

Kathy Freeman Company's  
**LEADERSHIP INTERVIEW SERIES**

A Conversation With

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**SAM AUSTIN**

Partner – Public Funds

**NEPC**

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CELEBRATING  
YEARS

**25**

| Kathy Freeman Company

DEDICATED TO THE PERFECT FIT

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## Kathy Freeman Company's Leadership Interview Series

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The Leadership Q&A Series is an ongoing set of interviews with investment industry leaders from Asset Management, Brokerage, Wealth Management, Investment Consulting, and Fintech. This series was launched in celebration of Kathy Freeman Company's 25th anniversary. It is designed to provide perspective from key industry influencers about the evolution of their market segment over the years, projections on opportunities and challenges ahead, and leadership insights gained throughout their successful careers.



**Sam Austin**  
NEPC

## Leadership Q&A with Sam Austin of NEPC

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Sam Austin has more than 30 years of experience in financial services. In 2017, Sam transitioned his career from asset management to institutional consulting. He joined NEPC, one of the industry's largest, independent, full-service investment consulting firms, as a Partner in its West Coast Public Funds practice. NEPC serves more than 350 clients with \$1+ trillion in combined assets. Prior to NEPC, Sam was a Senior Vice President and Investment Committee member at FIS Group. Earlier in his career, he held various leadership positions with Virtus Investment Partners, Barclays Global Investors and Bankers Trust.

## Having joined the consulting industry from asset management, how do you look at the needs of your public plan clients with a different lens?

My experience in asset management has taught me to constantly look for innovative solutions. That perspective allows me to think a bit more out of the box. When I'm speaking with clients, I'm thinking, "Is there a reason we have to do it this way? Or can we consider another solution that may not be quite the standard response from a consulting firm?"

## What are some of the key trends you're seeing with regard to technology and the investment industry?

The industry is undergoing a digital transformation on three levels. First, we're moving operationally from manual to digital. We're getting more streamlined in how we do things. Second, the user experience is being redefined. Increasingly, the user experience is a digital one. Third is deep customer engagement. Engagement is about giving users the ability to take a specific action – transfer money online, request a white paper, or contact a wealth advisor. The goal is to make things more predictable and remove friction from any transaction. This digital transformation is a major shift that is affecting companies in the investment industry, as well as the entire global economy.

## Where do you think the best opportunity is to do things smarter, better, or faster in the consulting industry?

I think it's almost, "Back to the Future." Technology has created opportunities to deliver great amounts of data, but cutting through it to get to the valuable information and reduce the signal-to-noise ratio has become difficult. That's because many of our clients are swamped with webinars and other information that isn't communicated clearly. The old-fashioned, personal approach is still relevant and critical to success. You need to be passionately interested in what's going on with your clients' staff and be passionately interested in their ability to deliver retirement benefits to plan participants. Sometimes we lose sight of the personal touch when trying to deliver a great amount of information via technology.

## Speaking of technology, what is the role of Artificial Intelligence in investment consulting? Are consultants in danger of being replaced?

I certainly would never say never. Maybe 50 years from now, someone will be able to design something that builds passion into the human equation. But I think that's a ways off. Investing is personal, even to the people managing money for institutions. I believe clients like my approach to understanding their problems. Because my father was a state worker and my mother was a teacher, they benefited from public plans. The retirement income from their plans maintained their quality of life. I appreciate what those plans did for my family, and I bring that passion with me when I'm talking with a Chief Investment Officer. That's not something a machine can do.

## Where do you see future growth coming from in the consulting industry?

Clearly, the discretionary business, or outsourced CIO business, is the fastest-growing area of investment consulting. We expect to see more relationships with endowments, foundations, corporate clients and even some public plans. Big public funds will always need a non-discretionary approach. But the outsourced model will lower costs for some clients and make them nimbler in corporate governance and decision-making. This is a growth opportunity.

## How do you think succession planning will impact the future of the business?

NEPC resolved the succession issue some time ago. Very smartly, the firm expanded ownership to the next generation of leaders. As an industry, however, there is a definite consolidation opportunity ahead for firms still in the hands of first-generation owners who are looking to monetize their investment. In some cases, the solution will be an acquisition. Larger firms will look to roll up smaller regional firms. I think NEPC's solution of growing internally and organically is a lot more stable. That stability is what makes us, I believe, the consultant of choice for really high-quality investment professionals.

## How do you recruit and retain talent in today's tight labor market?

NEPC is very proactive about creating an attractive work environment for younger talent, new talent, and talent at all stages of a career. My peers are very interested in doing things differently. We are continually discussing how we can put our industry at the forefront of the investment business. We recently had a diversity engagement reception in Boston with industry thought leaders. We talked about hiring opportunities at consulting firms, as well as how we engage diverse asset management firms for our clients.

I've also taken the initiative to engage with an industry group called, "The New America." The group is looking for a consulting firm to put together an analysis about diversity in our business. As an industry, we don't want to exclude anyone who can bring us fresh ideas. Over the next six months, we'll be working on a white paper that will explore innovative approaches to opening doors to new talent.

## How should the industry attract more Millennials, many of whom are choosing more exciting industries like technology?

Millennials like working in a challenging and interesting environment. At NEPC, we actively mentor people and help them build a career path. We offer flexible work schedules and the ability to work remotely. One of my colleagues just told me she's moving to another city. Allowing her to do so could be a difficult decision in many firms, but NEPC has the culture and technology that encourages people to work productively from remote locations. The firm also promotes quality of life in and out of the office. Quite a few people come to us for their first job out of college. Our objective is to make NEPC a place where they will stay and build a career. This approach is the reason we've been more successful than most in attracting young talent.

## How important is it for Millennials to know that they have a clear career path at their firm?

It's pretty important. In our Redwood City office, there are three or four Millennials. They constitute almost half of our team there. We spend a good deal of time discussing the projects they're working on, how their work will affect clients, and the overall impact of their efforts. We've intentionally had these discussions, so people feel they are not working in a vacuum. We're providing feedback about how the engagement was perceived by the client and what they can do better next time. I'm definitely a big fan of mentorship and coaching, both being significant contributors to creating a work environment in which Millennials will thrive.

## So how do you transfer institutional knowledge from one generation of leaders to the next?

In addition to active mentorship and coaching, frequent all-company meetings are excellent platforms for transmitting knowledge and reinforcing corporate culture. They allow younger and mid-career individuals to step up under the tutelage of more senior people. They make presentations to the entire firm and get collective feedback. This is a very good way to encourage people to grow and interact with senior people on our research and management teams. These meetings happen at least four times a year. Knowledge transfer is an ongoing process and needs to be actively cultivated.

## What skills are most important when developing the next generation of leaders?

You can't lead if you don't know the business really well. Understanding investments has to be first. Beyond that, it's all about taking ownership of a project – going beyond delivering the minimum requirements. It's about understanding more deeply the implications of the project you're working on and recommending next steps. It's also really important to know how to motivate people who work alongside you without thinking hierarchically.

## What motivates you to take on the world each day?

One of the wonderful things about the consulting industry is that you work with the best and the brightest. You engage with people creating entirely new solutions and markets. People are continually coming up with really smart and innovative ideas to adapt their asset management philosophies to changing market conditions. I love talking to people in venture capital, the hedge fund community, and the commodities business, among others. That kind of intellectual stimulation fires me up to go to work. Every day, I enjoy learning about what the best of the best are doing across a wide variety of specialized fields.

## Celebrating 25 Years of Success

Kathy Freeman Company is a woman-owned, retained, executive search firm serving the investment industry for the past 25 years. The firm offers to its clients an unparalleled understanding of the complete lifecycle of the investment industry and how to think differently about what backgrounds and competencies are critical to grow a business. Its consultative approach, experience, judgement and national network of relationships makes Kathy Freeman Company the go-to partner for companies looking to hire top-tier executive talent reluctant to make a change.

## The Perfect Fit

Kathy Freeman Company's 25-year track record of success is predicated on process, discipline, and a commitment to excellence. The firm's search work is based on a customized methodology developed to create the best fit for each client. Less than 1% of Kathy Freeman Company's engagements have resulted in a replacement search – an exceptional track record in executive search. This repeatable, process-driven approach and methodology instills confidence that these well-executed searches will produce a successful return on investment.

