



# ADVISOR 2019 SYMPOSIUM

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# Building a Sustainable Culture

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# Conventional Wisdom

*A successful People Strategy* has two elements:

- A meaningful purpose (Mission)
- A group of skilled and competent people (Team)



# Our Mission

*Research Affiliates is committed to being the preeminent source of insights and products that transform the global investment community for the benefit of investors.*





# A Skilled and Competent Team





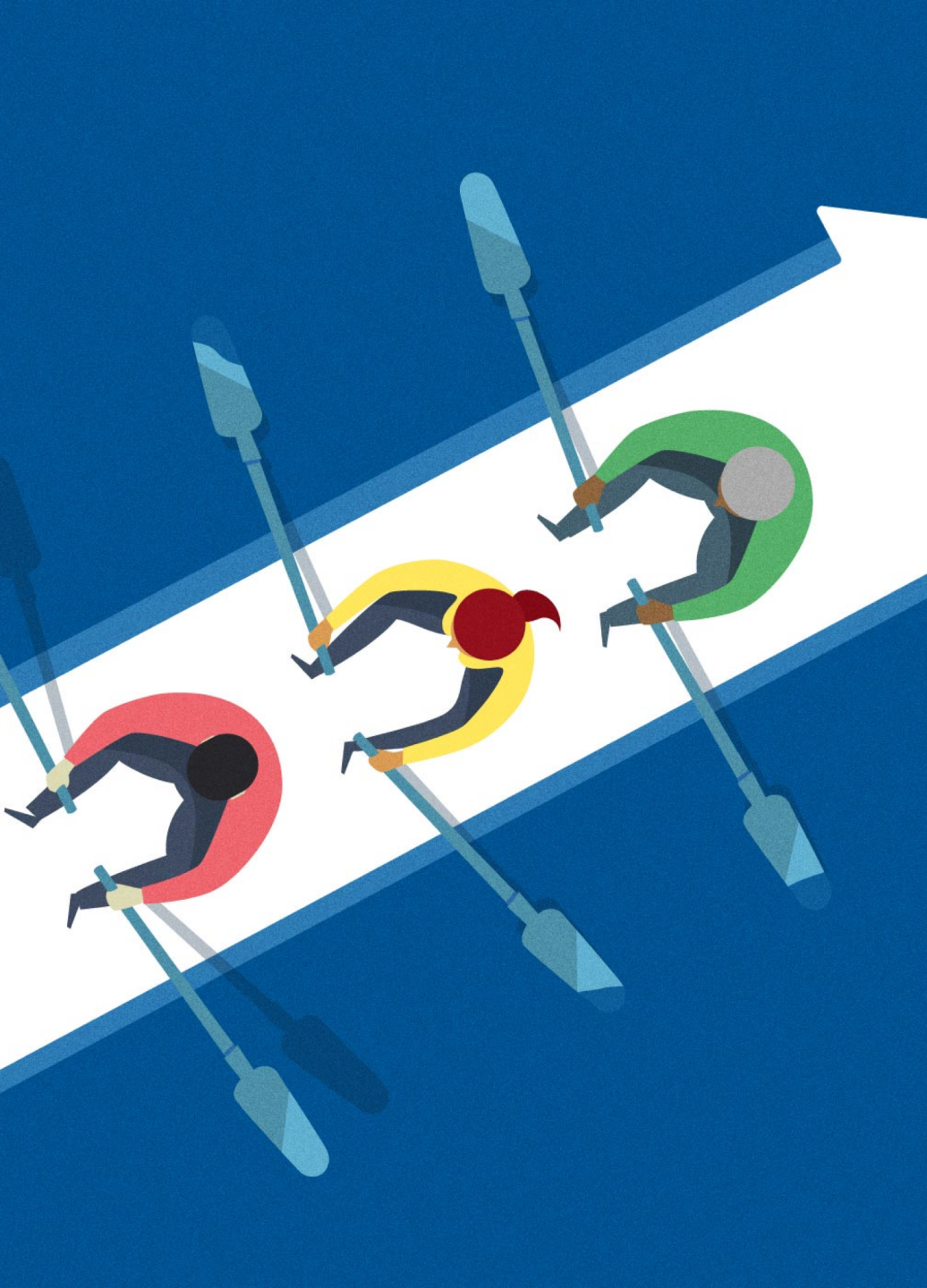
# The Challenge

Getting People to collaborate  
in ways that lead to better  
outcomes...and a positive work  
environment



# The Missing Piece?

## Culture.



# Research shows that Culture Matters in Firm Performance... and Camaraderie





*“Firms whose employees have high levels of job satisfaction also tend to deliver high long-term stock returns.”*

(Edmans 2011)



*“Cultural values and norms are positively correlated with firm value, innovation, and ethical outcomes.”*

(Harvey 2018)



*“A corporate culture that embraces diversity and nurtures inclusion leads to good management practice and better outcomes.”*

(Sherrerd 2018)

# What aspect of culture drives improved outcomes?

One that discourages groupthink and promotes high levels of Collective Intelligence (CI).

- \* Groupthink is the tendency of a group of people to behave like one individual.
- \* CI measures the IQ of a group of people.



# What are the benefits of a high CI culture?

Benefits include:

1. Better decision making
2. Greater creativity and innovation
3. More effective leadership
4. Improved bottom-line results

# How do you achieve higher levels of CI?

Two requirements:

1. Cognitive diversity
2. Culture that values curiosity, respect, and independent—particularly **dissenting**—views

# Applying Lessons to Our Firm

The impact of our view of firm success, core values, and anti-values on our culture.

**We want a Culture that  
Will Help Us Unlock the  
Benefits of Our  
Cognitive Diversity**

# Values Are the Foundation of Our Culture

## VALUE

## OUR DEFINITION

## IMPACT

**Responsibility**

We own our actions and solve problems

Focus energy on learning and growing

**Curiosity**

We emphasize learning, seek feedback, and welcome independent views

More perspectives and better decisions

**Authenticity**

We reveal our intentions, speak candidly, and honor our word

Trusting relationships and mutual respect

**Collaboration**

We create shared success by partnering with colleagues and clients

Better outcomes for clients and firm

# The Destructive Forces of Anti-Values

VALUE	ANTI-VALUE	DESTRUCTIVE FORCE ON CULTURE
Responsibility	Blaming	Prevents accountability and initiative-taking
Curiosity	Committing to being right	Hurts creativity and team relationships
Authenticity	Withholding	Puts personal agendas above team objective
Collaboration	Lacking trust	Leads to a competitive, compete-to-win culture

# Culture Must Be Cultivated

Key processes and practices that drive our values and culture.



# Make Culture a Priority

1. Hire cognitively diverse teams; avoid homogeneity.
2. Communicate—frequently—on culture and values.
3. Include commitment to culture in performance metrics.
4. Assess candidates comfort with firm values.





*"A commitment  
to being right  
leaves little room  
for creativity."*

*Shane Shepherd  
Head of Research*

# Watch Out for Destructive Forces

1. Avoid practices that lead to comfort and conformity (follow the leader).
2. Challenge team members who don't exhibit curiosity.
3. Watch out for blame deflection and lack of trust in team or process.
4. Be alert to the impact of bias and stereotypes.



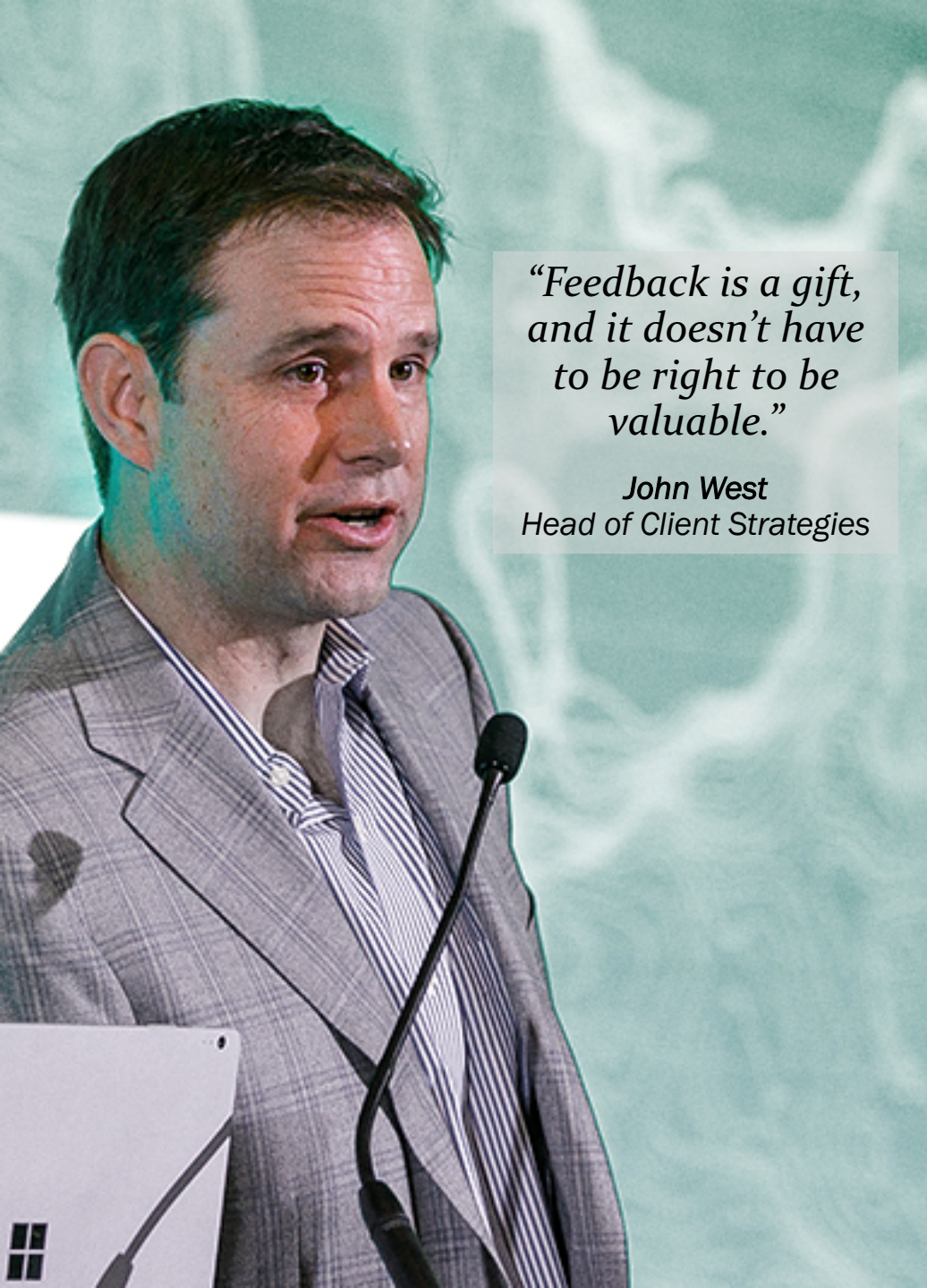
*“Listen to learn, not  
listen to respond.”*

Chris Brightman  
Chief Investment Officer

# Enable High-Functioning Teams

1. Encourage everyone to contribute.
2. End domination by a few participants.
3. Ensure everyone is well informed.
4. Listen with curiosity and respect.





*“Feedback is a gift,  
and it doesn’t have  
to be right to be  
valuable.”*

*John West  
Head of Client Strategies*

# Lead by Example

1. Model the values every day.
2. Actively encourage independent and dissenting views.
3. Don’t tolerate displays of “anti-values.”
4. Embrace candid feedback.

# Our Strategy

✓ Mission

✓ Team

✓ Culture

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