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Kim Lew heads to Columbia, Brooke Jones joins Bryn Mawr, Dekia Scott promoted at Southern Company. . . better late than never!

African-Americans Chief Investment Officers in the News

Last week Columbia University announced that Ms. Kim Y. Lew, chief investment officer and thirteen-year veteran of the Carnegie Corporation, will join Columbia's $10.9 billion Investment Management Company as CEO on November 2nd.

She won't have far to move. Her new office is located about eight blocks south and three blocks east of her present location in mid-town Manhattan.

This hire is a big deal and the search committee -- Columbia University's board of directors, President Lee C. Bollinger, and EVP of finance Anne Sullivan -- shattered several glass ceilings when they welcomed Ms. Lew on board.

Gender is a formidable barrier for females in finance. On our latest list of the top one hundred endowment chief investment officers pre-Ms. Lew, there are only sixteen women.

[*This is pre-Kim Lew and Brooke Jones, both moves announced last week. Ms. Jones was Kim Lew's investment director and will move to Bryn Mawr College as CIO next month. Dekia Scott, 19 years at Southern Company, was promoted to CIO in June*]

Fortunately, Columbia's search committee was more interested in talent and ability than race, gender, or religion when they selected Ms. Lew.

[*Our full interview with Ms. Lew is just below*]

We see a lot of boilerplate in the nonprofit world about how "we don't discriminate."

But, truth be told, if you are a woman, or more pointedly, an African-American woman in asset management, you face gale-force headwinds as you scale the institutional precipice.

How bad is it?

For over thirty years we have followed the careers of several thousand investment heads at Wall Street investment and money center banks, hedge funds, insurance companies, and nonprofits.

Within our global database we have about six-hundred-fifty chief investment officers at endowments, foundations, hospitals, public pensions, associations, and charities. . . yet we can locate only fifteen African-American CIOs among them, a minuscule two percent, of which, with the recent promotions of Ms. Jones, and Scott, seven are female.

The dismal reality is that an African-American woman working in institutional investment management has a better chance of storming her way across the Korean DMZ than becoming a chief investment officer at a major American endowment or foundation.

AFRICAN-AMERICAN CHIEF INVESTMENT OFFICERS

AT US TAX-EXEMPT INSTITUTIONS

ENDOWMENTS

Kim Y. Lew, CEO (Oct 2020), Columbia U Investment Mgmt. Co.
Brooke Jones, CIO (Oct 2020), Bryn Mawr College
Charmel Maynard, CIO/Treasurer, U of Miami, FL
Frank Bello, CIO Howard U
Robert "Danny" Flanigan Jr., CIO/Treasurer, Spelman College

FOUNDATIONS

Joseph Boateng, CIO, Casey Family Programs
Rukaiyah Adams, CIO, Meyer Memorial Trust
Nickol Hackett, CIO, Joyce Foundation
Bola Olusanya, CIO, The Nature Conservancy

CORPORATE PENSIONS

Dekia M. Scott, CIO, Southern Company
Bryan Lewis, CIO, US Steel

PUBLIC PENSIONS

Mansco Perry III, ExecDir/CIO, MN State Board of Investments
Angela Miller-May, CIO, Chicago Teachers' Pension Fund
Cheryl Alston, CIO, Employees Retirement Fund City of Dallas
Alex Done, CIO, Bureau of Asset Management, NYC retirement system

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Source: Charles Skorina & Company

[*Our apologies if we have missed anyone. Please email me if you're not on the list*]

Kelli Washington, managing director of investments at the Cleveland Clinic, wrote an excellent op-ed piece for ai-CIO magazine about what it's like to be an African-American woman in finance.

And Vicki Fuller, former CIO at the New York Commons, was kind enough to share her views on being female and African-American on Wall Street and at the Commons in our interview two years ago.

We should mention that Columbia is not the only eminent New York institution to give women and minorities a fair shot.

The honorable Thomas P. DiNapoli, state comptroller, has led the charge for years, promoting Raudline Etienne, then Vicki Fuller, and now Anastasia Titarchuk to the top investment position at the $207bn New York Commons.

But, as we see from the data, these are rare exceptions.

When I interview women in the investment industry and ask how they first became interested in investment finance, it's almost always because early on they had a role model.

Someone in the family or a family friend, someone they met in high school or college who worked in finance and took the time to explain what they did and why they liked the job.

Let's hope the entire investment community will follow Columbia's example and hire, develop, and promote more role models like the intrepid band of women (and men) cited in this piece.

Ms. Kim Y. Lew, a Bronx Story

[*We first published our interview with Ms. Lew in April 2017 and consider her comments and insights a must-read for students thinking about a career in finance and any investor aspiring to the CIO role*]

Kim Lew was born in Harlem, the daughter of a Chinese immigrant father and an African-American mother.

She was admitted to one of New York's most selective public high schools, the famous Bronx High School of Science, and then became the first in her hard-working family to attend college.

She earned degrees at the University of Pennsylvania and Harvard Business School, came home to launch a financial career in New York, and eventually joined the investment office of the Carnegie Corporation in 2007.

That's a tall mountain to climb for anyone, but especially challenging for a minority female.

So, hers is in some ways an unusual story, but New York is a place where unlikely people have always accomplished remarkable things.

Let's let Ms. Lew tell it. . .

Skorina: I know you're often asked about your background and how you got to Carnegie, but it really is a remarkable story. Would you mind walking us through it?

Lew: My dad was born in Guangdong province in China and moved to Hong Kong with some relatives and then on to Canada.

When congress began to loosen restrictions on Chinese immigration in the early 60s, he came to the U.S. with some wealthy relatives, who had brought him along to act as a servant.

They opened a grocery, restaurant and cleaners in Harlem, where he met my mother. They were 17 when I was born, and my father's family disowned them.

They moved to the Bronx because it was affordable and more tolerant of an interracial couple and my father took a job in the mail room at AT&T headquarters.

I actually went to University of Pennsylvania because the CEO of AT&T at the time was a Penn graduate. My dad decided that if Penn was good enough for the CEO, it was good enough for his daughter!

Skorina: Kim, you and I have something in common, the Chemical Bank training program. I still think it was the best real-world business program I was ever involved with. Nothing beat the intensity of that year of study and on-the-job assignments.

Lew: I couldn't agree more. That's where I got my taste for finance and credit and my first real introduction to the world of business.

With all the bank mergers and consolidations that have gone on since, I'm not sure those programs exist anymore. It's a pity.

Harvard Business School was a terrific place and it really expanded my world of friends and contacts. But it's more of a confidence-building and career-development program than the nitty-gritty of how to do stuff.

Of course, as the years go by, my network from Harvard becomes more and more important. It's been a huge advantage to my career.

Skorina: You were on the lending side at Chemical Bank and then worked with fixed-income at Prudential. What was the fork in the road that steered you toward asset management? How did you wind up at Ford and then Carnegie?

Lew: It was one of those totally random things that change the rest of our lives. I was working at Prudential after B-school and thinking about my career and where would I go from there.

A friend from Harvard had a mother who worked at the Ford Foundation. He wasn't really sure what she did - something to do with investments - but he suggested I go and meet her.

His mother turned out to be Betty Fagan and she became one of my great mentors, friends, and bosses.

Skorina: Many of the women I interview mention people who helped them along the way. Who was there besides Betty Fagan?

[*See our interviews with Rukaiyah Adams, Meyer Memorial Trust and Amy Falls of Rockefeller University*]

Lew: I also had key support from Linda Strumpf, who was CIO when I was hired. Eric Doppstadt, the current CIO at Ford, was also very encouraging to me. And, Ellen Shuman, of course, who was CIO at Carnegie when I was hired, was a great role model and mentor.

Skorina: How exactly did they help you?

Lew: Oh, in so many ways! When I went to meet Betty, I really didn't know anything about equities or private equity or the non-profit world of endowments and foundations. I just thought it would be a good idea to talk with someone older and successful, and maybe get some advice.

We just hit it off. And then she took me to meet Linda. She was terrific and fortunately took a liking to me as well. They wound up offering me a job as a technology and insurance analyst at Ford.

But here is the most important point, and I try to pass it on to people I hire and mentor. Because I hadn't worked in equities and didn't have a technology background, I couldn't check some of the boxes for the job I was offered.

It was intimidating, but Betty Fagan said I couldn't become a good analyst if I didn't take some chances. She said: do your research, make some investments, and if you get something wrong, we'll fix it.

That was a liberating moment. She was saying it was OK to make some mistakes and take some risks, as long as I worked hard and learned from them.

Skorina: How did you get in the door at Carnegie?

Lew: It was Meredith Jenkins, (currently CIO at Trinity Church Wall Street), who introduced me to Ellen Shuman, the CIO at the time. I knew Meredith and she suggested I meet Ellen and, once again, we just hit it off. And Ellen presented me with a compelling opportunity.

She put it like this: at Ford we had had a big investment group and were a bit siloed, so it was hard to get experience in all areas.

Carnegie had a smaller AUM and Ellen said that she would make sure that I had all the exposure and preparation I needed to become a chief investment officer if that was something that I eventually wanted.

So, I took the job and she made sure we gained the experience. And now both Meredith and I are CIOs. Once again, to your earlier question about mentors, Charles, great bosses and great mentors are so important.

Skorina: If it's OK, I'd like to shift subjects for a bit and talk about the portfolio and performance. Our readers like hard data. And, in your case, the data are pretty impressive.

The stats on your website indicate that your biggest returns have been in private equity.

[*See:* *FY2015 Annual Report*, *page* 108]

For the 5 years ending September 2015, your PE returns were 20.7 percent, including 23.5 for venture capital and 17.5 for LBOs.

PE was your biggest allocation: 23.6 percent, and obviously that had a lot to do with your overall success. Carnegie actually beat Yale over 10 years, and they're supposed to be the best PE investors in the business!

How did you manage that?

Lew: Well, we have to go back to my Ford Foundation days. Betty Fagan was head of research and private equity when I joined. Ford was one of the early investors in private equity and we had a sizable allocation to PE.

When Betty retired in 2000, I moved over to private equity, working with Eric Doppstadt. So I've spent years following the class and the managers and feel very comfortable in that space.

Then, in 2007 I was hired by Ellen Shuman at Carnegie to take over PE from Meredith who managed private equity but was relocating to Asia for family reasons.

Ellen has a Yale MBA and spent thirteen years working for David Swensen in the investment office. So she learned from the master.

Skorina: Would you call yourself another follower of the Book of Swensen?

Lew: Yes, but how we execute at Carnegie differs from Yale for some very practical reasons.

Remember, we're a private foundation, not a university endowment. We don't have rich alumni we can go to for help if we take an unexpected haircut.

And by the way, Yale can go to the market with a hundred-year bond and raise cash if they need it, because they have tuition and donations coming in to service debt.

Also, foundations have to meet a pretty strict five-percent yearly payout. We have constraints which demand close attention to liquidity.

That means I can't lay out sixty to seventy percent of my portfolio in private equity, venture capital, timber, and other assets which might take years to sell.

Skorina: Despite those constraints, your team ranks high among some of the best in the world. And you've done it pretty consistently. How do you do it?

Lew: We have to be really creative, Charles, and look hard everywhere. Here's an example: Africa.

Over 10 years ago we decided to invest in African equities before they were on the radar for a lot of institutions.

They're very inefficient markets and thinly traded but we retain the ability to rebalance out as needed. They also provide some good diversification.

There are other areas where we think we have an edge, such as opportunistic investments in credit.

Skorina: I've got some frank questions about women and minorities in asset management, at least on the endowment and foundation side.

We did a rough count recently (2015) and among endowments, only about 25 percent of the investment staff are women. It's marginally better among foundations, about 30 percent. Why do you think this is?

Lew: Maybe one of the reasons we aren't yet as widely represented on the higher rungs is that we are more measured about how we approach career decisions and investments.

For example, had I known that I might be offered the job I got at the Ford Foundation, and what it would entail, I probably wouldn't have gone for the interview. I would have thought that I was simply not qualified.

Now this is just my personal observation, but I think women typically to want to know that they have everything they need to be successful before they consider jumping to a new opportunity. The risk of failure is much higher.

A woman might want to know ninety percent about the job before taking it, but a man might settle for sixty percent, grab it and see what happens.

And then there is the art of developing contacts and schmoozing among your work-mates. All the research says that networks and relationships are tremendously important.

But men and women network very differently. For men it's a handshaking, backslapping, joke-telling process.

It's trickier for women, because our attempts to make workplace friends and contacts and develop our support network can be misinterpreted as flirting.

That sounds like a petty, conventional gripe, but it's true. And it makes it tougher for women to develop a gender-neutral base of support as we move up the ladder.

Still, I think the balance is improving. About half of B-school classes are women now and they will work to form their own networks as they move through the pipeline.

Skorina: As far as minorities go, there really aren't any, just you and Joseph Boateng, who I've worked with for years at Casey Family Programs; Matthew Wright, who was CIO at Vanderbilt for five years and now runs OCIO provider Disciplina. And a handful of others. That's about it.

Can you think of anyone I've missed in the over-$1billion AUM group of endowments and foundations?

Lew: No, and that's my point. I think between the two of us we know most of the CIOs in the endowment and foundation space and we can't think of more than a handful.

Skorina: So how do we move forward on that?

Lew: That's a tough one, Charles.

There has been a perception that investment banking is more of a meritocracy, and it gives you a shot at making a lot of money. That combination is very attractive to African-Americans.

In the E&F world there are fewer opportunities and less-predictable turnover, so it's harder to get to the upper levels. Networks really count in a sector which is already not very diverse.

I think investment offices must continue to embrace the idea that diversity adds significantly to performance. We are successful when we construct teams that are able to see opportunities from many different angles.

We need diversity of thought and oftentimes that is possible with adding racial, ethnic, and gender diversity.

Many of my peers are interested in making sure that their teams are better representative of the wider world and so are seeking out "others." Growing the pipelines will eventually open up the potential for more diverse CIOs down the line.

People in the industry read your newsletter and profiles, and that could help, too.

Skorina: So let's talk about the CIO job. How do you describe it for those thinking about that kind of career? Specifically, what about it should be attractive to women?

Lew: First of all, foundations (and endowments) are terrific places to work and I've been really fortunate to have worked at two of the very best, the Ford Foundation and now the Carnegie Corporation. I've been lucky.

Now as to the CIO job, I would put it like this: as investment staffers we learn about managers and asset classes and our focus is on the external world of investments and returns.

But when you move up to CIO you become a manager and there are new responsibilities and constituents to address. Breaking it down:

About 20 percent of my time is spent "managing up;" keeping the board and president informed, making sure our goals are aligned with economic reality and that we all have the same expectations. That's very, very important.

About 30 percent is spent on "straight investing:" portfolio allocation, meeting managers, researching and reviewing opportunities, reading, conferences, etc.

I spend probably another 30 percent of my time managing the team. This means both the investment side and personnel side. On the investment side: making sure we are following the plan, the process is running smoothly, and we're meeting our objectives.

On the personnel side; making sure the career development is being addressed and that personal issues are being resolved.

And finally, about 10 to 15 percent of my time is devoted to Carnegie Corporation business and events. I attend our galas, luncheons, senior leadership meetings, and engage with those individuals whose lives we help with our programs.

So once a person steps up to the CIO job, there is a lot less investing, and a lot more managing.

Skorina: What's the draw for women?

Lew: It's a great job, Charles, and one that plays to women's strengths. Women are long-term thinkers and good managers. And we're, pardon the cliché, superior multitaskers.

Society today expects women to work, manage the family, juggle professional and personal duties, and look good. That's what we do and we're good at it.

I get to travel all over the world and meet people I would never be able to meet in other jobs. Every day I learn something new. There's lots of work, but lots of flexibility.

When I had my children, I could leave the office at five or five-thirty, take care of my family and then, after dinner and some family time, I could go to my desk, hit the computer and continue with business. And, by the way, the pay is pretty good!

[See our recent CIO Compensation Report, Pay and Chief Investment Officers: Good Money While It Lasts]

So I tell younger women I talk to, don't fear failure. You need to stretch out and accept that you will never be 100 percent prepared.

It really helps, of course, if the institution has a culture and people who are willing to give you room to succeed, like Ford and Carnegie. I was really fortunate.

One more thing, Charles. . .

I'll tell you a story that working mothers can relate to:

When my first child was about three, I was doing something with her one day. I think I was just back from a trip, when out of the blue she very seriously asked me, "Do mommies who travel miss their babies?"

Oh boy. I very carefully told her that we absolutely do. And that we travel so that we can love our kids even more when we come home. Well, she thought about it and that seemed to make sense to her, because the question didn't come up again. Remember, she was three.

Then I had my second child, and when she got to be three, the same question apparently came up while I was traveling.

Only this time my first child was a savvy, experienced 10-year old and explained to the younger one that mommies who traveled were really cool, and that it just meant you got extra love and attention when we got home.

So, that's the secret Charles: Get that first kid on your side and he or she will take care of the ones who follow!

The Skorina Letter

Each issue explores how the world's most accomplished asset managers think and invest. Original content includes profiles and interviews with industry veterans and research on compensation and investment performance.

Our insights and commentary come from our clients – board members, CEOs, chief investment officers – and the global investment community within which we work as executive search professionals.

Institutional investors operate at the crossroads of capital, talent, and ideas, shepherding over seventy trillion dollars in global assets. It's a constantly evolving spectacle and The Skorina Letter gives readers a ringside seat.

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