

The Skorina Letter

● Retained Executive Search ●

Our clients: visionary families, transformative nonprofits, Wall Street trailblazers

Our vision: build investment preeminence, create opportunity, enrich lives

Our work: provide talent, access, relationships, and insights



It Takes Guts

The cautious seldom err or write great poetry. – Howard Marks' favorite fortune cookie, [Dare to Be Great II](#)

[J.P. Morgan Chase](#) is king of the realm these days, but during my time at Chemical Bank there were other big dogs walking the "Street."

The neoclassical, money-minting, "[House of Morgan](#)" sat kitty-corner to our headquarters at 20 Pine.

Next door, [David Rockefeller's](#) baronial fiefdom, the sixty-story, glass and steel slab, One Chase Manhattan Plaza, towered over Chemical's pre-war high-rise while Jean Dubuffet's tangled abstract, [Group of Four Trees](#), flipped us off from the courtyard.

And uptown, Manufacturers Hanover lent to the corporate elite from their Park Avenue perch, eyeing with disdain Chemical's [middle-market](#)

rabble. While high above the fray, [Walter B. Wriston's](#) Citicorp lorded it over us all.

But in the end, Chemical smelled blood, devoured their unwary competitors, and for desert had its way with the Morgan name. If you can't beat them, eat them. J.P. would understand.

That thing called “edge”

Mark LaMonica, Director of Product Management at Morningstar, [describes](#) the elusive, hard to define attribute called “edge” as better information, analytics, or behavior. But no one in the investment industry ever built a great business without another edge we call “guts,” the confidence and courage to take a chance.

With vast, industry-wide reserves of talent and resources, the odds of any single firm vaulting organically over the competition are slim to none without disruptive technology, blockbuster products, or an unbeatable investment record.

But, disruptive technologies and blockbuster products – computers or ETFs – come around maybe once every fifty years, as Angelo Calvello [points out](#) in *Institutional Investor*. And, while consistent, multi-decade investment [superiority](#) isn't impossible, it's exceedingly rare.

Promises kept

[Jon Hirtle](#), executive chairman of OCIO firm [Hirtle Callaghan](#) considers investment management a mission and describes the stewardship of client wealth as “promise-driven” investing.

When we ask our clients which risk matters most, they almost always place “mission failure” at the top of the list. Serious investors care deeply about keeping their promises.

Those promises can be tallied up to calculate a “required return.” Achieve that required return and we can fulfill our promises; fail to achieve it and we are likely to disappoint the people and causes we love.

But here’s the challenge. To endure and deliver on those promises made, which course can overcome the all-too-common clutch of complacency?

M&A or the highway

Why are there so few J.P. Morgans or BlackRocks? We’ve asked that question a thousand times and this is usually what we hear. “Our business can’t scale, or our service quality will deteriorate, or if we merge, we will lose our unique firm culture.”

Sorry. We just don't buy it. What most of these founders and partners really mean is, I make good money now, life is comfortable, and building or buying our way to the top means more work and way too much risk, so why take a chance?

That’s not how true achievers think.

Bill Gates didn’t invent the computer operating system, he bought [QDOS](#). And BlackRock didn’t invent ETFs, they bought Barclays Global Investors ([Barron's](#)).

Larry Fink, chairman and CEO, Rob Kapito, president, et. al., hung their shingle in 1988 and thirty-six years later manage ten trillion in AUM,

acquiring a bevy of firms along the way, including well over three-hundred billion in OCIO mandates, a segment we closely track.

Now BlackRock is buying [GIP](#), vaulting the combined entity to third place on *Infrastructure Investor's* [rankings](#), behind only Macquarie and Brookfield. If infrastructure opportunity is what their clients want, and [forecasts](#) suggest up to \$94 trillion in demand by 2040, the acquisition provides key [on-ramps](#) to traditional and emerging opportunities.

As a droll aside, we can't help but wonder how many more acquisitions are on the way. Mr. Nathan Most, the foundational spark behind the "SPDR," was a spry seventy-three at time of launch. With BlackRock's Larry Fink a strapping seventy-one and Rob Kapito at sixty-six barely out of knee-pants, there are most likely a few bunnies left in their hats. We're all ears.

Wrapping it up

Why do so few wealth and asset managers aspire to be more? "The next great investment institution," as Mr. Hirtle [puts](#) it?

We have been working in the industry for decades, acquiring talent and capabilities for institutional and family office clients, and have yet to see more than a handful of managers break through to glory.

It's not for lack of opportunity. BCG [tagged](#) total global wealth at \$516 trillion in 2022, rising about one percent from the prior year. There's plenty to manage for those who reach out.

Costs rose as well, of course, and managers with \$150 billion and under were the hardest hit, with a cost basis ten percent higher than larger peers.

But there's no need to reinvent the wheel or take the hits. When opportunity knocks, buy, sell, or merge. It's how the small got big and the big got bigger.

"Given a ten percent chance of a one hundred times payoff, you should take that bet every time. But you're still going to be wrong nine times out of ten." ([Jeff Bezos](#)). It just takes guts.

What We Do

We [recruit](#) preeminent investment talent, facilitate [OCIO selection](#), and [advise](#) on growth and acquisitions.

If you have a retained search assignment in mind or know of someone who does, we would like to hear from you.

If you are considering an outsourced chief investment officer, we've done the homework.

If growth is your gospel, we bring forty years of insight

Give us a call.

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](#).

CHARLES SKORINA & COMPANY

Our services: recruit investment talent, facilitate OCIO selection, advise on growth

Our clients: board members, family offices, institutional asset managers

skorina@charlesskorina.com

www.charlesskorina.com

(520) 529-5677

THE SKORINA LETTER [Sign-up](#)

News, Interviews, Research for Institutional and Family Office Investors

Prior

JPMorganChase - Institutional credit, lending, risk management

Ernst & Young - Financial systems consulting

US Army - Russian Linguist, Japan

University of Chicago, MBA, Finance

Michigan State University and

Middlebury Institute of International Studies at Monterey

Culver Academies