? What do you see as being important in the context of young professionals thinking about how they might develop themselves or be ready to jump into this industry? What do you see coming that they should worry about or things that you've heard people worry about that make you think, "Nah, you don't have to worry about that"?

I wish I had a crystal ball and I could just predict the future. I'm in the business of telling people that they can't predict the future.

(laughing) Fair point!

My advice, I think, is be prepared for everything. Continue to have a diversified approach to your career. Get experience doing different things early on so you have a broad perspective about opportunities as they change. This is just stating the obvious, but we're going to use technology more and more in our jobs. My hope is that this allows us to spend more time doing the more personal tasks of understanding our clients, working with them, and personalizing things for them while we let technology take on some of the heavy lifting of making account opening seamless and making onboarding processes easier than they are today.

SORNCHAI SUNETA, CFA

Chief Investment Officer, Wealth Segment, Siam Commercial Bank

How did you get your start in the investment management profession?

I started my career 23 years ago, after I finished studying finance in school. I started as an FX [foreign exchange] trader. At that time, FX was very exciting for me because the volatility in [the] Thai baht market and emerging market currencies was quite huge compared to the developed markets.

When you trade FX, the market is open around the clock. It makes you more alert to what is changing in the market all the time. That's one thing I learned from that experience. I really enjoyed it and was excited to be there. That experience taught me a lot about decision making. When sometimes the market moves against you, you have to adapt discipline and learn to manage it over time.

From there, what are some of the milestones over the course of the 23 years? What are roles you've been in since then?

After that, my second job was also as an FX and derivative trader, but I changed firms. I worked in Hong Kong for six years. I started before the handover in 1996. Actually, I got a lot of good experience, and it's been very helpful for me up until now. At that time, 1996–1998, there was a financial crisis in Asia. I learned a lot of things to handle that kind of situation. There are opportunities in a bad market as well. That helped me to learn how to manage in difficult times. The most important [thing] that I learned, and I use this still, is that when something moves against you, you have to be very disciplined. And what you have learned from the books may not apply to the real situation. The on-the-job experience that you can get from working through a bad market will help you. Learning from many experienced people in the market helps you avoid mistakes and get over the crisis.

Actually, I already have experienced three crises: the Asian crisis, the US crisis, and the European one. That is how you gain experience!

Sornchai Suneta, CFA, is chief investment officer, wealth segment, at Siam Commercial Bank in Thailand. He has more than 20 years of experience in trading and investment management in Thailand and Hong Kong, and he has served in leadership roles as a board member at CFA Society Thailand. Mr. Suneta holds an MSc in financial management from the University of London.

What are some other roles you've worked in?

After six years in Hong Kong, I moved back to Bangkok and I started shifting my career to the other section of the investment industry. Obviously, I've come over to the buy side, the investor side. I joined an asset management firm back in Bangkok in 2002. I started getting experience as a fund manager.

I was introduced to the CFA designation during my time in Hong Kong through the Hong Kong Society of Financial Analysts and found it very interesting. After I came back to Thailand, I got information and joined the CFA Program as a candidate. I learned a lot more things because of joining the CFA Program. It's not just about opening the textbook, like many programs out there. The insights come from the profession, from professionals who help design the curriculum. And we enjoy a community. We share the profession together. That helps you to manage your career in the finance profession.

Since then, I stepped forward to become the senior fund manager and had a chance to join the biggest pension fund in Thailand as head of [the] investment desk. [In] this role, I have learned a lot of things, and we have applied knowledge learned from the CFA Program.

Seven years ago, I joined another firm and shifted to become the chief investment officer. My roles have shifted enormously from the start.

First, as a specialist, you get all the information and know about the products and investments in detail. Then, the most valuable thing is the experience you gain from the market and from peers you work with. You have to try to apply what you're learning. It is not purely open the textbook and it works the way the textbook says.

I think the most important thing when you are young and you start your career is that you have to enjoy what you are doing. You have to find for yourself which part of the financial career is a good fit to you. That's a key to success for you. If you choose the right thing, something that you like, you can do the best thereafter.

Over time, when you are in the market, you will learn how to handle your emotions as well. As I said, the market sometimes moves against you. You have to learn how to manage the emotions of that. If you're too confident or too emotionally tied to the market, that would hurt. We have to be very disciplined.

Now my job requires more of the managerial skill, management skill. I have to take care of my team. Right now, my career is more people management and becoming a mentor to them, empowering them. Now I think more about how to make the team more confident,

and I try to solve problems for them, including planning for the longer run, not just the day-to-day business.

Day to day, you can empower the team to do. That's career development for them as well, when they can handle day-to-day operations for you. They can get stronger in terms of their career path.

What I have to do right now is to guide them to look at the big picture: how we plan the business, how we look into the future, what has been changing in the environment or ecosystem. What is happening in the profession? Like currently, technology disruption has been coming. That's a big deal. How do we manage it?

You talked about managing emotions. Could you say a little bit more about how you do that and how you talk to people you manage about ways they can do that?

People always have emotions. Some people are very confident in themselves, but [as] newcomers in their careers, with less experience in the market and not [having gone] through a crisis before, they may need to build up their learning. Others may be too aggressive at times. You have to let them think systematically about risk control and other kinds of knowledge to build them on the other side of the coin, to help them be balanced.

The CFA curriculum can help, because that learning process makes you think in a systematic way about the investments, which can help people deal with emotions. Learning from others, like a mentor, who have a long experience in the market can help [less experienced professionals] to pass through most things.

You talked about having moved to Hong Kong for a while. Could you say a little bit more about gaining international experience and how that can contribute to a career?

Well, that also helped me shape my decision making. That time, if you look backward, the Thai market was pretty young while the Hong Kong market was pretty mature. Also, the Hong Kong market was open, a very free market. These were conditions I got to learn about. In Hong Kong, there were many very experienced professionals for me to learn from. I learned to judge between what is a bad decision-making process and what is the professional and good decision-making process.

If you're thinking about someone young coming into the profession today, is trying to gain international experience something you would recommend?

First of all, you have to enjoy what are you choosing to be. Right now, the market is so open. So now everywhere, you can invest. I mean globally it's become open and international

already everywhere. So, the first thing really is when you choose your career or you choose your job, it's very important that you enjoy it.

When you first start, just think about collecting experience as much as you can. Understand different market players, like investors, brokers, regulators. You have to build up your expertise through networking. Obviously, the CFA community can help you because we're very big communities globally.

You touched on this a little bit: What changes have you witnessed over your career, and what changes do you see in the future that you think professionals starting out in this industry should be aware of? For example, you mentioned fintech as a disrupter.

Actually, when you are in a financial career, lifetime learning is very important. Change has been happening all the time since a long, long time ago. You have seen many firms get disrupted and disappear and the newcomers come up. Right now in the world, technological change is very disruptive. What you have to do is adapt yourself more to the benefits of the new thing coming than the problems it brings. Both are coming, and you have to deal with that, but choose to see the good points and adapt to that.

You talked about making the change from a specialist into management. How did you think of changing your mindset to be more of a people manager?

You do have to think about this. People have to develop their own talents and their own career paths. When you are young, yes, you enjoy what you are doing every day, following the market, dealing with the players in the market. That's what it is to be a specialist.

When you get more experience, you have to keep developing and shifting forward out of your comfort zone. If people stick to their comfort zone for a long, long time, there's no development for them, no innovation. You have to get out of your comfort zone to the other zone where you can develop yourself broadly.

I think I also decided to do that. You can get to a point when you want to teach your team what you know or share your experience with them and the community as well. In that regard, leadership and management opportunities become more motivating. You can help, mentor, and motivate them. It's not the day-to-day anymore. You can think about the bigger picture. Plan for the company. For me, this also included planning for . . . CFA Society . . . Thailand as a volunteer board member. I've seen many good ideas, and I can bring my experience to share with them. That can make the society more effective and help create more trust in the financial system as well.

What are some of the soft skills that you think more people should spend time developing for themselves? What do you find yourself advising other people to learn to do?

The soft skills are difficult. It's difficult to learn from the textbooks. They're really gained from what you are doing on the job. I've had to develop them over the course of several years and roles: fund manager, senior fund manager, now CIO, with responsibility for the entire advisory process.

For example, I learned you don't need to tell all the clients about the technique in detail but still proper[ly]. Rather, you have to deal with the client's objectives, beliefs, and appetite [for risk]. You deal with people, and you have to tailor something out of the box as well. You have to deal with the emotional side of things. You have to work with clients nicely, in the way that they understand what you are meaning. When you deal with them, you have to explain very complex things in a simple way. These are some of the soft skills you have to learn.

The best thing I suggest is to keep practicing. Look for senior professionals who can mentor you and practice more. That will be valuable for you in terms of developing the soft skills.

LAURA TAYLOR, CFA

Managing Partner and Chief Financial Officer, Nephila Capital Limited

I'd like to take you back to the beginning and ask you to describe the genesis of your career. How did you find yourself in the Chartered Accountant program upon graduation from university?

I wish I could say that I was one of those people who had their future mapped out, but for me, it could be better described as trial and error. When I graduated from university, I knew I wanted flexibility and options in my career. I realized pretty quickly—at my first job interview, in fact—that a bachelor's degree alone wouldn't guarantee this.

I considered a few different options, including a law degree or an MBA, and ended up selecting the Chartered Accountant program because I knew that with that designation, I could work in any industry and in any country. Once I finished the program, I planned on moving to the United States. With this plan in mind, I wrote the US reciprocity exam, but within weeks of completing the exam, my husband and I decided to move to Bermuda. It was in Bermuda where I was first introduced to the hedge fund industry, and earning the CFA designation seemed like a logical next step.

There's been a span of a few years between then and now. Were there notable crossroads or opportunities that presented themselves from the time you started the Chartered Accountant program to when you began your current role as managing partner and chief financial officer?

The funny thing about crossroads is that many times, you only realize they were notable in retrospect. Growing up, I watched my father work in a variety of industries and a variety of different roles—anything from advising startup companies to helping companies become nationwide brands.

I knew from watching his career that you can make a bigger impact in a smaller company and that it is a lot more fun to help build a business than to join a well-established one. This of course comes with greater risk, but for any real upside, you need to be ready to accept

Laura Taylor, CFA, is a managing partner and chief financial officer at Nephila Capital Limited, an investment manager focused on natural catastrophe risk. Previously, Ms. Taylor served as chief operations officer at Nephila and worked in the alternative investment and banking practice at KPMG. She was named one of the 100 Influential Women in Re/Insurance by *Intelligent Insurer* and one of 50 Leading Women in Hedge Funds by the *Hedge Fund Journal*. Ms. Taylor holds a bachelor of commerce degree from the University of Victoria as well as the Chartered Accountant and Certified Public Accountant designations.

the downside. If you want to do something different and make a difference, you have to be comfortable with this risk and ambiguity.

Looking back, the first “notable crossroad” was probably the move to Bermuda. My husband and I decided to move to Bermuda without ever having even been there and made the move two months later.

This was without a job or to join Nephila?

It was actually to join KPMG. When the offer came up, my husband was crazy enough to agree to the move even though he hadn’t even had a chance to look for a job. He had a very promising career in the company he was with but agreed to leave it and move to Bermuda. He’s always been very supportive. In the end, everything worked out, but at the time, our friends and a lot of our family thought that we were taking a big risk.

The next crossroad was the decision to join Nephila. I was with KPMG and had been there for four years. I was working with a great team of people but wasn’t feeling as challenged as I had been previously, so I was exploring other opportunities. At the same time, the cofounders of Nephila were going through a management buyout to branch out on their own, and I was approached by one of them to join. They had launched their first fund in 1998, but with the buyout, they were still very much in startup mode and were looking to build up a team. Going back to my husband, he thought it was too great of an opportunity to pass up and encouraged me to accept.

Given the low percentage of women in the industry, were you always well received in the roles that you held? Were there particular rough spots or trials that you faced that led you to greater opportunities or life lessons that have served you well?

I think we’ve all had challenging moments where we have been underestimated or overlooked, but it is what you do with those experiences that matters. I remember a meeting I had early on in my career where I was told by a well-meaning gentleman that, as a woman, I was going to have to work twice as hard for half the recognition. I remember walking out of his office thinking, “How dare he? That’s ridiculous.”

What I ended up taking away from this was that if I was going to be underestimated, I was going to turn it into an advantage. But it could only be an advantage if I never underestimated myself. I think that has always stayed with me, to never question my position at the table even if others might. This experience also taught me that I needed to select companies and groups of people to work with who didn’t think or behave the way that that gentleman did.

Do you have a particular role model who has been influential to you as you have moved through some of the more challenging aspects of your career? How did he or she inspire you?

I've been very lucky to work with a lot of interesting, smart, and creative people. While I have had male role models throughout my career, I would probably look to my family for female role models. My father was raised by a single mother who worked three jobs just to put food on the table. When he graduated from high school, there wasn't a chance for further education, but an aunt stepped in and raised enough money for his first semester's tuition. My grandmother on my mother's side decided at the age of 40 to defy all expectations and start working outside the home. It is hard to describe the courage it took for her to go out and get a job with no experience and at a time when women weren't as present in the work force, but she was determined. She then decided to travel the world, starting with South America. She's 88 this year, and while she isn't traveling much these days, I swear that she gets feistier every year.

Lastly, there is my mother. From the outside, it appeared that my parents held very traditional roles. My father worked and my mother was at home much of the time, but in reality, it was very much a partnership. He could never have done the things he did or taken the risks he took without her support and guidance. There were times our family was thriving and other times when we weren't. My mother always did whatever it took to bring stability to our family and the stability my father needed to take the risks he wanted to. She always told my sister and me that she didn't care what we did with our lives as long as we were happy and could always stand on our own two feet. This advice has always stayed with me.

Did your parents or any of these family members who have served as role models to you know that you view them that way?

I don't think they do. But everything I have been able to do is a credit to the foundation and examples they set. When I look at my two girls, that's really what I want to provide for them.

I remember boarding a plane after a long trip and reading the advertisements on the runway. There was this picture of a little girl dressed up as a superhero with a cape and goggles. I believe the caption read, "You go out to conquer the world so that one day they can too." It reminded me of my grandmothers, my mother, and my daughters. It really hit home for me.

You have a great foundation—and one that you're putting in place for your girls. How would you like to inspire others, especially women who may be new to the industry or wanting more in their career? What words of wisdom might you offer? What do you know now about working in the industry that you wish you had known early on in your career?

I think self-reflection is a very important tool. By this, I don't mean questioning yourself or self-doubt. I mean reflecting on your own actions or motives and learning from them. It can be very powerful, and I wish I had done more of it throughout the years.

Next, I would say, invest in yourself. Skills don't always need to be learned on the job. If your company won't pay for it or you don't want to ask for it, find a way to pay for it yourself or find free options. It is important to invest in your future.

Lastly, always be learning something new. This can be within your professional life, but I always try and take on a new challenge every year for myself on a personal level. Last year, I started taking piano lessons with my daughter, which has been a lot of fun. This year, I'm going to take some flying lessons. Do something just for you.

What are your views on mentorship? Do you see value in people finding or selecting a mentor or accepting the offer of someone to mentor or sponsor them?

I've always found that informal mentorship has worked well for me. You know the people you can relate to or believe you can learn something from. However, if it isn't happening organically, I would encourage you to seek it out. It doesn't need to be someone within your organization. Sometimes having someone outside your organization or outside your industry can provide more perspective or a different context compared with someone from within.

We hear a lot about soft skills now, especially as they relate to the investment management industry. Are there particular soft skills that have served you well as you have moved through your career and taken on more responsibility? How did you go about learning them?

Two things have served me well. The first is always challenge your perspective. If you are always considering a problem from multiple perspectives or questioning your initial conclusions, you're going to come up with a better solution.

The second is always ask questions. Ask as many questions as possible of everyone around you. You can always learn something from a colleague, someone junior to you, or someone senior to you. Always, always keep learning.

We have touched a little bit on work–life balance. How do you strike that balance? You mentioned taking on different interests to help grow yourself personally in addition to growing yourself professionally. How much of a challenge has maintaining that balance been for you? You have a family and a career. Has striking that balance changed over the course of time?

I struggled with work–life balance when I had my first daughter. I thought that perfect balance was what I needed to achieve, but frankly, it’s impossible. Now, eight years later, I’ve decided to play the long game. There are some weeks where I feel I’m failing at home or I’m not as present as I would like to be, and other weeks where I’m succeeding at home and I feel work or my personal interests are suffering. If you think about it as a marathon and not a sprint, you can stop being so hard on yourself.

Coming back to self-reflection, ask yourself how you have done over the last month or six months. You can’t measure it day by day. If you do, you’ll find you are always failing someone.

Are there particular interests or activities that you engage in when you feel that you need to decompress or rebalance?

These have varied over the years. When I first moved to Bermuda 16 years ago, I took up yoga, and when I had my second daughter, I became a certified teacher. Two years ago, I took up boxing and have found I’ve been doing more of that these days; it just seems to be working for me right now.

I think we all need to find that something that we can do to get release. Is there anything that you’d like to add or anything that you think would be especially valuable or beneficial for our readers?

As I mentioned earlier, the one statement I would leave you with is never underestimate yourself. Take risks where you can, and don’t be afraid of failure. You learn from failure, and that knowledge is what leads to your next success.

ROGER URWIN

Global Head of Investment Content, Towers Watson

Roger, thank you for your time. Tell us about your first job straight out of college.

Straight out of college, I took a job that I thought was reasonably safe. I joined Bacon & Woodrow, now Aon Hewitt, as a trainee actuary. I worked, among other things, in the early stages of pension fund investment performance measurement.

What do you mean by a safe job?

I was always interested in finance, but at that time, I had a “low-ish” understanding of what the finance industry offered. Pension consulting was halfway into finance; it wasn’t mainstream. I would call it a finance backwater in those days. So, I thought I could tuck myself in. It was really a low-risk position I was taking.

Did that job suit your personality?

It did. I’ve always been a careful, overanxious person, and the job was very structured. Also, at that time, my progress in the firm was more linked to just passing actuarial exams than any meritocratic assessment of how good I was. So, I knew exactly where I stood. It was 9:00 to 5:00. There wasn’t too much uncertainty in that type of career.

How did your career progress from then on?

I moved into a role on the investment consulting team in an organization that at the time was called MPA (Metropolitan Pensions Association), but it was taken over by Mercer in 1985. I came in as one of the consultants and was promoted to be the head of the Mercer investment practice in 1985, when it had about 20 people and it was solely a UK business. We were working on pension fund consulting; the role was mostly about monitoring fund performance. We weren’t doing asset allocation studies then, but later in the 1980s, I worked on the first asset/liability studies. That was interesting because until then, our clients had taken a very simple approach to their asset mix.

Roger Urwin joined Watson Wyatt (now Towers Watson) in 1989 to start the firm’s investment consulting practice. Under his leadership, the practice grew to a global team of more than 500 consultants. He is widely regarded as a thought leader and one of the most respected investment consultants globally. Mr. Urwin has a bachelor’s degree in mathematics and a master’s degree in applied statistics from the University of Oxford. He qualified as a fellow of the Institute of Actuaries in 1983. Mr. Urwin has served on the Board of Governors of CFA Institute and is the author of numerous papers on asset allocation policy, manager selection, governance, and sustainable investing.

Then I spent some time at Gartmore Investment Management as the head of the Quantitative Investment Team before joining Watson Wyatt in 1989 as the head of a new investment consulting business. I was employee Number 1.

Did you plan your career?

I have planned my career probably a bit more than is normal. That is to say, there were a few moments when I took carefully weighed strategic steps. I have worked for only four organizations. The first job (at Bacon & Woodrow) was the safe shot. The second one, at Mercer, was strategically to get into investments, because I was much more excited by the content of the investment world relative to the pension world. My third shot was again strategic, to get into investment management at Gartmore. I might well have stayed in investment management but for the fact that Watson Wyatt asked me to build a global business. Strategically, that seemed to be a very interesting opportunity—to have an existing franchise but to also have a clean sheet of paper to work with. The opportunity for ownership there was immense. And my career is a bit different from others because I've had 20 years in one place now. I think it is only with that type of extended time in one place that you can make a major difference in your career. As exemplars of this, I would say think of Bill Gross at PIMCO, Larry Fink at BlackRock, and Ray Dalio at Bridgewater.

I've always thought 5 or 10 years ahead, not beyond that, and I have not expected things to go exactly according to a plan. I have also been relatively patient about building a career in relatively few, rather than multiple, places.

You seem to have exercised a lot of career management principles during your career.

That's right. I think a lot about circumstances, about where I stand, how I can add value, what my strengths and weaknesses are, and things of that nature. I also think about my relationships to others and how those can be optimized.

What should individuals concentrate on in planning and managing their careers?

The thing to concentrate on is what I would call “immersion” in something. There is the Malcom Gladwell principle that says you need to get a lot of concentrated time in one area (he said 10,000 hours) before you can call yourself expert in that area. Essentially, the immersion in an area and your position in that area can help provide an understanding of yourself and where you might be able to take yourself.

What I remember about my first job is that I tried to visualize what it was going to be like before I got there. I remember that a month or two in, it was so obvious that I had no idea what it was going to be like, and I couldn't have visualized it. But several years later, as I

became more immersed in work, I started to understand the kind of parameters, circumstances, and critical factors that govern the progress of success, failure, and so on. That took a very long time to get hold of, and it came from the immersion.

One of the big things that I've worked very hard on in my career is to understand complexity and globalization. Globalization has many good features, but it is an element of the development of the investment industry that has made things more complicated. Now, you need to master not only your national context but also the global context.

Complexity is simply the idea that everything has multiple strands—markets, marketplaces, organizations, people, leadership, culture. These are the multiple strands that govern the way that the business operates, and you have to do your best to understand them. As we've matured, complexity has been growing inexorably, maybe at 10% compounded a year. It's a big secular factor that means that what was possible to master in a shorter period of time takes much longer and is more difficult now.

Getting back to the advice for young professionals, I think it's a lot about understanding immersion, pacing yourself, and getting a diverse set of experiences.

Let's say young professionals do that. How do they assess if they are being successful or not?

The world of investment is unbelievably measured—overmeasured in many respects. Measures of business progress, performance of portfolios, and measures relative to peer groups are all out there. Professionals have to form their own views about what benchmark they should be setting for themselves. I think most driven people set themselves aggressive targets or benchmarks on an annual or three-year basis; I think that's sound.

But the benchmarks have to be set entirely in context. I like to use the marathon analogy. I've run marathons from time to time, although I haven't run one for about three years now. The last one I ran, I said, "Don't let me run another marathon." The key to that particular marathon was that I wanted to finish in 4 hours and 45 minutes, which is quite a way down the field, but instead I finished in 5 hours and 15 minutes. I failed in that benchmark test. But I've had other situations where I've tried to do 4:30 and beat the benchmark of 4:15. The benchmark is entirely contextual to the individual.

What is your view on work–life balance?

It's possible but a stretch to achieve outstandingly at work and still contribute massively to an outstandingly successful family life. It's obvious that those represent very different benchmarks. It's right to think of the overlap in those benchmarks. I feel quite a sense of

poignancy that work has consistently drawn me in as being urgent, while home has always been important but not so urgent. And we know we take the biggest mental cues from “urgent” more than from “important.”

In my career, there has been a general secular trend in making business more “important” with attendant issues for work–life balance. I go back to my first job being 9:00 to 5:00, and I was unusual in coming in early (before 9:00). I remember it clearly. Things have changed since then, and not just for me.

Is it also a matter of ownership and responsibility? Perhaps one feels that part of the home responsibility or ownership belongs to the partner as well?

Something of that nature. My first wife died of cancer in 1996. So for a while, I was in charge and wholly responsible at home (before marrying again). That was a phase of my life where I had to somehow balance work with a much higher level of responsibility at home.

The work–life balance issue is a very interesting and important thing. Really we should be talking about life management, not just career management. But it doesn’t sell quite as many books.

But isn’t there an issue of how we define success? Should we be approaching success at a very personal level and from a total-life perspective and not get sucked into how society defines success?

The point about success is, of course, that it sounds like a destination. But while it’s trite, it’s true to say, “Success is a journey.” I would say though that success is completing some things too. Another aspect of success for me is being influential in a total-life sense. I want to influence. I want to make a difference.

What do you see as two or three factors or attributes that contributed to your success, apart from coming in early every day?

I think working hard and being immersed is a factor. I’ve been quite focused and determined. I have thought about my career very seriously. Career management seems to me to be an element of success that has helped me over the years. Also, I would say I have used the support of anxiety and diligence. Anxiety is perhaps my genetic “gift,” but it keeps me focused; diligence is more like a developed value system. Diligence is the value that it’s important to look after those around you, which is obviously colleagues and the people you work for and, as in my case, clients.

I've had a good educational background, and it's been helpful for me to have particularly strong probability, risk, and multi-strand skills. I can understand nonlinear connections well. It wasn't something I recognized at first, but then I started working a lot on complex adaptive systems and the application of complexity theory to the market. I started to find that I could understand so much more of the market through using the "anthropology" of the market. I understand that multiple disciplines have relevance in the investment area.

I've also worked very hard, probably more in the second half of my career, at simply reading and also writing research papers. I read to understand and write to think. Work can really overtake you, and there is a danger that you lose that time and commitment to reading and understanding things, but it's absolutely essential. And writing is a great discipline too.

Did you have a passion for investing or for your job in general in the initial stages of your career?

Investing, not at first, no. In my first job, the [*Financial Times*] was a mystery; I didn't understand why anyone would pick it up. I didn't have any interest in it, but over time, it started to be an interesting read. Now, my kids tease me that wherever I am in the world, I'm trying to hunt down the [*Financial Times*]. That's an indication of getting immersed in the subject.

Are you more passionate about investing today than you were 20 years ago?

Absolutely.

Why?

I've found it an increasingly fascinating subject. I hadn't discovered it 20 years ago. I think it's partly the way that I treat it, which is like an exercise in social sciences—complexity theory and complex adaptive systems to the fore, but with all the human elements like the agency issues and other things of that nature. I think I understand the motivations that drive us and how these directly or indirectly affect markets and market prices.

Do you feel that your level of success got a boost as you became more and more passionate about your work?

Yes, for sure. I've seen myself get more and more passionate over time—passionate about not only investments but also the benefits of globalization and the application of complexity theory—those connective things. I'm very enthusiastic about all of those concepts. And over time, I have started to understand them a lot better. Understanding helps in developing a passion to dig even deeper. I am certainly more passionate about my work today; it is a passion I didn't have originally.

It seems that one can build a passion for the job over time. How does that process really work?

Learning is the most important part. Passion is complemented by the idea that I can be creative with my thinking and produce something. It's my job to produce new thinking. It's referred to as thought leadership—producing ideas or concepts that could be pretty valuable, hopefully, to clients in the future. So creativeness is key as well.

What is this passion like?

Passion to me is about connecting excellence with achievement. But we're getting into some interesting, overlapping things about value systems. Among the people whom you regard as successful, passion is quite significant in most of them, but not all of them. I think most of these attributes are helpful but not knock-out attributes to the relation of success.

What do you view as your professional core values?

Excellence. Innovation. Client service. Teamwork. Diversity creates more innovation and better quality. A sense of enjoyment is also key; you have to do things because you enjoy them.

I think trust is implied in the teamwork value. Passion is applied in excellence. The reliability aspect of being fair to each other is foremost. I like things that are fair. Fairness would probably be Number 6.

Were you ever in a situation where you were in conflict with your employer or manager with respect to some of your core values?

To some extent, in the last decade or so, I've been more in conflict because of time horizon. I've tried to build an organizational structure that looks 5–10 years out. And increasingly, I've noticed that the organizations I work for are managing on a 12-month horizon.

Most companies manage on a 3-month horizon, so 12 months is not bad. How did you resolve this conflict?

My sense is that it is very, very difficult to fix. I think people are not innately long term. I'm sure I suffer from the same problem. I tend to keep score a bit more year by year than five years by five years. So, I think we all need our short-term fix.

What about skills? What are your strengths from a skill perspective?

I'm analytical in relation to the investment landscape. I can understand that my core competency is to be able to help analyze investment issues and provide solutions. I am also adept with a team. I can influence people in a team through leadership; I can manage people.

It seems that there are at least three important principles of career management: (1) You need to understand yourself—find your area of interest, understand your core values, your skills, and your lifestyle preferences. (2) Choose a job that leverages your skills. (3) Choose an employer with a culture that is compatible with your core values. In essence, some of these things also help in facilitating the process of converting your work into a passion. In your opinion, would it be beneficial for professionals to follow these principles and perhaps to conduct this kind of exercise at the start of a career rather than 10 years into it?

Definitely, yes. I like the thinking behind that. But I also think that the execution of that is not so easy. For example, it was only through the immersion in the finance field that I actually found finance more interesting than what I found in the pensions area. But it took a while for me to discover that. So, on the one hand, you have to experiment. On the other hand, you don't have time to necessarily experiment too diversely. Time can't be reversed; we only get one working life. In that sense, it is tricky.

I have made relatively finely balanced decisions in my life where I could have moved one way or the other. I think quite a number of them were fairly close to accidents, really. A good example of this is that when I came out of Oxford, there were two jobs I applied for—one was the Bacon & Woodrow job and the other was working in operations research for Shell. The one I really wanted was the Shell job, but I didn't get it. There were things about that job that I really liked the sound of, and I now look back and think it wasn't the right job for me. I didn't know that at the time. I was lucky that I got my first move right.

There's also something about sunk cost. If I had gone to Shell and found out three or four years later that it wasn't a good fit, I might have been too far in, in terms of sunk cost.

So, I think there is some luck getting into the right area. That could be one of your career management principles as well—get lucky.

How important is “managing up” in achieving career success?

Managing up is important. But having very good mentors is even more important. When you find the right person to work with—someone who gives you quality time and imparts a certain amount of wisdom—that is invaluable. To a degree, managing up is understanding what your bosses can offer in terms of mentoring and actually trying to get more from them

than they would maybe naturally give you. I think that is one aspect of managing up that's probably underrated.

The rest of it is more the common sense of working at it. If you work at it, your career can be accelerated because it's obvious that those relationships are the influential ones that get you to progress in your career.

How would you characterize your management style?

I was actually quite lucky with my management style. I am a very low-key manager, meaning that I never really order people to do things. I would do quite poorly in the hierarchical management structure, where authority is delivered in the carrot/stick type of management style. I've given people who have worked for me lots of freedom; I have managed them through goals and principles.

I have been lucky because management openness has become a more popular form of management. When I started in the organization, it was hierarchical. When I got to the higher levels of the organization, it had stopped needing to be hierarchical.

I managed in an informal way and invited people to achieve in that type of way—as opposed to laying down authority and using carrot/stick mechanisms.

Are you an enabling manager?

Interesting description. Yes, probably I am.

Another type of manager is the intimidating manager. Have you ever worked for an intimidating manager? Have you ever worked for a manager where your style of management completely conflicted with his; and if so, how did you cope with that situation? It's something that happens in our careers all the time, isn't it?

Yes. Not that much in my case.

And sometimes careers can take a real setback because of that. How do you manage in that situation?

I have reported to some people whom I could characterize as authoritarian. The intimidation aspect I don't really recognize; it is quite unusual, but it does still exist. I don't have much respect for it. Sometimes it is understandable that people might want to behave in that fashion, but again, I don't like it. I have noticed in some of the people I've reported to a degree to which they influence unduly. That has then created problems in our working relationship.

How do you work around it?

I think working around it is making that working relationship less relevant to the circumstances of what you are trying to achieve. Maybe that's changing your reporting line if you can.

Another thing that is absolutely essential in leadership is to not stay in the same leadership role for too long. The concept is quite neatly captured by the US presidential two-term system; you can't have a third term.

What's your biggest achievement in your career, something that you're really proud of?

Two things would vie for it. One would be that I started as the first employee at Watson Wyatt Investment Consulting and taking it globally with over 600 people now.

The other achievement is thought leadership. The very first target date fund in defined contribution was my creation in the 1980s. I developed the risk budget and governance budget concepts in the 1990s. I have worked on several important investment concept terms and brought them to the marketplace.

There is a school of thought that seems to suggest that creativity is somewhat genetic. You're either a creative person or you are not. Do you agree with that? How can a person acquire the skill to think creatively and to innovate?

Like most things, it has some genetic element.

I am constantly surprised by very bright people who do not see the opportunity for creativity at work. Probably, they miss the genetic spark.

The point is about finding out where you can be most effective and where your relative weaknesses may be less of a factor when choosing a career. There are many jobs where creativity isn't that important. You want to make your strengths as leverageable as possible and your weaknesses irrelevant.

What are your goals for the future at this stage of your career?

Well, yes, I have a plan.

Retirement?

Funny, that is not really on my list.

I've worked more than 20 years with Towers Watson. I am now starting to think I'd like to do one or two other things on the side along with Towers Watson.

I want to make a meaningful difference to our industry. I want to do good work that actually moves the needle. To an extent, I do that through Towers Watson, and definitely to an extent, I did that through CFA Institute and its board. I want to be involved in understanding and applying globalization and complexity. I have some university contacts, and universities are exciting places for me to draw from and give back to.

The other area I am keen on making a contribution to—because I think it's a building problem area—is the sustainability agenda. I see trouble ahead and think finance has an opportunity to influence the social agenda in a positive way. It also has an opportunity to influence the social agenda for the worse. There are some things going on that are not about my children but about my children's children that need addressing.

So, it's a combination of giving back in some respect but also influencing. How important is the ability to influence in bringing about passion?

I think it's very important. Consulting is an influential industry, but it hasn't made enough impact in my view so far. You would expect it to do more.

From the investment industry's perspective, in the next 10–15 years, what jobs will be sought after and which ones will disappear?

Very interestingly put. A lot of change is secular in nature. I think that the industry has massive redundancy in certain areas and a scarcity of talent in other areas; it really is a big problem. The obvious redundancy is that the pursuit of alpha is completely overblown by the number of people working on it. These things don't sort themselves out over a short period of time. In the long run, they have to. Ultimately, investors should benefit from what we do. Investing should be for the benefit of society. But when it comes to active management, on average, investors don't benefit. So, where does that take us?

Our industry is at a low point in terms of the trust with which our work is received by the client base, and that's something we have to do something about. So, the size and cost of the industry should really reduce, but it probably won't.

Why? Because the supply of investment funds is too high?

The answer lies in the cognitive errors that people make and the agency issues. The knowledge asymmetry is the central issue. It's harder for the buyer to understand as much as he

used to about the seller's service, and that's creating more agency pressure. The agency issues seem worse than ever.

What are areas of opportunity?

The opportunities are in better structured portfolios with more active beta. Many aspects of asset allocation are underexploited. But unfortunately, I think there's going to be more of the same with the pursuit of more complex alpha sources; the alternatives industry is going to grow faster than the mainstream industry because people are ambitious to pursue more complex strategies but often without better results.

Any concluding remarks?

Something interesting to think about, which I believe is perhaps misunderstood, is whether the return on talent is higher today in the finance industry than it was 10 years ago. I think it is. A talented person, in most roles, can leverage talent more for himself and his employer than he could 10 years ago, and that's been a secular change. That also is interesting when it gets back to career management because I think that career management can be leveraged more now than 10 or 20 years ago. That's why I think your questions were particularly interesting.

So, what's going on? While the return on talent is clearly higher, what should people in this industry be paid? What's fair? How should they be rewarded? I've had a reasonable career and been very well paid for it. But was it fair compensation all considered? That is something to think hard about.

I agree, but I don't think we'll solve that until we solve the agency issues.

That's my goal. I'm going to solve these agency issues (irony intended). There's a phrase I like to use: a "wicked" problem. It is simply an ultracomplex problem where no one can quite agree either on what the problem is [or] how to solve it, whatever it is. For example, climate change is a wicked problem. And the agency issue is a wicked problem.

So we live in interesting times, and that is more a blessing I think than a curse because we can and will make a difference. Finance has a huge social purpose, and I'm sure it will ultimately deliver.

JEAN-PAUL VILLAIN

Director and Head of Strategy Unit, Abu Dhabi Investment Authority

Jean-Paul, can you briefly outline how your professional career has evolved over the years?

I was educated in Paris in politics, economics, and applied mathematics. After completing my DEAs (diplôme d'études approfondies), I served, for a brief period, as assistant professor in finance at Paris-Sorbonne University. Then, I joined Banque Paribas in 1971 as an economist. This job proved very useful because it allowed me to make the link between what I had learned and taught at the university and the real world. But my interest was really in investments and portfolio management. After pursuing an economist role for about two years, I moved to the asset management business itself. I started as a portfolio manager in 1973, managing Japanese equities and US technology stocks. Over the years, I moved progressively from portfolio manager to head of investments in the asset management department. In 1982, I joined ADIA as a regional manager for Europe. Later, I was appointed senior fund manager for all financial assets. I returned to Paribas in 1987 to be the first CEO and CIO of Paribas Asset Management, a newly created subsidiary of Banque Paribas. In 1992, I returned to ADIA as head of European investments but with a mission to contribute to building a global investment strategy. In 1995, I was promoted to the position of senior adviser for investment strategy. Then I became head of investment strategy and finally head of the strategy unit, which is part of the managing director's office.

In general, did you plan your career from one job to the next? Or did things just happen?

I think it was a mixture of both: a combination of plan and opportunity with a strong influence from my background and personality. I come from a family of civil servants—my father, my uncle, my godfather were involved in civil service. They all had very interesting and successful careers, but I don't think they really planned their careers, and that certainly influenced my behavior. What I did control was essentially the professional activities that I got involved in. From my university period, I became interested in how to make investment decisions and consequently became attracted by the management of assets. So, at various stages of my career, I made sure that my professional decisions were aligned with my professional interests.

Jean-Paul Villain is considered one of the most talented and innovative investment strategists in the industry. He is also the first expatriate to be appointed a director of the Abu Dhabi Investment Authority (ADIA), one of the largest sovereign wealth funds in the world. Since 1976, the senior management team of ADIA, including Mr. Villain, has delivered significant investment outperformance on a very large asset base, which is a truly impressive accomplishment. In 2007, he was given France's highest decoration—Chevalier de la Légion d'Honneur.

What attracted you to ADIA?

I joined ADIA for the first time following the nationalization of Paribas. The nationalization of Paribas led me to believe that it was becoming a little more difficult to work in my profession and to exert my influence in the management of portfolios for the best interests of our clients. The nationalization of Paribas obviously was a problem because it indicated a lack of confidence in free markets and in the efficient allocation of capital. When I came to ADIA for the first time, I was attracted by the fact that the core business of ADIA is asset management—that is, the management of financial assets and portfolios. I was also relatively young, and my view was that there was no career risk in working for ADIA, a well-known asset manager, even for a few years to learn even more about the business and to experience life in a different part of the world.

But I think the real question is, why did I come back to ADIA for the second time? After my first stay at ADIA, I went back to France as CEO and CIO of Paribas Asset Management. That experience as CEO and CIO proved to be a little bit frustrating for me because I had to choose between the functions of CEO, leading and managing the company, and those of an investment-related CIO. This tension created a real conflict for me because to make progress in my business career, I was pushed toward the CEO role. This position progressively generated difficult conflicts of interest, especially when I was asked to participate in the executive committee of the parent bank, where all sorts of transactions were discussed that were placing me in possession of inside information. So, I asked myself which particular role I was the most interested in. That is when I realized I was certainly better qualified for and certainly more excited about managing assets than climbing the executive ladder. To a certain extent, it was a bit of a disappointment because ideally I should have been able to do both by delegating parts of the function of CEO, but actually, I found myself delegating more of the job of CIO, which I preferred. That is when I decided to orientate my career to what I like best, which is managing assets and being on the investment side of the business.

When I left Paribas Asset Management, I could have joined another pension fund or another insurance company, but I went back to ADIA. I was really attracted by the fact that ADIA has a pure and sole emphasis on asset management, giving me the opportunity of doing what I like doing the most. Additionally and equally importantly, I knew the corporate culture of ADIA, and having acquired a bit more experience, I appreciated it even more. ADIA has the reputation and resources to attract the best talent in the industry, and I like working with smart and intelligent people who I can learn from. ADIA encourages and fosters a good balance between individual creativity and teamwork, and I am comfortable in a team environment where people challenge each other to bring out the best in each other. Also, ADIA's senior management team encourages and practices mutual respect, which I think creates a corporate environment that is more conducive to achieving common goals. It is

no surprise, therefore, that people come to ADIA thinking that they will work for a couple of years in Abu Dhabi and end up staying for 10 or 20 years.

What exactly is ADIA? Is ADIA an endowment? Is it a pension plan? How would you characterize ADIA?

ADIA was created in 1976 to manage the surplus assets of the Emirate of Abu Dhabi for the long-term benefit of its citizens. ADIA is not exactly an endowment, because endowments can accept illiquidity once their obligations vis-à-vis their university are fulfilled. ADIA is not a pension plan either, because in a pension plan, the plan sponsors have a relatively precise idea of their assets and liabilities and of the funding of those liabilities over time. ADIA is somewhere between a pension plan and an endowment with potentially large but uncertain liabilities.

ADIA has done extremely well and has generated very significant returns for the benefit of the citizens of Abu Dhabi. Even more impressive is the fact that this success was achieved with a very large asset base. What factors explain this impressive investment success that you have achieved?

First, I would like to say that this is not an individual success. ADIA is a team organization in which team spirit is highly regarded. It is an organization that functions on the basis of consensus decision making. But the consensus is not as rigid as in, for instance, Japan. The senior management and leadership of ADIA have to be comfortable with what is being proposed on the investment side.

I attribute the success of ADIA to two main factors. First, the investment strategy that has been progressively developed is in line with the asset size of the organization. As an example, it is clear it would be extremely difficult for ADIA to have 20% or 25% of its assets invested in private equities because of the size of the portfolio. Therefore, the core of our portfolio has to remain on the quoted public equity and public debt market side and on other large and liquid markets, and that has been fully recognized and admitted. On top of its size, ADIA also has to accommodate a difficult problem of inflows and outflows. As ADIA remains essentially a commodity fund, its inflows and outflows are linked with a lag to changes in oil price and are, therefore, difficult to anticipate, and obviously, those flows in or out of ADIA are not taking place when markets are offering the best opportunities. ADIA thus has a difficult problem of rebalancing the portfolio.

The second reason ADIA has been successful, in my opinion, is that we have developed a very disciplined investment process. Over the years, we have tried very hard to maintain discipline in all aspects of our investment process in terms of asset allocation, types of investments, types of strategies, where and how we invest, and with whom we invest. Actually, it seems

that every time we have made an investment decision that hasn't turned out to be successful, it is because we have violated the discipline of our own investment process.

In the field of investments, it is important to maintain a disciplined investment approach but without sacrificing creativity. When looking back, I think one of the reasons ADIA has been successful is that we have tried to strike a balance between respecting a very disciplined investment process and trying to be creative in investing in new instruments, new strategies, and new asset classes.

Forecasting the future remains the most difficult part of portfolio management, and I think it is an illusion to believe one can be successful in this activity without building a vision, especially when the pool of managed assets is quite large. Over the years, my own experience has suggested that even though it is extremely difficult to forecast the future, a systematic analysis of the current situation allows us to identify the emergence of future trends. The future is already in our present for most human activities. This ability to make an educated assessment about the future is very important because, otherwise, forecasting becomes speculation or wishful thinking with a very pronounced risk of being totally wrong.

Relating to the future, there are many scenarios that could make sense, but in my opinion, the emphasis should be on building scenarios where we have relative confidence based on what we observe today. For example, the interest in emerging markets that we are seeing now and have seen in the recent past is not something that has developed suddenly. At ADIA, we recognized the importance and the potential growth prospects of emerging markets a long time ago, and we have been structurally overweight in emerging markets for a long time. In analyzing markets, I think we should focus on trends that highlight a divergence from what has been happening in the past because that is where the prospects for the future will lie. Quite often, building a vision is not as difficult as implementing this vision, and that's where the key to success lies.

In the context of a large organization, when you build a vision, when you elaborate a strong view, you have to be able to implement it, which essentially means that you have to convince your colleagues that your view is a good one. Additionally, to implement the new vision, you may have to change the existing structures. If you are unable to execute those changes, then you lose control of your portfolio and you may not be able to implement the true spirit of your perspective. In my opinion, it is really important to ensure that execution is as efficient and as seamless as it can be, which implies your organization has the necessary structure to accept changes.

You were interested in investments from a very young age. I heard that you were charting the stock market at the young age of 15. How did you discover that you had a passion for investing at such a young age?

I don't know exactly how it started, but I remember reading newspapers that my dad used to bring home. I remember also reading financial magazines. I was clearly more interested in the financial side of events than in the political aspects. I was always trying to figure out, even at that age, how one could invest in financial assets successfully and how one could assess the future prospects of companies or sectors.

When I started at Paribas, asset management wasn't considered a highly interesting activity; it has to be remembered that the Dow Jones reached 1,000 in 1965 and was still 1,000 in 1982. All my colleagues preferred investment banking, but I stayed with what I liked.

Is your passion for investing a lot more pronounced today than it was 10 or 15 years ago?

No, I think my passion for investing is really the same; it has been the same all along my professional life. Sometimes, of course, I am frustrated by the mistakes that I make or I have made. But I also have the view that in order to be successful, you have to learn from your mistakes and improve your understanding of markets. At ADIA, for instance, we focus more on beta than on alpha. That means we have to try to understand the world, the markets, and the economy. As you can imagine, understanding the world is quite a complex task, but it is also a really fascinating and challenging exercise. To understand the world, to understand economies and countries, you have to go way beyond the superficial statements that you read in most newspapers. That ability is critical to being successful in our business. If a portfolio manager does not have the capability to dig deep and go beyond the superficial, then he or she will not be able to fully understand the trends that shape—and are likely to shape—the future of markets and their performance going forward.

In terms of your career, when you look back, what would you attribute your success to?

Thank you for your generous comments. I am of course glad you think I am successful, but I'm not 100% sure of that. Nevertheless, I think your question is a really important one, and I thought about it quite a while since you first approached me on this topic. I think whatever little success I have achieved in my professional life should be attributed to a very high level of commitment. That is the clearest factor that I can think of, which explains the very little success I have achieved.

The second-clearest attribute that I can think of is intellectual integrity and honesty. By intellectual integrity, I mean neutrality when looking at various investment options and understanding the real drivers of the situation. The breadth of my education ranging from political sciences to science has clearly helped me considerably. Success in investment also needs an appropriate dose of stubbornness. When investing, success never comes on a straight line; therefore, as long as the strategist has the confidence that his or her analysis is still correct, he or she should have enough personal strength to stick to his or her views.

Do you think it is possible to be successful in the world of investments if you are not passionate about this profession?

That is a very interesting question. I think you have to be sincere about your objective. If your objective is to deliver quality in the product or service that you provide, then I think you have to be passionate about doing it, especially because all investment activities include, in reality, a part of art—no matter the sophistication of the tools used in the process. If your function or your objective is more in business management, then you should be passionate about business management, but I think it would be bad to be too passionate about the investment products that you deliver. In general, I think one should be passionate about one's life.

What would you consider your biggest disappointment in your professional career?

I think my biggest disappointment was that I was not able to convince myself that I could run both the business side as CEO and the investment side as CIO. I chose the investments side and the management of assets because that's what really is motivating me and what I thought I was the best at. From a career management point of view, it is certainly better to leverage your strengths and limit your weaknesses. Experience shows it is very difficult to develop one's weaknesses to a level of excellence, but strengths may much more easily be raised to a level of excellence. When I started as CEO and CIO (and later in my career I faced the same issue), I thought it might be possible to fulfill both functions, but it was a disappointment to me to be unable to achieve that. But I have to say I am very happy that I took the route of concentrating on investments, because I truly am passionate about what I do.

What would you view as your biggest achievement?

This question is very difficult to answer. I would propose that the biggest achievement was to have contributed to maintaining a disciplined investment strategy, based on a shared vision, despite a major crisis and major changes in the size of assets under management.

How would you characterize your management style?

My management style is a mixture of careful delegation as well as careful direction: I think one leader can be nice to people and firm when it is needed and notably firm on investment principles. A major role in management is the development of the people working with you. In the field of investments, the team members must be offered the freedom of innovation and creativity. It's teamwork; investing globally as a profession and as a corporate activity cannot be done by one individual. It's clearly teamwork. When you hire people, you hire people who you think are intelligent and creative; therefore, you have to give them the freedom to be creative. Our profession relies heavily on individual skills, but you have to be realistic about what can be achieved. No structure will be able to produce a Warren Buffett (or a Federer in

tennis or a Mozart in music); Buffett is an exceptionally gifted investor. He's clearly a genius, and he's clearly in the very fat tail of the distribution.

What is really difficult in the end is to find the fine line. Where is the line between accepting the views and analysis of your colleagues and making the final decision because you have to take the responsibility in the end? What I mean is that you have to strike a balance between letting people be creative, letting them make judgments about what needs to be done, and your duties as a responsible manager; sometimes you have to refuse what is being proposed. So, it depends on the circumstances. Under normal circumstances, it is easier to strike the balance that I have been talking about. Under more difficult circumstances, and in a difficult market environment, sometimes you cannot strike the balance and you have to take the ultimate responsibility for a final decision. You have to be prepared to upset part of your team. Asset management is populated with very intelligent, bright, and creative people, and that implies a certain style of management. A construction company and a university cannot be managed with the same approach; the attributes and characteristics of the people who work there are very different.

In my experience (I have been involved in teaching as well as in classical music), I have found that managing academics and musicians is somewhat similar to managing investment professionals. These are people who are usually creative and intellectual; they have a strong education and theoretical background and know what they are doing. They also have, generally, a strong ego, but they also have to be part of a team, and they have to conduct themselves and perform in the context of a team. They have to be prepared to deliver something in a team environment together with other colleagues.

It seems to me that at least one reason that you have been so successful is that you have shaped your career to make sure that you take full advantage of your strengths. You gave the example of letting go of the CEO role in order to concentrate more on the investment side, which is what you are good at and enjoy doing. Therefore, would it be fair to say that sometimes it is not in young professionals' best interest and not in the best interest of career development to go for a job that looks nice on paper—which on the surface will offer more power, authority, and so on—instead of going for a job that really leverages their strengths and is something that they think they can do for a long time and really enjoy?

I think that what you have just said is really important. At least in my experience and my career, it has been the driving force. As I mentioned to you, I came from a family of civil servants—very successful civil servants—and my family was pushing me in the same direction. I remember thinking to myself and saying to myself again and again, “But I don't want to be a minister.” The point I'm making in terms of career management is that it is really important

to identify as quickly as possible what you really like and what you are really attracted to in terms of a profession and a job.

It should also be recognized that it is very difficult to build a vision of the development of the different professional activities over the coming 20 or 30 years; therefore, it is important to focus more on functions than on institutions. The need for managing savings will certainly be there for a very long time, but it is difficult to see today which institutions will perform this task in the coming decades.

I think identifying one's interest in matters of function is what many people don't do correctly when self-assessing their strengths and real interests. Not everyone is fitted to be CEO or chairman of a company. The attraction of investments and finance is that you can have a very interesting, quite lucrative, and very fulfilling career without necessarily striving to be CEO of the company. I think if you want to be really successful, then you really have to be very passionate about what you do, whatever the field or the economic sector.

Your question is also very important because when I look at the curriculum of what is being taught at universities, it seems that everyone is trained to become a CEO of a company. But not everyone has the talent or even the appetite and the stamina to become CEO; therefore, it is really important for people to assess relatively early on in their career where they would like to see themselves in the future with a kind of cost–benefits analysis. For example, at a personal level, if I had been on the management side of the investment world, I probably would have made more money, but I don't think I would have been very fulfilled because I wouldn't be doing what I really like doing and what I really enjoy doing. Admittedly, it's not always possible to do economically what one really likes to do, but in most cases, it is a good recipe to achieve success.

Jean-Paul, I have known you for the past 15 years or so, and I have found you to be a very profound and creative thinker. With respect to creativity, some people argue that it is in the genes and others argue that creativity is a skill that you can acquire over time. What do you think? What advice would you give to young professionals about how they can be more creative?

That is also a difficult question. Very often the creator is seen as a solitary person in his or her ivory tower suddenly making a major discovery. In reality, that is extremely rare. Progress usually comes in waves as people work on the same subject in different places and from different angles and progressively add to the general knowledge. Even in arts, schools are usually developing around several artists (cubism or impressionism) and not around a single one. Therefore, I think creativity is really a matter of being able to look outside the box to solve a known problem. That skill is difficult to acquire, but you can become more creative by understanding better your activities and the needs and requirements of the clients that

you serve and by respecting and following the efforts made by others in your space. At the end, to progress, we need to understand the world as it is moving.

It is really important to identify the main drivers of one's business and to never forget the constraints of execution. An exceptional idea that cannot be implemented is useless. There are people who are born with creativity in their genes, but there are also people who don't have it in their genes but who can become very creative by understanding the major drivers of their business activity and bringing innovations that will be part of a bigger transformation.

I think what is really important here is to accept that in all businesses, a few people will prove extremely talented; geniuses do exist, but young people should resist taking those people as their role models because they are very likely to have characteristics that are unique, way above average, and certainly toward the fat tails of the distribution of talent and creativity.

I am not suggesting that we should focus on mediocrity. But when you are thinking about your own career and trying to plan your career, you should always think about what is achievable in the context of who you are. You should clearly have ambitious targets, but I think you will also see in the initial stages of your career whether you are prepared in terms of skill, motivation, commitment, and management of balance between work and personal life. I think you should adjust your career to the constraints and circumstances that you face at an individual level. The objective should be to try to excel in whatever activity is undertaken.

Jean-Paul, in terms of your own experiences, what are some of the things that young professionals must do and some of the things they must not do if they want to be successful?

Clearly a “must do” is that they should know themselves, and that is a difficult exercise at all ages. This is the elementary starting point. Especially at the beginning of a career, a young person should make a serious attempt to know himself or herself. Perhaps the idea should be to remain as close to a generalist function in the initial stages of a career, but it is difficult because the initial stages of most careers tend to be in specialized functions. Sometimes it is very difficult to be selective about the job function, as it is in today's environment, where jobs for young people are scarce. Many do not have the ability to pick and choose the jobs or professions that they would really like to pursue. But within a profession, I would still recommend that young professionals try to find out early on who they are, what drives them, and what particular jobs would be more suited for them within a particular profession.

The problem is that if one cannot combine his or her actual work with what he or she likes doing, he or she will not be comfortable in his or her professional life and most likely will not be comfortable and happy in his or her personal life. One cannot do successfully a job that one does not like, simply because it is difficult to concentrate on being the best in what one

does without some interest for that activity. I would also recommend that young professionals not set financial goals as criteria for selecting their jobs and for defining success, because they are likely to make a mistake in their choice of profession and their choice of job. They may end up choosing something that, in the end, they don't really like doing even if their assessment of the future rewards of the profession prove correct, which is far from obvious.

Jean-Paul, you've worked in the Middle East for a long time now. What guidance would you offer to young professionals who are looking to work in multicultural environments? For example, what are the challenges of working in a multicultural environment?

The challenges are the same whether you are working in your culture or in a different culture. But when you belong to a certain culture and a certain environment, you take certain roles, models, and behaviors as a given, as something you model yourself after. When you move to a different cultural environment, young professionals should not take those models as models they should pursue. When you move to a different culture, you are clearly bringing your knowledge, but you should not try to impose all your values. Different values are very respectable and should be understood. I would also suggest that if young professionals are looking at moving outside of their environment and their own culture, it is better to do it once they have acquired a certain level of experience in their job or profession. They will thus be considered as bringing some knowledge, and with experience, professionals realize that values can be different across different cultures. It's not a matter of being right or wrong; it is just a matter of being mature enough to understand the differences and accept those differences.

Is managing your superiors essential to achieving success?

Yes and no. For me, managing up means that you are able to understand what the objectives of the management are and how you can contribute to the fulfillment of those objectives. I think if you do what you think will please your superiors, you are not very likely to succeed and to make a major contribution toward the overall objectives of the firm. You also take the risk of losing your credibility and confidence in your own expertise.

The strategy of pleasing your superiors may or may not work, but if it doesn't work, then you obviously lose out on the opportunity of moving upward. More importantly, you lose the consideration that you have for your own self and the expertise that you would have acquired. Obviously, in the context of an organization, you should be clear and should contribute to the fulfillment of the overall objectives of the firm. You should not hesitate to state your views and to have confidence in your views, but you should not express them in a way that is destructive to the whole team spirit environment, and you should respect the final decision that has been made.

The issue of managing up is important because, in the end, we all have to sell whatever it is that we do within the company. I would recommend that we always market ourselves in an intellectually honest way. And by the way, the higher you move in the organization, the more important it becomes for you to be aligned with the objectives of the firm.

LIZZIE YU, CFA

Director, Relationship Management, Standard Chartered Bank

Lizzie, how did you get started in the industry?

Actually, I started my finance career working for the bank where I still work. I started working right after I graduated from university. I studied foreign languages at university, but I didn't know what kind of job I would find. A friend of my parents suggested the opportunity at the bank to me. In China, foreign companies and banks are both places people like to work, although they don't know what it means to do so. A job at a foreign bank is a great opportunity for a young person, so I thought I should try this job.

What are some ways you prepared in school that made it easy for your employer to want to recruit you when you graduated?

Well, they were looking for an assistant for the cash management team. When I graduated, I was well prepared for foreign equities because anyone in China who wants to work for foreign companies needs to be. For the first year after I graduated, I worked for a manufacturer of central air conditioners. I also worked as an administrator, which was helpful in getting the bank job.

You said a family friend was able to connect you with the opportunity at the bank. In terms of the hiring process, was it generally smooth? Was it what you expected?

I think the hiring process and the interviews were not very challenging. They were looking for someone to do just the administrative job, so that was straightforward.

How did it progress further? How did you make the move from coming in as an administrative professional to the next role you held in the bank?

Foreign banks have evolved a lot in China over the past 12 years. I have been in this bank for 12 years and have evolved with my bank. When I started at the bank, I did an administrative job, and then I began to realize that colleagues around me were doing more complex jobs. I also found that the way they worked and the way they lived was the target that I wanted to achieve. So, I decided to take more training and exams, such as the CFA Program, to equip

Lizzie Yu, CFA, is a client relations professional in Shenzhen, China. She completed university in 2001 and initially went to work for a private company in China. In 2002, Ms. Yu joined Standard Chartered Bank, where she was subsequently promoted to director of client relations. She works with corporate clients from South China, providing a full range of banking products.

myself with the knowledge required for this industry. As the industry evolves, I face a lot more new products and new clients. Also, the bank is a cross-border business, so I continue to use what I learned from the CFA Program in my job.

Were some of your colleagues in the CFA Program, or did you find it separately?

At that time, only a few of my colleagues took the CFA exams. Most of them took the training from our bank, mainly in accounting or credit risk analysis or something like that. But that was not enough for facing future challenges because our products evolve from the basic cash and lending products to more complicated products, including foreign exchange hedging and such derivative strategy products as bond issuance or corporate finance. So, the knowledge I gained from the CFA Program really helps.

What role do you currently hold?

I'm a team leader for the relationship management team for corporate clients.

You were pretty proactive in finding some of the education you needed to move your career forward. Do you consider that part of a career plan you had for yourself or just something you noticed and did?

I still share with fellow CFA Institute members and candidates that when I entered the banking industry, I didn't know what this industry meant or what I should do for a job. But maybe 2 or 3 years later, I realized that I would make it my career to do this for 20 or 30 years. At that point, I decided, as you said, to look proactively for an educational program to enhance my knowledge. When I looked around, I found accounting courses, risk management courses, and the CFA Program; people told me to go for the CFA Program. For Chinese people, it is the most challenging exam because it is taken in English and it covers the broadest range of finance industry knowledge. I was thinking that I should try it because it covered all the things that I need and because as a future banker, I need to know almost everything about this industry.

Do you believe that you have a lot of passion for the finance industry now that you are in it and have invested in it by taking the CFA exams and volunteering for a CFA Institute member society?

Yes. For my own job, I really have a passion because China is a developing economy and we are facing new problems and new issues as well as new opportunities. Most companies in China are becoming more internationalized. I really see a lot of new things to learn and a lot of new opportunities in China, so that's very exciting for me.

I think volunteering for a CFA Institute society is even more helpful for my career because I get to know people who are working in other fields of the finance industry. Foreign banks are only a very small slice of the industry. Through the society, I get to know people from trust companies to foreign securities and from insurance to other investment functions. That is very helpful for my own job—to know the landscape of the whole finance industry. Also, they provide me with a lot of opportunities to review my personal development. I think that's very helpful for both my job and my personal development.

It sounds like one of the advantages you have had, and known that you have had, is your ability to learn foreign languages. Finance, in general, is a very global industry these days. How does that impact your career?

Actually, as I said, I work for a foreign bank and we use English for our communication, mainly writing and reading. Also, our clients, the companies in China, are looking for financing for getting into the international markets. One area where we can help them is getting the financing through our own presence in the overseas markets. For example, most of our clients have a presence in Hong Kong and Singapore, and our bank has a strong presence in those places, too. We can help the companies get financing there. The other thing is that clients sometimes need to acquire overseas subsidiaries. We can find proper targets for them and help them to complete the transactions. So, we're basically doing cross-border transactions for our clients. My knowledge of foreign languages as well as the knowledge I gained from the CFA Program about international financial markets has been very helpful in my job.

Have you had or made opportunities for yourself to gain more experience or exposure outside of China?

Yes. Actually, we have a lot of communication with our Hong Kong and Singapore colleagues. Also, we have a presence in the United States, the United Kingdom, and Brazil. We often look for financing solutions from our colleagues at each of those locations.

What do you know now about working in finance that you wish you had known when you first started working?

I wish I had known more about the overall landscape of the finance industry. It would have been helpful in understanding how to position myself in the whole industry and in understanding how I could help my clients. I also would have liked to know better what risks and returns I could get for my own employers.

If you were advising people starting out in their careers today, what things would you tell them to do or not to do in terms of managing their career?

We talk a lot with our colleagues about this subject because we're also recruiting people. We would like to see someone be more patient. To have solid knowledge about the industry means a person has to spend a lot of time studying and going through the economic cycle for a while, which may take 5 years or so out of a career that he or she will do for 20, 30, or even more years. I think five years is not a long time to be like an apprentice to know more about the industry. In China, the economy is developing really fast and someone can find a lot of vacancies in more senior positions, but not every young person is well prepared for more senior levels. People are rushing for higher positions because of more pay or something, but I would like to tell them that they should be more patient and focus on doing well in what they are doing, not focusing on the other level. If they are well prepared, they will easily get a position.

How do you balance your personal life with family or friends? The hours are hard, they tend to be long, and it's a demanding industry.

Whenever I think about that question, I cannot help laughing to myself because I'm not a good example for good balancing, especially if you consider the first few years when our team was new and everyone was trying to figure out what we can do. We were trying every kind of client and product. It was very exciting and new, and I could not help putting all my time there. Also, I was preparing for and taking the CFA exams, which kept me quite busy. People around me said I was almost totally into studying and working. I spent all my leave on preparing for the exam. So, I was not a good example at that time, but maybe in the past five years, the team has found that we are on a fast track and that we understand what our bank needs and what kind of products we are asked to provide to our clients. Now I work less overtime and have more time to spend with my family. I also find delegation is a very useful tool. I delegate more to my subordinates so that I can have more time to spend with my family, and my subordinates then have the exposure to more challenges and a chance to grow. I think that's a very useful tool.

In China, would you say that there is a difference between the opportunities men and women have for work–life balance?

Yes, I would say so. I don't know other places, but I assume that in most places, women will take longer parental leave than men, so that creates a problem in that people are more inclined to hire men. That's a fact we cannot deny. It is true that women face more challenges in the industry and they often have to face a gap during their career when they have children, from the pregnancy until the children go to kindergarten, which is around three to

four years. Also, I think even after that, women are expected to take on more responsibilities for the family, which means they have to sacrifice more at work.

Along similar lines, we find that women represent a significant minority in the finance industry. Do you notice that fact having any effect on either your career personally or in your organization? What are your thoughts on that?

Where I live, I see maybe equal numbers of women and men working at my bank and participating in the CFA Institute society, which is pretty good. It may be because the women can speak English better than the men. It is very common in China that women can master the second language better than men, so they have more opportunities in something related to English, such as the CFA exams. At the higher levels, a lot of the leaders are men because I think women have less chance to get a promotion because of those career gaps for family.

Have you had mentors in your career, and if so, what has it meant to your career? What are the things that you have identified in someone else that has helped them be a mentor to you?

I would say that my boss is a mentor to me. He has been working in our bank for more than 20 years. When I entered the bank, I was lucky to be working with him. He has a broad view of things, so he can tell us how to evaluate our situation no matter the industry or the clients. Also, he gives us some personal development advice. He is a forward-looking person, and he encouraged me to take the CFA exam and also to be very active in the CFA Institute society. He understands that the bank is only the place we work and to be a good employee and also to find more good opportunities, one needs to go outside the bank to see how this whole industry operates. I really think he is a mentor to me.

SECTION III: APPENDICES

APPENDIX A. THE LOCUS OF CONTROL

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Please answer true or false to the statements below that best fit your own beliefs. Please do so before reading the rest of this note.

LOCUS OF CONTROL INSTRUMENT*

TRUE FALSE

1. I usually get what I want in life.
2. I need to be kept informed about news events.
3. I never know where I stand with other people.
4. I do not really believe in luck or chance.
5. I think that I could easily win a lottery.
6. If I do not succeed on a task, I tend to give up.
7. I usually convince others to do things my way.
8. People make a difference in controlling crime.
9. The success I have is largely a matter of chance.
10. Marriage is largely a gamble for most people.
11. People must be the master of their own fate.

	TRUE	FALSE
12. It is not important for me to vote.		
13. My life seems like a series of random events.		
14. I never try anything that I am not sure of.		
15. I earn the respect and honors I receive.		
16. A person can get rich by taking risks.		
17. Leaders are successful when they work hard.		
18. Persistence and hard work usually lead to success.		
19. It is difficult to know who my real friends are.		
20. Other people usually control my life.		

*A professor in the psychology department at Mercyhurst College in Erie, Pennsylvania, Terry Pettijohn developed this variation to Rotter's original Locus of Control survey.

Once you have completed the questions on the previous page, tally your score using the table below. If you marked statement #1 true, add five points, and if you marked it false, add none.

SCORING THE LOCUS OF CONTROL INSTRUMENT

	TRUE	FALSE	MY POINTS
1. I usually get what I want in life.	5	0	
2. I need to be kept informed about news events.	5	0	
3. I never know where I stand with other people.	0	5	
4. I do not really believe in luck or chance.	5	0	
5. I think that I could easily win a lottery.	0	5	
6. If I do not succeed on a task, I tend to give up.	0	5	
7. I usually convince others to do things my way.	5	0	
8. People make a difference in controlling crime.	5	0	
9. The success I have is largely a matter of chance.	0	5	
10. Marriage is largely a gamble for most people.	0	5	
11. People must be the master of their own fate.	5	0	
12. It is not important for me to vote.	0	5	
13. My life seems like a series of random events.	0	5	

	TRUE	FALSE	MY POINTS
14. I never try anything that I am not sure of.	5	0	
15. I earn the respect and honors I receive.	5	0	
16. A person can get rich by taking risks.	0	5	
17. Leaders are successful when they work hard.	5	0	
18. Persistence and hard work usually lead to success.	5	0	
19. It is difficult to know who my real friends are.	0	5	
20. Other people usually control my life.	0	5	
		TOTAL	<input type="text"/>

The results are scored along the following scale:

Score	Degree of control personality
0–15	Very strong external locus of control
20–35	External locus of control
40–60	Both external and internal locus of control
65–80	Internal locus of control
85–100	Very strong internal locus of control

Now continue reading the theory and interpretation sections that follow.

THE LOCUS OF CONTROL CONCEPT

Most managers have heard employees who were tardy for work say something like “Sorry I was late, but traffic was outrageous this morning,” or “Sorry I was late, but I needed to pick up my shirts from the cleaners.” Although one could weigh the validity of each statement, the differences could represent something else about employee personalities. Even though most of us fancy ourselves to be unique individuals, psychologists have spent years etching out patterns in our personality traits that suggest we share some very similar qualities—those who believe they are capable of controlling events in their lives and those who don’t.

One observer of human behavior, Julian Rotter, developed the concept of “locus of control” (LOC), that is, “Where (locus) is your sense of control in the world—inside or outside?” Rotter developed a forced-choice, 29-question tool to measure the degree to which

individuals believe they have the ability to control what happens to them (internal) or how much they think that forces beyond their control affect their situation (external). Variations of Rotter's concept, called the *locus of control*, have been applied in numerous situations—from building strong marriages to better performance on the golf course to leadership in corporations—to explain outcomes. Business organizations have used test results to improve retention, examine hiring practices, study and attempt to lower the effects of stress, increase job satisfaction, and encourage employees to take personal responsibility for their actions. Any guesses on whether the employee caught in traffic tends to be more external or internal?

The locus of control idea is based on what psychologists call social learning theory. Social learning theory suggests that an expectation is reinforced¹⁸ when the expected events or behaviors actually occur in the future.¹⁹ In other words, if you expect something to happen and it does, your expectation is reinforced, and if your expectation does not occur, your expectation is weakened.²⁰ Rotter proposed that whether or not one believes they have control over the causes of reinforcement determines the outcome. This is like the “self-fulfilling prophecy” concept you may have heard about.²¹ Essentially, Rotter's definition of control includes anything you have power over. He postulated that individuals who believe that their own behavior or characteristics determine or cause events possess an *internal locus of control*. On the other hand, people who think that reinforcement following an action is not entirely contingent upon their own actions but instead perceived as luck, fate, chance, or other forces beyond their control have an *external locus of control*.

Like most broad applications of any concept, one might expect exceptions and situations where not everyone fits into the polar internal or external ranges; in other words, we can think of locus of control as a continuum from internal to external. Also, cultural norms have implications for the traits we exhibit.²² In some societies, such as Japan and China, people are encouraged to adopt more collective behavior, unlike in American society where individualism is highly practiced. So having differences between cultures is certainly expected. Some people will possess both internal and external traits depending on the events and circumstances. And there may be people who use external beliefs to justify failures even though they frequently exhibit a locus of internal control.

Knowing whether one tends toward internal or external locus of control can help a person think about strategies for career management and lifestyle management in general. For

¹⁸ Reinforcement is a consequence that immediately follows a response and either takes away “negative stimuli or adds a positive stimulus thereby increasing the probability that the behavior will be repeated.” Amy Mackey, “Power, Pessimism, and Prevention,” <http://www.units.miamioh.edu/psybersite/control/health.shtml> (accessed July 4, 2003).

¹⁹ Julian B. Rotter, “Generalized Expectancies for Internal Versus External Control of Reinforcement,” *Psychological Monographs: General and Applied* 80 (1966): 1–28.

²⁰ Rotter, 2.

²¹ Robert K. Merton, *Social Theory and Social Structure* (New York: Free Press, 1968).

²² See Geert Hofstede's research on cultural differences.

example, individuals who believe they are unable to control or influence their performance may not see any reason to hope to improve.²³ Yet some individuals with a high locus of control may even be overly optimistic about their abilities to create their futures. The LOC instrument can help employees and managers develop strategies that may not only improve conditions in the workplace but also an individual's experiences outside the office.

INTERPRETING YOUR SCORE²⁴

Finding out your Locus of Control test results may leave you sitting at your computer screen knowing your score is not going to provide you with much feedback unless you understand what it all means. Scholars have spent years applying the locus of control test to people and situations and reached the conclusions listed below. While the list contains the research available at the time this note was written, there is no doubt more information is being developed, tested, and made available all the time.

Read the lists of tendencies in various contexts that describe the characteristics of people with different loci of control and compare them with your self-awareness. Do the tendencies ring true? Why or why not? What are the implications of your LOC score for the kind of work you should be seeking? How would your LOC score affect your natural ability to succeed in job offers or contexts that you may be considering?

Here are brief summaries of what social science research has inferred about the relationship between LOC scores and behavior. Again, as you read through them, please reflect on the implications of your score for the kind of work you should be seeking.

CONTROLLING ONE'S ENVIRONMENT

- Internals have a tendency to control their weight, adhere to medical regimes, use birth control more effectively, be more open to immunizations and disease prevention, wear seat belts, and take regular trips to their dentists.
- Internals generally inquire about their medical conditions more than externals and are less satisfied with the information health care providers are willing to make available.
- Internals appear to experience lower anxiety levels than externals.²⁵

²³ Mandy Grantz, "Do You Have the Power to Succeed?" <http://www.units.muohio.edu/psybersite/control/education.shtml> (accessed July 3, 2003).

²⁴ Except where noted, this entire section is summarized from Julian B. Rotter, "Generalized Expectancies for Internal Versus External Control of Reinforcement," *Psychological Monographs: General and Applied*, 80 (1966): 1–28.

²⁵ Richard Bernardi, "The Relationships among Locus of Control, Perceptions of Stress, and Performance," *Journal of Applied Business Research*, 1 (October 1997):13, <https://www.cluteinstitute.com/ojs/index.php/JABR/article/view/5736/5813> (accessed July 3, 2003).

- Independent of intelligence, internals tend to remember more bureaucratic information.
- Women tend to be more external than internal.²⁶
- Union participation and knowledge of political events is usually higher among internals than externals.
- Generally, people in lower socio-economic groups are more likely to be externals than internals.
- Women who were sickly or experienced accidents as children are more external about their belief in their ability to control their own health.

CONTROL OF SELF

- Internals tend to enjoy high moral development.²⁷
- Nonsmokers are more inclined to be internal than smokers.
- Males who exhibit internal locus of control were more likely to stop smoking once the Surgeon General's report revealed smoking was dangerous to their health.
- Internals are more apt to repress failures than externals since externals have a tendency to already accept that factors beyond their control already determined failure.

ABILITY TO INFLUENCE OTHERS

- Internals generally are more persuasive than externals and better able to influence others' attitudes.
- Attempts to manipulate internals make them more resistive than when they are provided with conscious choices.
- Internals are more likely than externals to fully participate in public protests and take action in an attempt to make change happen.
- If internals are aware they are being manipulated, they are more resistive than externals.
- Internals will conform if they perceive conformity to be to their advantage. If internals fail to see advantages in conforming, they will strongly resist.
- If praised for an intrinsically motivated task, external's motivation declines once praise is stopped. Those internally inclined will work harder at the task the next time.²⁸

²⁶ Bernardi, 13.

²⁷ Bernardi, 13.

²⁸ Grantz.

MOTIVATION AND ACHIEVEMENT

- The amount of time spent on homework and seeking parent’s help is higher among internals than externals.
- Internals are more likely to examine the colleges they are interested in attending.
- Internals tend to place more importance on skill conditions than on chance reinforcements.
- Internals are more likely to have attained higher academic achievements.²⁹
- Since externals tend to have higher stress levels, they also tend to be less satisfied with their work. This means externals are more likely to quit their jobs than internals.³⁰
- Externals function better under high-structure conditions—internals operate better in low-structure conditions.³¹
- Internals are more likely to stay with and put energy into tasks they have been successful on. Externals have a tendency to give up and move on to another task.³²

CONCLUSION

The wide body of research on the locus of control suggests that individuals who generally believe they have the ability to control their own environments are more likely to be aware of action and information that will help them achieve their successes. They tend to work toward improving their situations and to place higher value on their own skills. Knowing whether employees possess internal or external locus of control traits is useful in helping them develop. For example, stress management workshops would be useful, by helping externals build up better coping skills, to positively affect job satisfaction and retention levels within the organization. Gaining insight into one’s own personality traits can lead to positive changes at play as well as at work.

As you reflect on your LOC score, jot down your answers to the following questions:

1. What are the implications of my LOC score for the kind of work I should be seeking?
2. Does my LOC score ring true to me, given the tendencies listed above? Why or why not?
3. How did my LOC affect my ability to succeed in my last job and the demands it made of me? What kind of LOC score would have been well-suited to my last job? Why?
4. How could one determine the LOC score that would be demanded of a job opportunity?

²⁹ Grantz.

³⁰ Bernardi, 13.

³¹ Grantz.

³² Grantz.

APPENDIX B.

MYERS-BRIGGS TYPE INDICATOR

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NOTE: Do Not Read This Until You Have Completed the MBTI Distributed Separately

At this point, you should have already completed the Myers-Briggs Type Indicator (MBTI) and been instructed by the booklet or your instructor how to score it. This scoring procedure will give you a four-letter classification such as ENTJ or ISTP. If you have not already done this procedure, please do so before you read on. The instrument is available only to qualified test administrators and only through Consulting Psychologists Press of Palo Alto, California.

BACKGROUND

The Myers-Briggs Type Indicator is arguably the most commonly used assessment instrument in American industry today. Many companies conduct seminars and, indeed, many consultants have built their entire clienteles around this particular instrument. This level of activity means that new versions of the instrument continue to be developed and that training seminars on how to use the instrument are growing in number. Given the instrument's unique history, this development is significant.

Before World War II, Katherine Briggs and her daughter, Isabel Briggs Myers, became increasingly interested in the behavior of Isabel's husband, Clarence G. Myers, whose personality was markedly different from that of other family members. Observation of Myers—and the family interactions surrounding that observation—along with the discovery of Carl Jung's theory of psychological types,³³ stimulated their interest in understanding human behavior, particularly the differences therein. This mother-daughter team embarked on what was to

³³ Carl G. Jung. "Psychological Types," in *The Collected Works of C. G. Jung*, Volume 6, trans. H. G. Baynes, revised by R. F. C. Hull (Princeton: Princeton University Press, 1921).

become a remarkable professional stream of research that has lasted more than 40 years.³⁴ That such work should begin in large part out of the desire to understand a son-in-law and a husband illustrates how significant insights often grow out of reflection on “simple” daily events by “ordinary” people. This underscores our fundamental thesis that you, while not trained in psychological assessment, can understand the theoretical underpinnings of the various instruments that we will use and can make reasoned, conservative conclusions from data generated by them.

CARL JUNG

Carl Jung was a student of Sigmund Freud’s. Theirs was a close relationship, one often reviewed as an example of mentor-protégé relationships. After a highly publicized break with Freud, Jung continued to develop and establish his own reputation in the field of psychology. He proposed and then spent much of his career refining a theory of psychological types suggesting that human behavior was not as random and chaotic as it seemed but, given the proper framework for viewing it, really quite regular and predictable. His work grew largely from his studies of his patients in psychotherapy over many years.

Jung’s theory, in brief, said that, in a person’s conscious mental activity, there were four fundamental psychological processes: Sensing (S), Intuition (N), Thinking (T), and Feeling (F). These “functions,” as Jung called them, were unique and distinct from each other. The four formed two bipolar dimensions: S-N and T-F. People used all these functions, but not all equally or in predominant ways, and these characteristic patterns endured over time and across situations. This patterned use of each mental activity gave rise to a certain predictability in a person’s behavior that allowed an observer to categorize the individual according to a relatively simple classification scheme.

Furthermore, one could observe distinct variations in these patterns depending on an individual’s orientation to life, or “attitude” (in the sense of posture) toward the outside world. People seemed to attend more to either things outside them (which Jung called the extraverted world) or to the inner world of thoughts and ideas (the introverted domain). This distinction provided a third dimension, E-I. These three dimensions allowed Jung to categorize people according to eight fundamental types: extraverts with a dominant sensing activity, introverts with a dominant sensing activity, and so on.

Myers and Briggs added a fourth “preference” dimension to Jung’s theory by noting that some people are generally open to new information while others are more interested in reaching

³⁴ Isabel Briggs Myers published a book that may be of interest: Isabel Briggs Myers and Mary H. McCaulley, *MBTI Manual: A Guide to the Development and Use of the Myers-Briggs Type Indicator* (Palo Alto: Consulting Psychologists Press, 1975).

closure. They termed the “open” characteristic Perceptive and the “closure” characteristic Judging.

These four dimensions can be summarized as shown in **Figure 1**. The E-I scale relates to a person’s orientation to the outside world. The S-N dimension has to do with focus of data collection and the perception of information. The T-F dimension has to do with decision making, and the J-P scale relates to openness to the outside world. In Myers-Briggs parlance, the S-N and T-F dimensions are referred to as functions or mental processes and the E-I and J-P dimensions as attitudes. From a broad perspective, the functions on the left are “outer” functions and the ones on the right are “inner.” This perspective is important to note because as individuals develop over time, they usually build complementary strengths in the outer and inner functions.

FIGURE 1. MYERS-BRIGGS TYPE DIMENSIONS

Extraversion	Introversion
Sensing	Intuition
Thinking	Feeling
Judgment	Perception

Source: Created by case writer.

Each of the four function/preference dimensions and the categories they form are *descriptive*, not prescriptive, in nature. That is, each process has its strengths and weaknesses, and none is preferred, in a general sense, more than another. Of course, the strengths and weaknesses associated with each will affect a person’s ability to function in various jobs. Therefore, the types may suggest better fits to one job over another, but by themselves, one type is no more preferable, socially acceptable, or *good* in any broad sense than another. In fact, as you will see later, the diversity in types allows for greater strength in a variety of social settings.

Let’s examine each of the four dimensions more carefully. Note that Jung did not use the labels of his dimensions in just the same way as lay language would suggest. One cannot read the labels and immediately know what they mean. Look for the distinctions between what Jung meant when he used the term “sensing,” for instance, and what the common English meaning might be.

EXTRAVERSION–INTROVERSION

Jung’s definition of extraversion was that one’s attention was centered on things outside, on people and objects external to the individual. Extraverts deal directly with the things around them and are often more given to action than introverts. They process information externally, often “thinking out loud” and actively using others around them. One way to think of this is as a flow of energy from outside to the inside; extraverts absorb energy from what is happening around them.

Introverts, on the other hand, generate energy internally. In a crowd, introverts typically lose energy and are drained by the experience. This feature is not necessarily one of shyness; it is often an issue of focus of attention. Introverts take in and process internally, often in silence. The silence does not mean that they are uninterested or shy, only that their mental processes are private and inward. Crowds force attention to the external world and pull energy out of the introvert. The flow of energy and information is from the inside out. John Pickering, an experienced MBTI trainer, notes that extraverts and introverts have the same proportion of good and bad ideas; the difference is that everyone *knows* about the extraverts’ ideas.³⁵

Another way to think about the E-I scale is to ask: From where does an individual get energy? What causes one to lose energy? If being in a crowd is draining, then one is probably an introvert. If being in a crowd is exhilarating and energizing, then one is probably an extravert. Another useful question is: Where does one prefer to process ideas, inside or outside? And a third useful discriminating question is: Is one more action-oriented or more reflective?

SENSING–INTUITION

Sensing relates to data collected through the five physical senses: sight, smell, touch, taste, and hearing. Our physical senses do not deal with the future; they yield information on the present and have offered data to be recorded in the past. Hence, those who use the sensing process predominantly are, by definition, focused on the present.

Intuitive types rely on a sixth sense: intuition. They focus more on possibilities, what could be, relationships among things, concepts, theories, and alternative meanings. Rather than describing a thing, they will imagine its connections with the future, with other things in the past or present. Jung thought that the subconscious, rather than the outside, tangible, sensory world, informed the intuition.

³⁵ The case writer would like to gratefully acknowledge John Pickering for his helpful comments and editing in the preparation of this case.

THINKING–FEELING

Thinking relates to the connections between ideas and concepts. As Jung used it, “thinking” meant seeing logical, analytic, impersonal, and objective links from one thing to another. Thinking types make judgments about the truthfulness of something, always asking, “Is it true or false?” They tend to use impersonally held and “objectively” applied moral principles to make decisions, and they tend to focus on events, on facts, and on things.

On the other hand, to Jung, “feeling” was a subjective activity based on value strength. People who use the feeling process are sensitive to their own values and priorities and to the values of others. This process is more personal than thinking. It is not just the emotional side of a person, although values may give rise to emotions. Rather, it comes from what an individual holds to be important. Feeling types make judgments about the worth of something, asking, “Is it good or bad?” They tend to be focused on people and relationships, using personally held values and moral principles “subjectively” applied to make decisions. These values may not necessarily be “good” in the eyes of society; the point is that they are personally and tightly held by feeling types.

JUDGING–PERCEIVING

Judging types are desirous of organizing and concluding activities. They want to accomplish something and move on. It is not that they are “judgmental” in the usual sense of the word, rather, that they just do not want to linger over the alternatives and possibilities. Judging types need control: They like to have plans, make decisions, reach conclusions, and work to schedules and lists. They feel time pressure early on in a project or situation and press for wrapping things up. Judging types want to control not only their own lives but the lives of those around them and to control all the things that affect them. It would be difficult, for instance, for a judging type to accept the prayer “God grant me the serenity to accept the things I cannot change; courage to change the things I can; and wisdom to know the difference.” They are impatient and often implement the process of “Ready, fire, aim” or even just “Fire, fire, fire.”

Perceivers are looking for new information. They are receptive, open, adaptable, willing to bring in additional data. Perceiving types need information, options, flexibility. They resist control, plans, decisions, conclusions, closures, and schedules. They feel time pressures only very late—often too late. They are loath to make decisions too early, if at all. In the early stages of a decision-making process, they are useful and productive because they are not likely to close down the data-collection process too soon. On the other hand, they often implement the process “Ready, aim, aim, aim...”

A DEVELOPMENTAL MODEL

Jung’s type theory is a developmental one. Born with a proclivity for one type and shaped by their environment, individuals continue to develop skills in their type over their lifetimes. Jung taught that developing skill in one type precluded the development of skill in another type. Some find this limitation disconcerting and prefer to believe that people can be or should be expert in all types and their attendant behaviors. To Jung, such an effort would be the mark of a less-developed mentality. The maturing adult, he argued, has chosen a type and has become confident and at ease in it. Trying to develop superior skill in all types would leave one underdeveloped in all. So, to Jung, people have dominant functions and subordinate functions. This was not to say people were totally unable in their subordinate functions, but rather that the well-developed personality was in part a result of having made an implicit choice of type and of having developed skill and confidence in it.

As an individual developed a type in life by choosing to be involved in one setting above another, Jung observed that the dominant process or function (S-N or T-F) was usually played out in the preferred orientation (extraversion or introversion). For example, a dominant sensing type with a preference for extraversion would play the sensing function out in the external world. At the same time, most people would then develop a counterbalancing subordinate function to be played out in the *other* preference. The sensing extrovert was likely to develop a complementary set of “inner” functions. In this way, people were not completely incompetent in settings that played to their subordinate functions but were able to develop abilities that allowed them to function quite well in various situations. Jung believed, however, that mature individuals functioned more easily, more competently, and more naturally in settings that played to their dominant functions.

On the other hand, Pickering, for one, believed that “maturity” meant that people over their lifetimes developed skills in their nonpreferred styles that allowed them to function in various settings.

INTERPRETING TYPE

The four-letter summary of your scores on the MBTI is your type. The numbers associated with the letters indicate the clarity and consistency of your answers to the items on the instrument. A high E score, for example, means that your answers were consistently clear in favor of the extraversion-related items on the test. Your type will be arranged by function in the order E-I, S-N, T-F, and J-P—for example, your type might be ESFJ.

One place to begin interpreting your type is to look at the numbers associated with each letter. The larger number determines which function is noted in your type. The larger that

number is relative to its opposite, the stronger that function is in you. These numbers can be displayed on a continuous scale in several ways. One way is to consider the midpoint between them as zero and plot the difference between the scores as Steven Taylor and Carrie Baugh did in the cases that follow. Plotting your scores on such a chart will help you visualize the consistency of your answers on each scale. The scores you receive will depend in part on the version of the instrument that you used; there are long forms and short forms of the official Myers-Briggs Type Indicator and many other instruments that purport to measure the same dimensions.

The next thing to do is to recognize the dominant and auxiliary behavioral patterns that your type suggests. Myers and Briggs have outlined an approach for identifying dominant and auxiliary functions, and while this is a useful exercise, it is one that probably should be left to those who wish to pursue the understanding of type much further than we can in this context. The procedure for doing this makes several assumptions including the one that the J-P dimension is an indicator of the dominant function and that it “points” to the second function, S or N.

For our purposes, without wrestling through the technique of determining dominant and auxiliary functions, we shall just note that four predominant temperaments emerge from the Jungian types—SPs, SJs, NTs, and NFs. Keirsey and Bates describe how other psychological theories throughout history can be melded with Jung’s to describe, in remarkably consistent fashion, these four broad temperamental behavioral types.³⁶ Here is a brief overview of these temperaments.

THE SP TEMPERAMENT

Relying on their senses and eager to take in rather than close out, SPs are impulsive, tuned to the moment. They want to be free, able to respond to whatever the current situation will suggest. SPs resist preparing for doing for they would rather be doing, now. They are quite happy to engage in activities with unknown outcomes. Tools are their forte; they love using tools so much that they become experts with them. Charming, impulsive, lighthearted, and cheerful, SPs make acquaintances easily—yet people often note years later that they have learned little more about them than what they knew the first time they met. Having little goal orientation, SPs display amazing endurance in the face of hardships; because they are living in the present, worrying about the future does not weigh them down and they carry on. SPs, spontaneous and engulfed in the excitement of the moment, become great performers and artisans and athletes. Their practicing is doing—while the other types practice for the performance later, SPs are performing constantly. For the SP, whatever is now *is*, and that’s

³⁶ David Keirsey and Marilyn Bates, *Please Understand Me* (Del Mar, CA: Prometheus Nemesis, 1984).

what life is about. SPs are relatively common, comprising about 38% of the population of the United States.

THE SJ TEMPERAMENT

SJs are about as common as SPs. Their behavior is focused around the concept of duty, especially duty to the group. For them, loyalty is a central value. Loyalty brings with it obligation and acceptance of rules. SJs learn the rules, obey the rules, and live by *shoulds* and *oughts*. SJs save, prepare, plan for the safety of the group. SJs believe in Murphy's Law, which states that if something can go wrong, it will (in fact, an SJ must have *written* Murphy's Law). They work to prevent violations of law and social order. They maintain and build institutions of social order. Their devotion to the group and to orderliness lead them to professions where service is required—they teach, they nurse, they serve, they care for others. They are the repositories of culture and tradition.

THE NT TEMPERAMENT

NTs are more rare than their SP and SJ cousins, only about 12% of American society. Thus, they often feel like minorities in an alien world. For them, power is the dominant drive, gaining and exercising power over their surroundings. NTs value knowledge, learning, intelligence, improving, understanding, and perhaps above all, competence. NTs are highly self-critical, holding themselves and others to high standards of insight and understanding. They make lists of things they should do and should be able to do. NTs are less willing to accept authority especially in matters of intelligence, preferring instead to understand the primary rationale of a conclusion and sort it out for themselves. NTs fear failure and are driven to prove to themselves and others that their competence will overcome any such probability. Like the central theme for the other temperaments, this need to express competence for the NT is not an issue that is ever resolved, rather one that must be demonstrated daily. NTs get caught up in work and have a hard time playing or relaxing. Others find NTs discomfiting and demanding; consequently, this temperament is often isolated from others. NTs speak concisely and without elaboration. They say what they mean, say it once, and often wonder that others should find what they've said at all interesting—since, after an NT has studied something, that thing begins to seem “obvious” to them and therefore uninteresting. At the same time, others often see what the NTs have to say as abstract and difficult to follow. NTs gravitate to the sciences, engineering, and mathematics. They focus on the future and forget about the past. Having understood one set of phenomena, they move on to another.

THE NF TEMPERAMENT

NFs find in searching for themselves the meaning of life. To the other three temperaments, this is a frustrating and inexplicable activity around which to organize life. For the NF, the process of becoming one's self is what it is all about. About as rare as NTs, NFs exert unusual influence on society through their commonly chosen professions such as writers, playwrights, journalists, and teachers. They are constantly searching for deeper and higher meanings, insights that will shape and help society. NFs question themselves, their being, their values, their beliefs, their roles. NFs often become overwhelmingly committed to their search, sacrificing virtually everything else in their lives in favor of their quest. They search from one intellectual group to another, hoping for answers, discovering inevitably shallow ones, and moving on. They focus on people and their relationships, especially their relationships with themselves. It is in the exploration of these relationships through intense and continuing interactions that NFs find daily sustenance.

With this introduction to the four dimensions and the four temperaments that provide a first level of analysis of type, we can move one step deeper to consider each of the 16 types themselves. This further refinement shows how each temperament can differ internally and yet be similar.

CHARACTERISTICS OF TYPES

The four dimensions outlined above can be arranged in a variety of fashions. If we arrange them according to the four temperaments we have just discussed, we can see a matrix of individual types as shown in **Figure 2**.

FIGURE 2. MYERS-BRIGGS TYPES ARRANGED BY TEMPERAMENTS

SP	SJ	NF	NT
ISFP	ISFJ	INFJ	INTJ
ISTP	ISTJ	INFP	INTP
ESTP	ESTJ	ENFP	ENTP
ESFP	ESFJ	ENFJ	ENTJ

Source: Created by case writer.

While our primary focus here is the use of the MBTI for individual analysis, a large version of this matrix can be effectively used with small groups by having each member of the group mark their type on it and then opening a discussion of what the resultant pattern means for the group's ability to work together.

Each intersection on this matrix represents a type with broadly predictable patterns of mental activity and related behavior. Although mental and behavioral indicators for each cell are not constrictive in reality, they can help us to understand why people behave the way they do and therefore to be better able to manage or deal with them. In the context of making career decisions, these indicators can help us identify patterns in our lives that will help us choose careers, industries, companies, and specific jobs that will allow us to utilize our strengths rather than forcing us to play to our lesser-developed sides. **Exhibit 1** and **Exhibit 2** give some simple preliminary indicators of the characteristics of each type. For more detailed information on each, consult the test booklet from which you took the instrument or any of the many publications that deal with the MBTI. A particularly good and readily available one is *Please Understand Me*.³⁷

USING YOUR TYPE

There are many ways you can use the information about yourself that the MBTI provides. First, an understanding of your type and of that of people close to you can help you relate to and understand these people. If, for instance, your spouse is an ENTJ and you are an ISTP, you can anticipate that there will be times when the overt discussion of ideas in an animated way that your spouse wants to engage in will be overwhelming to your desires to more quietly gather some hard facts at hand and reach a more solid conclusion. At the same time, you both share an interest in the logical connections of things, but your spouse will want to process that with you, while you are likely to want to do that alone or in silence. These insights can help you talk logically and effectively about how you deal with each other and to improve your relationship. Obviously, this is also true of working colleagues, peers, bosses, and subordinates. For this reason, the MBTI is, again, widely used in industry.

For this course, the main use of your type will be to use it in conjunction with other data to develop themes that describe you and will help you formulate implications for the kind of work you should be seeking. To the extent that sales requires one to focus on the values and feelings of others, clear ISTJ types may find selling activities stressful since that is not their natural style. For ISTJs, there is a logical answer dictated by the strength of present facts. The natural tendency to interact with others to see what they want or to help them see the “truth” of the facts is not as available to them as it is to ENFPs, for instance. That is not to

³⁷ Keirsey and Bates, *Please Understand Me* (Del Mar: Prometheus Nemesis, 1984).

say ISTJs never make good sales people. In certain kinds of environments, perhaps research labs or engineering companies, they may indeed have the right kind of chemistry with the people they would be working with.

BEWARE!

This brings us to a major caveat. The MBTI is often misused. With its increasing popularity and use comes some unfortunate superficiality. The MBTI is a seemingly simple yet very complex instrument. The more one delves into the meaning of mental functions and orientations and how they dynamically affect each other, the more powerful the model becomes. And it is not the final answer to human behavior in career choosing or organizational life. It is one tool, a tool that if used with other data can provide useful insights.

Some MBTI seminar participants have gone back to the workplace and begun using the MBTI type as a form of greeting or labeling, as in, “Hi, you old ISTJ! Feel like talking today?” This kind of misguided boxing of others and overuse of the type indicators offends both the business colleague and those who have worked long and hard to develop and understand the power of this model. Psychologists trained in several psychological theories are perhaps best able to appreciate the usefulness of the MBTI as well as its limitations. Yet to the credit of Briggs and her daughter, the instrument has been made available to trainers and instructors in a variety of educational settings. We encourage you to be responsible in your use of the data you receive about yourself and about others during your discussion of the MBTI. Further, if you encounter the instrument again in your career, we hope you will lend to the discussions a sensitivity to the deeper implications of the theory and encourage others to work at getting beyond the superficial interpretations of the four type letters.

ASSIGNMENT

Before you attempt to analyze your own data, look at the cases that follow. What inferences can you draw about these people from their types? What implications do your inferences have for the kinds of work these people should be seeking? Once you have finished practicing on the cases, answer the same questions for your own type.

EXHIBIT 1. MYERS-BRIGGS TYPE INDICATOR: SENSING TYPES

ISTJ	Quiet, thorough, logical, organized, conventional thinkers, managers
ISTP	Reserved, detached, display flashes of humor, make logical connections, have principles
ESTP	Problem solvers, enjoy the moment, sports, adaptable, tolerant, quick to action
ESTJ	Practical, head for business, like to manage, can forget others' feelings, leaders
ISFJ	Friendly, quiet, loyal, stable, conscientious
ISFP	Sensitive, kind, modest, avoid confrontation, followers, not so achievement-oriented, not hasty
ESFP	Easygoing, see the positive and fun, quick to join groups, eager, prefer facts to theories, have common sense
ESFJ	Talkative, popular, like committees, need harmony, do nice things, like to affect people's lives

Source: Created by case writer.

EXHIBIT 2. MYERS-BRIGGS TYPE INDICATOR: INTUITIVE TYPES

INFJ	Persevering, do what's necessary, quiet, forceful, have clear convictions
INFP	Seldom talk, loyal, like to learn, try to do too much, absorbed
ENFP	Imaginative, capable, quick to find solutions, improvisers, persuasive, unrealistic, unfocused
ENFJ	Responsible, concerned about what others think, comfortable discussion leaders, sociable, responsive
INTJ	Original thinkers, skeptical, independent, determined, maybe stubborn
INTP	Reserved, like theories and science, problem solvers, not good at small talk, focused, multiple interests
ENTP	Quick, stimulating, talkative, resourceful, overlook routine and details, multiple interests
ENTJ	Hearty, frank, leaders, public speakers, like to learn, may be overconfident

Source: Created by case writer.

ADDITIONAL RESOURCES

We hope that you have enjoyed *Career Success: Navigating the New Work Environment*. Please let us know how we can continue to improve the content and your experience by completing our [brief survey](#).³⁸

Career management is a lifelong process; to continue your personal journey, you may find the following additional resources of interest.

CAREER MANAGEMENT

"Advice for Young Professionals"

CFA Institute, 2016

"Career Intentionality and Using Data to Make Career Decisions"

G.S. James Clawson

CFA Institute video webcast, recorded 30 May 2013

"Career Management: So Much More Than Job Searching"

Julia VanDeren

Enterprising Investor, 30 October 2014

"Future State of the Investment Profession"

CFA Institute, April 2017

"Happiness at Work"

Alexander Kjerulf

CFA Institute video webcast, recorded 18 October 2012

Letters to a Young Analyst

Tom Brakke

The Research Puzzle, 2014

³⁸ https://cfainstitute.qualtrics.com/jfe/form/SV_1Sxar170YP4Q6Zn

"Satisfaction Reaction"

Lori Pizzani

CFA Institute Magazine, vol. 25, no. 5 (September/October 2014): 26–27

"Your Professional Community and Your Career"

Dan Fasciano, CFA, and Biharilal Deora, CFA, CIPM

CFA Institute audio podcast, recorded 19 September 2013

"How Do You Balance Work and Life? (Words of Wisdom Series)"

CFA Institute, June 2017

"What's Your Advice for Young Professionals? (Words of Wisdom Series)"

CFA Institute, February 2016

CAREER PROFILES AND LANDSCAPE

"Advice on How to Become a Research Analyst"

Jason Voss, CFA

Enterprising Investor, 12 September 2013

"CFA Institute Career Guide 2015–2016"

CFA Institute, 2015

"Financial Market History Roundtable, London"

CFA Institute Conference Proceedings Quarterly, vol. 31, no. 1 (First Quarter 2014): 18–29

"FinTech in Practice: Wealth Management Technologies, and What They Mean for Practitioners and Clients"

CFA Institute video webcast, recorded March 2017

"Opportunities and Skills for the Future"

Catherine Chandler-Crichlow, Warren Bell, and Pierre Lavalée, CFA Society Toronto video webcast, recorded 30 January 2014

"What It Takes to Win on Wall Street: Proven Strategies (Take 15 Series)"

CFA Institute video interview, recorded June 2015

CLIENT IMPACT

"The Art and Science of Business Listening"

CFA Institute video webcast, recorded 27 April 2016

"Can Financial Advisers Make Their Clients Happy?"

Sloane Ortel

Enterprising Investor, 15 October 2014

"Differentiate Yourself: Building a Client-Oriented Culture"

Paul McCaffrey

Enterprising Investor, 7 June 2017

"Financial Advisers: Heed Gender Differences in Your Clients' Communication Styles"

Lauren Foster

Enterprising Investor, 23 June 2014

"How to Win Investors' Trust"

Robert Stammers, CFA

Enterprising Investor, 21 October 2014

"Poor Communication Hurts Performance"

Nathan Jaye, CFA

Enterprising Investor, 10 October 2016

"Science, Art, and Investment Management"

Nathan Jaye, CFA

CFA Institute Magazine, vol. 25, no. 6 (November/December 2014): 36–40

"Winning in Business Is a Team Sport"

Earl Bell

CFA Seattle Society video podcast, recorded 6 February 2014

ETHICS

"Ethical Concerns and Your Career"

Julia VanDeren

Enterprising Investor, 26 January 2017

"Ethical Decision-Making for Investment Professionals"

CFA Institute online course

"Ethical Mindfulness: A Guide for New Financial Services Professionals"

Donald C. Langevoort

CFA Institute, 2014

"Purpose of the Investment Profession"

CFA Institute, 2016

"What Is Finance For?"

Paul Smith, CFA

Enterprising Investor, 2 June 2017

JOB SEARCH

"The Borderless Career and Your CFA CV"

Sarah Dudney

CFA Society United Kingdom

"Building a High Impact Resume"

CFA Institute video webcast, recorded 26 January 2016

CFA Institute Career Center

"The Job Market for Analysts: How to Ride a Swinging Pendulum"

Sherree DeCovny

Enterprising Investor, 12 December 2016

"The Perils of the Silent Interview"

Sarah Dudney

CFA Society United Kingdom

"Planning and Organizing a Job Search Campaign"

CFA Institute video webcast, recorded 31 May 2017

LEADERSHIP/MANAGEMENT

"Career Conversations: Introduction to Leadership Presence"

CFA Institute video interview, recorded 17 June 2016

"Career Conversations: Dealing with Conflict"

CFA Institute video interview, recorded 26 April 2015

"Career Conversations: Emotional Intelligence and Leadership"

CFA Institute video interview, recorded 10 May 2016

"Executive Presence: How to Present Yourself as a Leader"

CFA Institute video webcast, recorded 11 October 2016

"Giving Feedback with Impact and Integrity"

CFA Institute video webcast, recorded 23 March 2017

"The Importance of Effective Leadership"

Jim Leech

CFA Society Toronto video webcast, recorded 30 January 2014

"Seven Abilities Needed for Effectively Managing People"

Julia VanDeren

Enterprising Investor, 17 February 2014

MENTORING

"6 Ways Mentors Elevate Your Career"

Marvin Dumon

"How to Be a Star Mentee"

Julia VanDeren

Enterprising Investor, 17 March 2016

"Mentoring and Coaching Others"

CFA Institute audio webcast, recorded 19 March 2015

NETWORKING

"Career Conversations: Cultural Diversity and Networking"

Nick French

CFA Institute video webcast, recorded 20 May 2013

"Informational Interviewing as a Networking Strategy"

CFA Institute webcast, recorded 27 October 2016

"LinkedIn Secrets to Accelerate Your Finance Career"

CFA Institute video webcast, recorded 14 December 2016

"Networking and Relationship Building Skills for Your Career"

Robert Hellman

CFA Institute audio webcast, recorded 19 November 2013

"Six Networking Lessons to Remember"

Charlie Henneman, CFA
Enterprising Investor, 1 January 2014

"Why Memory Training Matters for Financial Professionals (Take 15 series)"

CFA Institute video interview, recorded 13 April 2016

PERSONAL BRAND MANAGEMENT

"Personal Branding for Your Career Success"

CFA Institute video webcast, 27 April 2017

The Personal Branding Blog (website)

"Using Social Media to Boost Your Career Prospects" (video)

RELATIONSHIP MANAGEMENT

"Effectively Managing Workplace Conflict While Preserving Relationships"

Frank Murtha
CFA Institute audio webcast, recorded 29 March 2012

"Trust and Human Relationships: The Core of Client Relationship Management"

Lim How
CFA Institute Conference Proceedings Quarterly, vol. 30, no. 4 (December 2013): 52–56

"To Connect Across Cultures, Find Out What You Have in Common"

Andy Molinsky and Sujin Jang
Harvard Business Review, 20 January 2016

SELF-AWARENESS/AWARENESS OF OTHERS

"Career Conversations: Uncovering Behavioral Styles" (video)

Julia VanDeren

Enterprising Investor, 14 October 2014

"Emotional Intelligence for Finance Professionals"

CFA Institute video webcast, recorded 29 June 2016

"Meditation Guide for Investment Professionals"

CFA Institute online course

SKILLS DEVELOPMENT/IMPROVEMENT

"Career Conversations: Negotiation"

CFA Institute video interview, recorded 19 February 2016

"Five TED Talks That Changed the Way I Live, Love, and Work"

Lauren Foster

Enterprising Investor, 7 May 2014

"Get to the Point! How to Be Clear, Concise, and Compelling When Delivering Data-Heavy Presentations"

CFA Institute video webcast, recorded 8 February 2017

"How to Measure Your Success as an Investor"

Jason Voss, CFA

Enterprising Investor, 26 May 2014

"How to Wow Clients and Influence Colleagues"

Nathan Jaye, CFA

CFA Institute Magazine, vol. 25, no.1 (January/February 2014)

"Marks of Distinction"

Jason Voss, CFA

CFA Institute Magazine, vol. 25, no. 6 (November/December 2014): 18–19

"Science of Persuasion" (video)

"Skills That Separate You as an Investment Manager: Absolute vs. Relative Decision Making"

Jason Voss, CFA

Enterprising Investor, 12 August 2014

"Skills That Separate You as an Investment Manager: Creativity"

Jason Voss, CFA

Enterprising Investor, 13 May 2014

"Skills That Separate You as an Investment Manager: Decisiveness"

Jason Voss, CFA

Enterprising Investor, 8 July 2014

"Skills That Separate You as an Investment Manager: Discernment"

Jason Voss, CFA

Enterprising Investor, 7 October 2014

"Skills That Separate You as an Investment Manager: Forthrightness"

Jason Voss, CFA

Enterprising Investor, 9 September 2014

"Skills That Separate You as an Investment Manager: Introspection"

Jason Voss, CFA

Enterprising Investor, 8 April 2014

"Skills That Separate You as an Investment Manager: Intuition"

Jason Voss, CFA

Enterprising Investor, 10 June 2014

"Skills That Separate You as an Investment Manager: Scaling"

Jason Voss, CFA

Enterprising Investor, 18 November 2014

WOMEN IN THE INVESTMENT INDUSTRY

Alpha and Gender Diversity Conference: Articles and Research

"Anne-Marie Slaughter: Gender Equality Is 'Not about Women. It's about Care'"

Lauren Foster

Enterprising Investor, 2 December 2014

"Through the Eye of the Storm with Feminine Values (Take 15 Series)"

CFA Institute video interview, recorded 26 November 2015

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