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EPISODE 60:

The Agility Advantage

with Coalition Greenwich

Robert Morier: Welcome to the Dakota Live! Podcast. I'm your host, Robert Morier. The goal of this podcast is to help you better know the people behind investment decisions. We introduce you to chief investment officers, manager research professionals, and industry leaders who will help you sell in between the lines and better understand the investment sales ecosystem. If you're not familiar with Dakota and their Dakota Live! content, please check out dakota.com to learn more about their services. Before we get started, I need to read a brief disclosure. This content is provided for informational purposes and should not be relied upon as recommendations or advice about investing in securities. All investments involve risk and may lose money. Dakota does not guarantee the accuracy of any of the information provided by the speaker, who is not affiliated with Dakota. Not a solicitation, testimonial, or an endorsement by Dakota or its affiliates. Nothing herein is intended to indicate approval, support, or recommendation of the investment advisor or its supervised persons by Dakota. Today's episode is brought to you by Dakota Marketplace. Are you tired of constantly jumping between multiple databases and channels to find the right investment opportunities? Introducing Dakota Marketplace, the comprehensive institutional and intermediary database built by fundraisers for fundraisers. With Dakota Marketplace, you'll have access to all channels and asset classes in one place, saving you time and streamlining your fundraising process. Say goodbye to the frustration of searching through multiple databases and say hello to a seamless and efficient fundraising experience. Sign up now and see the difference Dakota Marketplace can make for you. Visit dakotamarketplace.com today. Well, I am thrilled to introduce our audience to Todd Glickson, consultant and head of the North American Investment Management Practice for Coalition Greenwich, a division of CRISIL, formerly Greenwich Associates. Todd is a trusted partner to leading asset managers, asset owners, investment consultants, and distribution platforms, helping clients measure, grow, and improve results with data-driven insights, analytics, and services. His practice area focuses are distribution, marketing, product, and strategy. Todd, welcome to Philadelphia.

Todd Glickson: Glad to be here. Thanks for having me.

Robert Morier: We did. We were taken off by the snow, taken offline by the snow last week. But we did it this week.

Todd Glickson: Better weather, and happy to be here.

Robert Morier: Good. We're happy to have you here. It's really a pleasure. We have so many questions to ask you. You've put out an incredibly interesting research paper that we're going to be spending most of the time today talking about, which we think is going to be beneficial for both asset managers and asset allocators. But before we do, I'm going to read your biography for our audience. Todd Glickson consults and is head of the North American Investment Management Practice for Coalition Greenwich, a division of CRISIL, where he joined nearly two years ago to assist asset managers, asset owners, investment consultants, and distribution platforms in measuring, growing, and improving results with data-driven insights, analytics, and services. Todd consults with investment management clients, bringing extensive experience with previous leadership roles focused on product, marketing, distribution, corporate strategy, and M&A. Todd was formerly the director of global marketing, product solutions, and corporate strategy with Cohen & Steers, building teams and leading all aspects of global product development and management and global marketing initiatives and outreach across all distribution channels. Prior to Cohen & Steers, Todd was the head of product development for the Hartford Investment Management Company and director for product research for Federated Hermes, where he started his career in the industry nearly 30 years ago. Todd has a BS from Carnegie Mellon University in industrial management and history and an MA in diplomacy and international commerce from the University of Kentucky. Todd calls the Princeton area home, where he lives with his family. And again, thank you for being here. Congratulations on all your success.

Todd Glickson: Oh, thank you. Appreciate it.

Robert Morier: Well, I'll share with our audience here in the beginning a full disclosure. I am a Greenwich Associates alumni, back when it was known as Greenwich Associates. I started my career there in their analyst program. At the time, they called it an off-Wall Street analyst program that Charlie Ellis had set up back in the early '70s when he launched the firm originally. So, I'm very proud to be interviewing you today. I feel like my career has officially come full circle, even though it's only 23 years in. It's a very exciting opportunity for me to be talking with you.

Todd Glickson: I appreciate you saying that. And I was really honored when I had the opportunity to join Coalition Greenwich/Greenwich Associates because I was a client for a long time. And they really did set the bar in terms of engaging with institutional asset managers. So, happy to be a part of that now. Really enjoying it as well.

Robert Morier: Well, we look forward to learning more about it. I usually set the stage by starting with the beginning of your career. But for our audience, in your role with Coalition Greenwich, what are the services that you're offering your clients in the industry and beyond, just so everyone understands exactly where the genesis of the paper is coming from?

Todd Glickson: A few things. First of all, 52 years in the space. Like you said, Charlie Ellis founded the firm in the '70s. Really, our focus, the investment management practice, works with institutional asset managers and consultants primarily. And really, three key pillars of what we do. First and foremost, is what we would call voice of the client. So, we go out and we speak to some of the largest asset owners around the globe every year, and we ask them what they think about their investment managers in terms of investment service and new business capabilities. We do the exact same thing with investment consultants, get their feedback on the managers that they cover. And we're able to get that feedback because we also provide feedback to those consultants on the clients that they have. So, they understand how they're doing. So that's pillar number one. The second pillar is really a lot of thematic research and topics that institutional investors care about, whether that's diversity, equity, and inclusion, ESG, OCIO, branding, client experience, all of those types of things that can keep you up at night. And then last but not least, custom work, whether that's client satisfaction, brand, or strategic advisory. So those three key pillars really anchor the practice.

Robert Morier: Well, that helps us with the research paper that you had put out and authored called the "Agility Advantage"…so taking that information that you're aggregating from asset owners and asset managers, where you explain how change in the investment management industry is elevating the importance of agility for asset managers. And you quantify the advantage managers can derive from enhanced agility. So, we're looking to learn more about that paper. And we're going to get into the details of it in a few minutes. Before we do, I am going to ask you about your background. How did you find your way to Coalition Greenwich?

Todd Glickson: 30 years in asset management. Really, a lot of the work, the last 20, very consultative. So, as you mentioned, started out at Federated Hermes. But along the way, senior roles at Principal and Hartford as well as Cohen & Steers. And a lot of that work was taking a look at a marketing practice or a product practice or a sales or consultant relations practice and making a decision either to rebuild or course correct to get it right. And it started in almost every instance with listening to clients. So, I think that's the way I found my way there. And the interesting thing for me is, I had always worked with Greenwich and knew the head of the investment management practice, had kept in touch. And he gave me a ring when he was actually leaving for another opportunity and said, now's your time, maybe you should talk to the folks there. And because we knew each other, it was a great fit.

Robert Morier: So where did the concept of the "Agility Advantage" come from? What were you thinking before you put pen to paper as it related to what you were trying to share with asset managers and asset owners?

Todd Glickson: I really think that the last few years, pre-pandemic, post-pandemic, an awful lot of jarring market experiences out there, right? And so, what you've seen is people trying to think really hard about what success looks like and then going back and thinking hey, we all on paper say we've got a strategic plan that we put in place that maybe goes out three to five years. And let's think about not only why that's as important as ever, but along the way, you need to be cognizant of bumps in the road. So how do you align the concept of that long-term plan with what we would call full cycle agility, the things you need to be anchored to every day that your firm is built around, along with the concept of short-term agility, which is, hey let's think about course-correcting because the market is throwing us a bit of a curveball?

Robert Morier: I'm interested to get into the long-term versus the short-term nature of that. I felt it was like a fast-twitch and slow-twitch muscles. Sometimes you have to sprint, and sometimes you have to do an ultra-marathon, particularly with the sales cycle. But what are some of the key traits that asset managers need to possess to effectively navigate this evolving landscape? Because it seems like it is evolving very quickly.

Todd Glickson: Sure. And I think if you break it down into some buckets and you think about long term, short term, and really things that cut across both, a few things come to mind. So first of all, you've got that long-term strategic plan that you've talked about. And what you've got to do every day as a north star is that philosophy, that process. The formal reviews, the interaction, and the reporting has to be crisp and clean. Number two, the team you put on the field to work with your clients, the RMs, the relationship managers, the portfolio specialists, the people that touch the client day to day have to really be top tier. The interaction as well, the timeliness of it, and the crispness of it has to be there. But really, the difference maker, and I think this is the difference maker to retain clients and to bring them in, really four key things. First of all, it's the willingness to customize, number one. Two, it's the being that go-to for what we would call policy and strategy guidance, being able and willing to provide it. And then knowledge transfer, it's thought capital and the right thought capital. And last but not least… and I think it's lost in the mix oftentimes, is risk management. So, when people think about an asset manager, why they want to be associated with them and why they want to stay, it's all of those characteristics. But risk really anchors everything. No surprises, right? Or to the best that you can, as little surprises as possible.

Robert Morier: That makes a lot of sense. Would you say that those same five characteristics carry to emerging managers boutiques? Because I certainly understand particularly the ability to customize. That could be arguably challenging for a small firm, potentially single product, small staff, a couple founders, maybe a salesperson. So how do you advise on that difference between size, the scale, versus the specialist?

Todd Glickson: If you are an asset manager, one of the things that's most important, and it's not always easy to focus on, is you're not boiling the ocean. Understand what we would call personas, right? It's the concept of aligning what you do well with the clients that want what you do, right? That helps you think about the products you are offering, the folks that want it, and the service model that you need to put in place to be successful. And that's one of the things we do a lot with larger asset managers. And on the smaller side, to your point, I think the way you're successful is you're working with folks that are going to anchor or put founders feed dollars into your products. So, you need to be listening to what they tell you. You need to be flexible on the offerings. And you need to get out in front of them with the thought capital. I think most of the time, those asset owners, if they believe in you, will be agnostic as to the wrapper that you put your alpha engine in, and they'll give you some flexibility. But it's the, hey, finding the right prospect or the right client to call.

Robert Morier: That makes sense. I love the idea of personas. I'm excited to ask you some more questions about that. It was one of the things I greatly appreciated about this paper. The other thing I appreciated is that you focused on the key issues that were impacting asset allocators before you started giving advice. And two of those things were asset allocation and market volatility in the United States as the top of the list. So how are asset owners handling this one-two punch as it relates to their priorities coming into this new year relative to what asset managers should be doing?

Todd Glickson: I think that's really interesting. And you add to that the inflation environment and the market volatility, as you said, and then funding requirements, and what you really see is an interesting mix of things that are going on. So, when you think about asset allocations… and we'll touch on this, I think, a little bit later… globally, in almost every market, all roads lead to privates, right? People are starting by anchoring their portfolios more and more in the private space, number one. Number two, when they're using fixed income… and let's talk about some of the traditional pension plans that are out there, they're really being more prescriptive about how they're using it. They may have a risk bucket and a defeasement or an LDI bucket, cash and LDI. And that's really where they're focusing to barbell their portfolio. And last but not least, in the US, equity is still a large component of that space, active equities, both active and passive. But what you are seeing is more interest in the fixed income that we've talked about as well as the privates, and really the equity space becoming more and more, the active listed equity space, more and more competitive and more of a takeaway game. So, I think the way people are approaching it is the fixed income and the private piece, with the equities really being a tougher, listed equities, a tougher space to play in.

Robert Morier: It seems like the competition is just as tough as ever, more managers coming. And to your point, that whole idea around customization means that there's this idea around product proliferation, that there's a product for everybody. And as some of these asset managers are getting larger and larger, particularly as they're introducing private markets, private credit, how can asset managers best position themselves to capitalize on those opportunities while facing this heightened competitive environment?

Todd Glickson: When you think about how you become that trusted advisor or that strategic advisor, it's really not about your fees or your performance because a lot of your peers are going to have good fees and performance. You get deselected on that, not selected. So, I think that's important, number one.

Number two, I think if you're an asset manager, spend just as much time on your product management hygiene as you do on your product development hygiene, right, which is we all know we're supposed to go, as we get older, go get that executive physical every year. Well, that's what you're doing with your product lineup, looking at that, putting it in three buckets… what are we going to optimize, what are we going to enhance, and what are we going to maybe try to validate? I think you need to do that. And then last but not least, if the space you play in is not a space that is as attractive as you might like it to be, but you know moving out of your space is really going to be a challenge or not part of your core competencies, think about how the products you offer are complementary to something that's doing well. So oftentimes on the private side, for instance, if private debt is doing well, let's talk about investment grade or non-investment grade privates on the fixed income side. On real estate, for instance, where we talk about private real estate, and we know the markets off a bit. But oftentimes, there's a good way to say listed real estate and private real estate work together as peanut butter and jelly, right? One can help you be tactical or get into spaces that you can't get into with privates. So, if you're that type of manager, make sure you understand how the two things work together in a complementary way.

Robert Morier: The term "strategic partnership" gets thrown around a lot, but it's important. It's being able to think about the strategy of the asset owner relative to how you can be a better partner. And a lot of that comes with good client service. And you talk about client service in the paper. So, with these demands for enhanced digital efficiencies, faster response times, how can asset managers keep up from a client service perspective as it relates to the needs of the underlying investors, the clients themselves?

Todd Glickson: First and foremost, it's the people you put on the field, right? And we talked about this before, obviously. You want to focus on the right types of clients, the ones that align with your products and the service model that you think goes with your products, right? So, once you get that right, in terms of keeping those clients satisfied, it's making sure your team is upskilled, right? More people aren't always better. It's better people that are better, right? So be mindful of that. And I think it's having those people continuously learning, which is a tough thing to do, number one. Number two, understand the cadence of communication and service that your clients want, particularly if there's a level of customization. And then make sure that as you're listening, you're bringing things to your clients that they value, whether that's telling them about the latest thing you're working on while it's in the lab before you launch it, bringing portfolio specialists, not just client service people, to talk about those things, and transferring knowledge or giving guidance maybe on things that aren't just what you manage, right? So, adding value. It's really what we call that service alpha.

Robert Morier: Well, one thing about service alpha I was surprised to read is that the onboarding process remains a significant pain point for asset management clients. In some ways, I'm surprised. And in other ways, I'm not surprised. Because I just remember over my years in the industry, we can't figure it out. How come asset managers can't figure out how to onboard a client?

Todd Glickson: In some ways, it never was sexy. And I think part of what you have to think about is, how do you highlight… that old-hackneyed expression, "you only get one chance to make a first impression," right? So, I had the luxury… or not the luxury but the experience of being involved in the buildout of two onboarding teams at two different asset managers and was actually shocked when I joined each one that they didn't have them. And that as the complexity of the clients escalated, there was the justification of having one. And I think a couple of things to think about if you're an asset manager, and it's important when you build out that onboarding and how do you make it linear and repeatable. You don't have to have a ton of people, but you've got to have a handful of folks that are dedicated, that are practitioners. They're really like air traffic controllers, right? So, they understand how everything works from front to back. And that's not just bringing the clients on but keeping them and the things that they expect every day. And those folks have to have the ability to get on the bat phone and call up the leadership that they need to bring them to bear. So those onboarding committees have to be agile. They have to have all the stakeholders there. And then secondly, there's low-hanging fruit, things that you can really make better when you onboard. And those really have to do with custody and transfer and KYC and AML, those types of things that can be more linear and repeatable. And then there's the other thing that's interesting is custody, right? So, custody in the space, particularly if you're working in the private space. And I know you know this because you've seen this. Even though custody fees and the business can, in some ways, sound like it's commoditized, it isn't. You need to work with the right custodians as an asset manager and an asset owner, an institutional investor. The folks that specialize in the asset classes that you're looking to invest in, it will make the experience much more enjoyable.

Robert Morier: So, when you're going back to that client experience, if the onboarding is correct and the client engagement is there, when you think about how asset owners can identify an agile asset manager, what are the characteristics that they should be looking for in an asset management partner if agility is as important as the paper tells us?

Todd Glickson: I really do think… and we touched on it, we broke it down before… the concept of agility as an asset manager, having that strategic roadmap, having a long-term focus, a short-term focus. But really, the things that are important to retain clients and then also bring in new, and then also as a signaling effect, to your point, to asset owners or institutional investors, is being out there as an asset manager with thought capital, the right thought capital, understanding the asset owners that you want to speak to, building a relationship with them. So, if you're the asset owner, institutionally, there's an expression in the institutional business… you have to have the patience of a dead person, right, to bring that business in. And what that means is, it's a very long-term engagement. So, from the asset owner or institutional investor who's got a lot to pick from, it's, hey, look, you started to think about what you want to do next. These people are calling on you. What kind of thought capital are they producing? Are they willing to accommodate some concerns we have? Are they willing to customize? Are they coming to us to just share their best thinking without being asked, right? So, are they front and center, not inundating us with things we don't want to know about? So maybe they spent some time and they looked at our plan. Maybe we're a public plan, right? Maybe we're a university. Maybe we've built our foundation or our endowment a certain way. They've read our plans. They understand what we want to do and what we don't want to do. Call on us on the things that we say in our plan, we're interested in, not on what we're not, and then bring us something we don't have already.

Robert Morier: I've heard that from a lot of our guests over the last year is the importance of an asset manager to understand the mission of the investor. And it doesn't need to be an endowment or a foundation, a public pension plan, a funding status, a corporate pension plan. Maybe they're thinking about the DV model again, like the IBM. So, I think there's a lot there. I couldn't agree more. Very interesting. Thank you for sharing that. I did want to go back to full-cycle agility and short-term agility. I can't help myself.

Todd Glickson: All right. No, no, go ahead.

Robert Morier: Because I'm a slow runner. So, for me, institutional works well for me. Marathons and long-distance running, I feel good. And that idea of a full cycle, the full-cycle agility makes a lot of sense. But how do you balance both? The best athletes can balance both. So as an asset manager, can you provide some examples of how you can successfully balance these two?

Todd Glickson: So, as an asset manager, you're a specialist or a generalist. But you've got oftentimes flagship products, right, the things that are really tied to your brand. And you certainly need to make sure that, actually, three or four key things are there on the long-term side. And it's, hey, how do we make the donuts every day, that philosophy, that process? Is it clear? Is it linear and repeatable, right? So that's number one. Number two is, when we engage with our clients today, what's our hygiene like? What is our reporting like? What are those formal meetings like? Do we have that clocked? So, if you do, then what do you do to keep those clients engaged? It really has to do with the team that delivers the message every day, like we talked about a little bit before, those relationship managers, those portfolio specialists, those PMs that are talking to the client, right? So those folks generally now know how to talk to clients. They're trained on how to listen, right, and how to react, react quickly and react in a timely way. So those interactions outside of formal interactions, those ad hoc interactions, are really, really, really done well. So, if you got those two things, that keeps your service model humming. And then what gets you being known as that strategic advisor or getting that second mandate is really that third thing, those attributes that cut across long term and short term. It's that, hey, our risk management is always crisp and good. We're willing to customize, as we talked about before. Intellectual capital transfer. We're coming to you with advice. We're willing to do things like stack on fees, right? So, if you're offering fees and you're doing it not with one product but two or three, how do you create some synergies there? So, it's all of those things put together. Like we know in Philly, right, it's not just the meat, it's the cheese and the onions and all of that together—

Robert Morier: That's what makes the best sandwich. I agree. Tell us more about the personas. You mentioned some of those traits, like risk tolerance, fee sensitivity, preferences for investment style and managers. But take us through the persona. I'm sure as asset managers are listening in on this, they're trying to figure out, am I a Jekyll or a Hyde? Where do I sit in this persona?

Todd Glickson: At Greenwich or Coalition Greenwich, we have been looking at the concept of personas for about 15 years now, right? And we have some algorithms that help us with it. But one of the things that we do every year is we talk to asset owners or institutional investors. And we ask them a series of questions on the managers that they work with, the attributes that they find compelling, the things that they find less compelling. So, what it allows us to do, along with that information and the algorithms we have, is put those institutional investors into personas or buckets that speak to the types of offerings they're looking for, the types of service models they're looking for. So, we use concepts like folks that are looking for alpha or wizards or consultant followers. And it really gets back to attributes of, are they looking for high alpha? Are they willing to pay certain types of fees? Are they focused on what the consultant tells them? Are they going to make their own decisions? So, you have to think about that as an asset manager. And it's really mapping back what you're good at to the types of clients that want what you do.

Robert Morier: That seems highly valuable for asset owners. How do they access that information?

Todd Glickson: When we work with asset owners every year at Coalition Greenwich, part of what we do to get them to participate or provide us information is we do what we call a giveback, meaning that we share a lot of our market research with them on what we see out there. And color on things like persona is part of that. So, we provide them updates on where the market is, where funding ratios are, best practices for consultant relations, OCIO, overall broader trends on things like ESG and diversity, equity, inclusion, because we think that hopefully gets them excited about participating. There's really a quid pro quo there.

Robert Morier: That's great. That makes a lot of sense. It sounds intuitive. It's a good way to get the asset owners involved in the research. So, you're getting the best market segment, and then the asset managers get a good sense of who they are. So good. Thank you for sharing that. Well, I have no shortage of friends in portfolio management who agonize every month and quarter over their whitepapers, their CIO letters. I mean, it's a really painful process for them, and for lots of reasons. There's a lot of pressure that's involved, right? You have to be unique. It needs to be differentiated. It needs to be topical but strategic. A lot of these things tend to create an environment where asset managers struggle with the type of content that they should be putting out, the type of thought leadership. So, what are the benefits of being agile as it relates to the content that you're putting out relative to what your clients are expecting?

Todd Glickson: There's a long-term and a short-term component to it, just like we talked about long-term and short-term agility. So, I think the long-term component of it is this, and this is something that gets back to the concept, again, of process or hygiene, right? If you're producing thought capital or you're producing media of any kind, you need to have buy-in across the organization. And that's from senior management, from investments, from sales, and from marketing, right? What are we going to talk about? Why? And how are we going to do it? So, at the beginning of the year, you should obviously set the tone. Every quarter, in our view and in my practical experience, you should do two things. First of all, you should set the tone, make the decisions, go out and do what you say you're going to do. And then mid-quarter, do a lookback on prior quarter. Were we successful or not in terms of how people engaged with our content? Whatever medium it came through, right? And then that helps you understand what you need to do more of and what can you do better. But as it relates to thought capital specifically, what we see time and time again is this. It's always important to provide macro updates or market updates. But almost everyone does. And you know that if you have somebody who's your client as an asset manager, they're most likely subscribing to your content. So, the way you get to the next level is not the macro piece, it's this… it really is investment ideas, case studies, use cases, things that can put the offerings into play in an everyday sense that people can see applied, right? And also, you talked about the concept of whitepapers. And I love whitepapers. But no Dickens novel, right? It's one to three, three to five pages, because people's attention span is short. Those seem like somewhat intuitive things. But sometimes they're lost in translation.

Robert Morier: You mentioned the medium. In your advice, what are the best mediums now to be delivering this information? Arguably, 10 years ago, it was the website and an email distribution. Today, it could be LinkedIn, Instagram, social media. So where do you see the balance between the traditional, the email delivery or your website where you're putting content, or the, quote unquote, "platform," the brand, the brand management, the personal brand management? What's the best medium, in your opinion?

Todd Glickson: It depends on if it's a client or a prospect. So, if they're a client, email, right? It's going to seem surprising, but one of the things we hear time and time again, particularly from asset owners or institutional investors… and there was a big bit of engagement on building portals years back. And if you're an asset owner and you work with seven or eight asset managers, so that means you have to go into seven or eight different portals. And that's great if you have a problem with immediacy to find the data. But what people tend to say again and again and again is, just send it to me, particularly if I'm already a client and I value what you have to say. That's number one. Number two, if you're dealing with prospects, it certainly is targeted communication. Email is certainly fine. But the thing you have to recognize is your website is on 24 hours, seven days a week, obviously. You should have video. You should do podcasts. Also, you should do paid media, particularly institutionally, if your thought capital anchors back to publications that really are similar to what you're good at. And I think that's important. And social, obviously, is always key. But I do think you want to differentiate the medium between clients and prospects to understand how to stay top of mind.

Robert Morier: So, if you had a blank piece of paper as it relates to paid media, paid marketing, and I gave you a budget for conferences, how would you be thinking about the approach to conferences and the conference circuit? And you don't need to name specific ones. But it's a question that comes up often, particularly with boutiques. But also, the largest managers, they've been paying for the same conferences year over year. And they inevitably ask themselves after three years, two years, five years, is this worth it? So, if you had that blank piece of paper, what would it look like as it relates to that conference agenda?

Todd Glickson: One of the things that you want to do is certainly be visible in broader organizations, right? So, trade organizations, things like that, where you're out there talking to folks or asset owners, or institutional investors are going to be present. I definitely know there's an awful lot of value in the conference circuit for public entities because of where they can and can't go. And then there are some bigger ticket conferences that, candidly, don't make sense for smaller asset managers to go to, really. So, I do think for them, the way to leverage what they do is, oftentimes it's going to be paid media with the right publications. And it's going to be just really prescriptive outreach as opposed to conferences.

Robert Morier: Can you give us a between the headlines assessment on what you're seeing in ESG and sustainability? You mentioned DEI at the beginning of the conversation. You mentioned ESG as well. It's evolving. And it's being impacted by politics. It's being impacted by legal changes. There's a lot going on. So, what are you seeing in between the lines as it relates to sustainability from an asset management perspective, and then if you don't mind, how the asset owners are thinking about it today?

Todd Glickson: Look, we talked about it before. We use a Dickens novel again. It is a tale of two cities, right? So, you see in markets like Canada, markets like Europe, the UK, they're all in. There's regulatory agreement, and there's also asset owner agreement that this makes sense. In other markets, it's still in process. In the US, we've seen more engagement go to a little bit less engagement. And you touched on it. A lot of that has to do with the political environs. It has to do with the lack of clarity from the legislative docket. But I think the thing that we see that I really like and makes me excited about it is… and to me, it makes sense… so if you're an asset owner, an asset manager, and actually, I heard a treasurer from a university speak to this the other day. He said, hey, look, we're not here to save the world, but… this is the but… and this was important… he said, look, we've got a fiduciary obligation to improve the risk return profile for the endowment, for the foundation, for the plan that we manage. And if we can showcase by using a sustainable or an ESG product how it improves that risk return profile and do that, whether it's ESG, sustainable thematic, that makes a lot of sense. But as a fiduciary, I've got to see that proof. So, part of what has become a challenge, particularly in the United States, is there's not a shared agreement on what success looks like and how you show it and how you report it. So, I think if you can get there, what you can see is a path forward with regard to those asset owners that are maybe more interested in learning more or investing in those types of things.

Robert Morier: I can tell you as a university professor exactly how my students are harnessing the power of artificial intelligence. I was shocked to see how few asset managers, at least per the research in the agility advantage, are looking into it. I think it was more than 50% have either not looked at it at all, or they're aware of it, but they haven't necessarily explored it yet. So, I'm curious how is and can artificial intelligence be leveraged by asset managers in this changing environment?

Todd Glickson: I was shocked, actually, on the other side, that as many people said they were moving on it than they were. Because institutionally, we tend to see it move slower, more slowly. But I was also really pleased when we went out and did our research this year how many people responded because they wanted to know. And about 45% said, yep, we're doing some work. 45% said, hmm, we're thinking about it. And like you said, the other bucket, the last 10% said, we're not there yet. And I think what you see in asset management, particularly institutionally, is there's always a big bucket of people that want to be called fast followers, right? And they're trying to glean from the folks that are going through the front door first. So not surprised, but I have been pleasantly surprised with the level of interest. And then when you take a look and you peel back the onion and you ask, where do you think AI is going to help and where won't it help? To me, the answers were interesting. We do think it's going to help in ideation on the research side, just the front end of, hey, these are the things we should focus on. We do think it's going to help on marketing automation. We do think it's going to help with compliance. Where do we think it will have less of an impact? It's those things that should always have a high end of a human component. It's going to be relationship management. It's going to be sales and product design, which, to me, makes sense. So, it's early days. But I think those findings do ring true. But we'll see. I mean, we keep reading about asset management firms that say, hey, we've got a $200 or $300 million budget dedicated to AI. I really think behind the scenes, it's like The Wizard of Oz. They're trying to figure out what that really means and how they harness the power of it and how they do it in a way that's proprietary to them and who should they partner with to do it and can they do it themselves.

Robert Morier: Coalition Greenwich has always had a good insight into the environment of consolidation. So there has been obviously no shortage of consolidation on the consultant side. It's also continuing on the asset management side. So, asking you again to think about the data and the research that you've done as maybe a little bit of a crystal ball as well. Do you see a slowdown in this consolidation, the consolidation that's going on within the industry, relative to both consultants and asset managers? It seems like the big are getting bigger. And what does that mean for boutiques?

Todd Glickson: You should expect more of it. And you talked about it in consulting. We're seeing it in OCIO, right, a part of consulting. And when you think about OCIOs, there's really three buckets you put them into. You've got traditional OCIOs that may have been part of a consultant. You've got OCIOs that are part of an asset manager. And you've got independent OCIOs, ones that are not associated with either. And you're starting to see that those traditional consultants in particular that can really bring all of the tools to the table globally are the ones that are consolidating or getting more share, number one. Number two, I think when you look at the dollars with the larger asset managers listed… and now increasingly, last year, you can see with the fundraisers for privates that same movie is going on, right? In privates, it's early days. But you're going to see more of that consolidation. And I think what that means for an asset manager really is you have to pick a path, right? You've got to make a decision about if you're a boutique or you're a specialist, we call that, as opposed to a generalist. And then you need to understand how to build your business. And it's hard. But I think the concept is simple, which is either you take things that you do to new distribution channels, like we're seeing with privates and the democratization of it into the retail side or the intermediary side of the business, or you do extensions of your core competencies, right? So that's how you put that hygiene in place.

Robert Morier: Can you expand a bit on the OCIO market? In some ways, I'm not surprised, right? There was such a proliferation of OCIOs coming out of the financial crisis. To your point, the traditional, the asset management, and then the independent. So, thinking about those three buckets, are you seeing most of the consolidation happening with the independents?

Todd Glickson: I don't so much see that it's consolidation with them as it's harder for them to move up market with their business model. They oftentimes can't offer all the services that a larger consultant may be able to offer or all the services that an asset manager who now is an OCIO has access and scale to the services that they don't do, that they've outsourced. And they can offer fee economies that independents can't. So, I really think as an institutional investor, you have to obviously find the right partner. But to me, just common-sense dictates that for those that are independent, it's just a tougher row to hoe.

Robert Morier: Well, I grew up in Cape May County, New Jersey. And there's a lot of birding down there. We have a hawk watch twice a year. And sometimes we get to see some peregrine falcons. And I was reading a book called The Peregrine by JA Baker. And he's got this great line when he's trying to find these birds, which move very quickly. So, your fast-twitch muscles. "The hardest thing of all to see is what is really there." So, you may have the guidebook. You may have the marketing deck. But how are asset owners really able to understand what's really there once they're in front of that asset manager? What are the questions they should be asking to really get to the heart of some of the advice that you're giving these asset managers themselves? So how do you uncover that agility?

Todd Glickson: Finding the right partner in an asset manager takes time, right? So, I think part of what you're looking for… and this, again, seems like it might be intuitive, but it isn't always… is in most asset managers, excuse me, asset owners or institutional investors are going to have a consultant that works with them, right? Those consultants are doing a lot of the work on the front end. And it's really going to be about, hey, these folks have a linear repeatable process. Do they have people that have been there a long time? Have their results been pleasant as they possibly can be? So those are the things that get you in the door. But what asset owners or institutional investors need to be cognizant of is of all of that service alpha component that we talked about. Who are we engaging with? Are they knowledgeable? Are they continually bringing us things that we find useful? Are they listening to what we have to say? When we talk to them, does it seem like the conversation has evolved from the time before? And are they bringing us ideas that make sense and use cases that are practical for the issues we have right now? Those are folks or asset managers that I would want to continue to listen to and partner with. And last… and you know this… is you always talk to your friends, right? What are my friends doing? Who are they working with?

Robert Morier: Before I let you go, I'm going to ask you about your mentors, I'm always curious, the people in your career who have helped you along the way. If you could share some of those folks, we'd appreciate it. Otherwise, just some good advice is also always welcomed.

Todd Glickson: For me, at different stops, at Federated, at Principal in particular, I had mentors. So, I grew up in a household with… so my mother was the CEO of our household, and my grandmother was a CEO of the household before that, right? And I had the luxury of being mentored by two very thoughtful and powerful forces of nature at both Principal and Federated Investors, women there that were really good listeners and good communicators. And I think what was most helpful for me is those mentors that did a few things, that, one, took the time to listen, that took the time to teach and brought me along so that I could see how things were made and done, right? So, you learn by doing. But then you have to have somebody that pulls you aside, listens, and teaches you. And what you find out in your career… and I know you know this… is that actually is the most enriching part of your day-to-day work, when you actually get to be that person.

Robert Morier: No, absolutely. I also say that sometimes listening is hearing what's not said. So, watching people's behavior and watching people's body language and how my students are reacting to a certain part of the lecture. Or back when I was in the sales seat, how the asset owner was reacting to what we were sharing. Were they taking notes? Were they not? But that was wonderful advice. Thank you for sharing all that. Thank you for being here today. Congratulations on all your success. It's really an honor for me to have you here. And speaking to you and Coalition Greenwich, as I said before, it does feel like a full circle moment for me professionally. So, I appreciate that. Thanks for being here.

Todd Glickson: Robert, thank you so much. It's an honor to be here as well, and it's been a pleasure.

Robert Morier: If you want to learn more about Todd and Coalition Greenwich, please visit their website at www.greenwich.com. You can find this episode and past episodes on Spotify, Apple, or your favorite podcast platform. We are also available on YouTube if you prefer to watch while you listen. If you would like to catch up on past episodes, please check out our website at dakota.com. Finally, if you like what you're seeing and hearing, please be sure to like, follow, and share these episodes. We welcome your feedback as well. Todd, again, thank you for being here. And to our audience, thank you for investing your time with Dakota.