

The Skorina Letter

● Retained Executive Search ●

Our clients: Boards, Asset Managers, Family Offices

We recruit CEOs & CIOs, advise on performance and pay, M&A consulting

Building the World's Best Investment Management

The next Swensen: Will They Know Her when They See Her?

Talent hits a target that no one else can hit. Genius hits a target no one else can see.

– Arthur Schopenhauer, German, philosopher

Chief investment officers are an eclectic group with a singular purpose – protect assets while generating income. The great ones add value that can last for generations.

Under David Swensen's stewardship, for example, the Yale University endowment reported total AUM of \$31.2 billion on June 30, 2020, a [full third more](#) than if Yale had put the endowment in an S&P tracker fund in 1985, the year Mr. Swensen started as CIO. And that's after billions in distributions to the school. He will be missed.

But how do we find the next generation of investment superstars? Who will be the next Swensen, Volent, Malpass, Falls, or Golden?

Recruiting these executives is our business, and we avidly follow all institutional and family office investment heads managing assets over \$500 million – and many with less – tracking their performance and pay and scrutinizing their abilities.

For us, the search process begins with two questions.

The first is data-driven. Can we identify skill and persistence in a candidate's background?

The second is based on intuition and experience. Is this candidate someone that catches our eye? Piques our curiosity?

Oscar Wilde wrote in Lord Arthur Savile's Crime and Other Stories that, "It is better to have a permanent income than to be fascinating." And while we certainly agree with the author's sentiment, we think a fascinating background is an important contributor to a great investor.

Let me explain.

We've looked at an untold number of resumes over the years and met with countless candidates. Most were bright and hard-working and yet, there wasn't much to distinguish one from the other.

But every now and then, someone just jumped off the page. Their backgrounds were different, interesting, exciting.

Maybe they spent a year living on a Navajo reservation, learning the language, and volunteering in the health clinic. Or they set up a cloth dyeing business in Thailand, or sourced rare wood veneers in the Malaysian rain forests.

As search consultants we never stop looking for these individuals. Their memorable stories make our day.

Here are three exceptional examples of what we mean.

Paula Volent - Artistic Endeavors

Ms. Volent has dominated the institutional investment performance charts for years, but that wasn't where she started or intended to be.

Armed with a BA in art history and chemistry from the University of New Hampshire, Ms. Volent set her sights on the art world and a role in paper and canvas preservation.

After six years as a curatorial assistant at the Bowdoin College Museum of Art, a year at the Clark Art Institute, more schooling at NYU's Institute of Fine Arts – MA and certificate in art conservation – and additional internships at the Palace of Fine Arts in San Francisco and the LA County Museum, the business side of art caught her eye and she thought it time to earn a return on her years of study and training.

She launched a [conservation studio](#) in an empty grocery store in Venice Beach and cast her net in that fragmented and diffuse world [Sarah Thornton](#) described as “a loose network of overlapping subcultures held together by a belief in art.”

From 1990 to 1994 this was Volent's beat, mixing and meeting with the celebrity elite, LA artists, and big-money collectors, canvassing for prospects and building her brand.

Yet, with all that hustle, she still found time for business classes at UCLA, an incidental yet pivotal move which ultimately changed the course of her career.

It was during those LA years that an unexpected visitor from the Yale admissions office knocked on her door, thanks to a referral from a UCLA professor, and offered her a slot in the MBA program.

As luck would have it, the National Gallery of Art also came calling and given her trajectory in the art world, their offer made more sense.

So she put Yale on the back burner and moved to D.C., then on to the New York Historical Society for one last assignment.

But finally, after eighteen years of lectures, labs, and life on the road, she called time on her career and took the Yale offer, thinking it might be a useful adjunct for museum management.

After graduation, David Swensen was so impressed with her writing that he asked her to stay on and help finish his book, [Pioneering Portfolio Management](#), and join the YIO staff.

And we almost forgot. Her daughter was born about the time Ms. Volent began second semester at Yale. Nothing like a newborn to fill those idle hours.

In 2000, her odyssey came full circle, back to Bowdoin as assistant Treasurer and endowment manager. This summer, after twenty-one-years as investment head, she called it a wrap. Her stellar career as the school's first CIO ended July 1, 2021.

How she managed to stay in one place that long is beyond us, but never fear, it's not over till it's over. This August she picks up the reins once again as CIO at Rockefeller University when Amy Falls relocates to Northwestern. We can't wait to see what comes next.

Jane Dietze - Like Mother like Daughter

If you want to know what drives Ms. Dietze, you don't have to look far.

The late [Ms. Helen Dietze](#), Jane's mother, a twice-widowed preacher's daughter with a BA from the University of North Carolina at age nineteen; lived in France, Japan, Africa, and Thailand; studied in Florence, the Sorbonne, and Oxford University; loved tennis, skiing, and sailing; collected antiques for fun and profit and – there's more – late in life she joined the Peace Corp. Jane's grandmother, by the way, earned graduate degrees in Latin and Greek.

After a whirlwind childhood, Ms. Dietze began her undergraduate studies at Princeton where she played three varsity sports; field hockey, squash, and lacrosse and captained two of the teams.

(If you've ever watched field hockey or lacrosse – which, as students we often did at MSU – it's not for the faint of heart. The ladies play for blood.)

After an AB from "Old Nassau," it's off to the University of Cape Town for post-graduate work, and on to Johns Hopkins for an MA in Russian Studies then two years at Goldman Sachs as an analyst. Then it gets really interesting.

About the time Paula Volent arrived in LA, Jane Dietze reached the steppes of Eastern Europe, on assignment with the World Bank's International Finance Corporation. Her mission? Resuscitate and restructure faltering businesses.

We have to put this in context. The Soviet Union was falling apart in the early to mid-90s. Conditions were fluid and governments were shaky, but you could still make money.

It was more like Deadwood than Wall Street, but there she was, traveling through Albania, Macedonia, and Turkey scouting

opportunities and cleaning up messes. And on to Russia where she pitched in to help privatize state farms.

In 1996, after four years picking through the wreckage of the Soviet empire, it was goodbye to the Balkans and back to Washington, D.C., where, with two partners, she started, and managed, an enterprise software company which they eventually sold to Wayfarer Communications (PeopleSoft).

After that? Fourteen years in private markets and wealth management — six as a general partner with Columbia Capital, early-stage venture investors, two years raising her own VC fund and then, in 2006, she joined Fortress in New York to manage the personal money of select partners and clients.

But as fate would have it, in 2012 the two ladies crossed paths. Volent offered Dietze a position as private equity director at Bowdoin which, a year later, brought her to the attention of Joe Dowling, CIO at the time at Brown University, and he hired her as his backup.

Ms. Dietze now runs the investment office at Brown and sits on top of the rankings. One home run after another.

Robert Wallace – From Stage to The Street

The most intriguing career turn among our troika — or for that matter among all the CIOs we know — was the transition by Mr. Wallace.

Rob Wallace, the Stanford Management Company's charismatic chief investment officer, had no inkling of his future in finance when, as a pre-teen, he watched Baryshnikov dance at the Kennedy Center. But it was during that performance that his muse took hold and from that moment on he was determined to become a dancer.

By the time Mr. Wallace reached his early thirties, after years of dedication, focus, and relentless training, he was at the top of his game.

Jennifer Dunning, dance critic for the New York Times wrote of [Mr. Wallace's performance](#) in an ABT program at the Met in 1991, "The show was nearly stolen by Mr. Wallace and a giddily loving Sandra Brown in 'Somethin' Stupid.'"

For sixteen years he performed with the Washington Ballet, American Ballet Theatre, and the Boston Ballet. And then, he quit.

Maybe it was the pay. He certainly earns more today than he could ever have imagined as a dancer. Or maybe it was the toil on his body.

But there is a greater concern among classical performers which has been looming for years, demographics and culture, the "graying of the arts."

[Pop culture has superseded high culture](#). Audiences are smaller and older and the mainstream media no longer pays much attention. Nowadays artists dance mostly for love, not money.

Some people are just better at sensing when the times are changing, money managers included.

Whatever the reasons, at thirty-three years old, with a wife and three kids, he chucks it all for Yale, a BA in economics, and a spot in the Yale investment office.

Three years later London called for Mr. Wallace and the curtain rose on his second career as chief investment officer for England's largest

family office managing the Hans Rausing fortune – roughly eight billion in 2005 when he joined, twelve billion when Mr. Rausing died in 2019.

Speaking of the Rausing brood, the Hans Anders Rausing side of the family has a colorful history to say the least. His son, Hans Kristian Rausing, made all the tabloids a few years back and the Daily Mail had a field day. (See: [How the billionaire who hid his wife's dead body schmoozed his way back into society.](#))

But back to Rob Wallace. There's a reason why the Yale Investment office has produced more chief investment officers than any other institution we follow – their uncanny nose for talent and willingness to stretch and take a chance.

On a visit to the YIO a few years ago, I asked Dean Takahashi about Mr. Wallace and how they went about choosing among the many gifted students that apply and he told me an interesting story.

In one of those random moments which change everything, on his way out the door one evening, Mr. Takahashi noticed a wadded-up resume in a waste basket. He was curious. What hapless soul had wound up in the can? So he picked out the resume, took a look at Wallace's background and thought "wait a minute, we should really meet this man."

And that's how Mr. Wallace's second career began, from stage, to basket, to a posting at the YIO. It's good to be smart, but it sure helps to be lucky.

I have often wondered how the Yale endowment would have fared if Dean Takahashi hadn't stood by Swensen's side all those years.

Finally, an encore for Mr. Wallace in 2015. He returned to the limelight as chief investment officer for the Stanford Management Company, replacing the late John Powers.

A consummate performance.

Wrapping it up

Being right may be a necessary condition for investment success, but it won't be sufficient. You must be more right than others . . . which by definition means your thinking has to be different. (See: Howard Marks, [The Importance of Second-Level Thinking](#))

The problem with being different and thinking differently, however, is that you usually need cover on the way up. Most boards don't like different.

Fortunately, world class investors find a way to break through. They never stop learning, investigating, and aiming higher. They're willing to step outside their comfort zone. They're restless, entrepreneurial, competitive, and mobile. There's no stopping them. And above all, they are insatiably curious.

Walter Isaacson [described curiosity](#) this way in reference to Leonardo da Vinci.

“He wanted to know what caused people to yawn, how they walked on ice in Flanders, methods for squaring a circle, what makes the aortic valve close, how light was processed in the eye and what that meant for the perspective in a painting.”

Sound familiar? The individuals we've chronicled above may not equal Leonardo in historical scope and influence, but their ambition, drive, and quest for knowledge is insatiable.

James Gleick captured the essence of the late world-renowned physicist Richard P. Feynman in an [obituary](#) for the New York Times. He wrote, “[Professor Feynman] was never content with what he knew or what other people knew.”

In our experience, this holds true for all top investors.

One more thing. They all are world class networkers. They sit on boards, they mentor staff and students, they volunteer, they are active in cultural and social affairs. They are always out there. Where they find the time is hard to fathom, but they do.

So how do we summarize the great ones?

We asked Joe Dowling, former Brown University chief investment officer and currently co-head of Blackstone Alternative Asset Management (BAAM), for his thoughts on the subject.

Here is what he listed:

1. Great investors have the ability to step away from the crowd and have a variant perception and then act with conviction. They have different experiences that add up to cumulative investment knowledge. They develop a diverse lens to evaluate markets and managers and opportunities.
2. They see patterns. CIOs meet with a lot of managers. Successful investors need to develop pattern recognition. A CIO probably needs to

have met and evaluated at least four-hundred managers before they begin to really know what they are doing.

3. They have intellectual curiosity and a strong work ethic. Nobody works harder than Paula and Jane - they grind it out. And the work is intellectually interesting to them. They are not tourists.

4. Dynamic and social. They are relentless networkers. Fund managers like them so there is a fly-wheel effect. Their networks expand and, as a result, they are fed more and more opportunities.

5. Humility. They have made a ton of mistakes but view them as learning experiences. They know and appreciate how difficult the business is. This filters through to the managers.

6. Politics. They know how to engage, manage, and benefit from their investment committees. This allows them to rebalance into dislocations, pioneer new models like, for example, staking managers or investing in crypto before the herd took notice.

Final thoughts

Will the Yale University trustees show a willingness to stretch and take a chance on gender as they once did on youth?

We've been in the search business for thirty-five years and spoken with countless CIOs and up-and-comers. How do you recognize exceptional talent?

To borrow a line from Alan Novak, Yale '55 & '63 LLB, "you'll know it when you see it."

-- Charles Skorina

Note: It seems Mr. Novak was clerking for Supreme Court justice Potter Stewart, Yale '37 & '41 LLB, during the court's 1963-1964 term at the time the Justice was struggling with how to define pornography. Novak's [indelible advice](#) to Stewart? "Mr. Justice, you will know it when you see it."

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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.

Prior issues can be found in "archives" on our [website](#).