

SEI Manager Research: Zooming Our Way into a Post-COVID-19 World

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Snapshot

- › The COVID-19 pandemic forced us to make major changes to how we meet with investment managers.
- › During this time, we learned three valuable lessons in shifting from face-to-face to virtual meetings.
- › Some of these COVID-19-era adaptations will remain a permanent part of our manager research process, even after the world reverts to business as usual.

SEI's Manager Research team typically conducts more than 1,500 meetings each year with investment firms, over 700 of which are conducted face-to-face, either in SEI's offices or locally at manager locations around the world. When the coronavirus pandemic halted travel, we had to quickly adapt to new ways of working. The good news is that we've found ways to improve the process, both for us and for the managers we evaluate.

Onsite becomes online

Prior to the outbreak of the pandemic, onsite visits were the cornerstone of our manager research process. They allowed us to spend time with analysts, traders and C-suite executives which is important because strategy success requires more than just a capable portfolio manager. It also gave us a feel for the robustness of a manager's operations and permitted us to observe how the team members interact with each other.

Today, we follow the same process in a virtual format, interacting with managers and analysts via videoconference. This includes group meetings, one-on-one sessions and virtual office tours. Just like nearly everyone else who has had to adjust to a sudden shift to remote work, we have contended with—but have ultimately mastered—a learning curve. And we've learned a few interesting lessons along the way.

Lesson #1

Videoconferences are better than phone calls

In addition to our annual onsite meetings, our Manager Research process typically includes a quarterly conference call with each manager with whom we work. The occasional technology hiccups aside, the success of videoconferences in place of annual onsite meetings encouraged us to extend their use to our quarterly manager meetings. We've discovered that conducting the quarterly manager meetings via videoconference (rather than over the telephone) seems to be a more satisfying experience for all participants.

The managers we evaluate like seeing our faces—and vice versa—during these meetings. When most businesses eventually return to the office, we expect to continue to hold the quarterly meeting virtually rather than via telephone.

Another benefit of this technology is that it enhances the use of reference materials. All of the major videoconferencing platforms allow meeting participants to share screens and exchange visual data in real time, which eliminates the need for each individual to navigate materials. It also allows for inclusion of ad hoc materials, such as financial models and portfolio management dashboards, which help bring conversations around investments and process to life.

Lesson #2

Working from home has increased—not decreased—our interactions with managers

Before the world shut down, prospective investment managers introduced themselves via several avenues: industry conferences, referrals and cold calls were the most common methods of introduction. Often, salespeople from investment shops would call on us as they passed through the greater Philadelphia region, sometimes making a side trip to see us.

We were initially surprised that we were hearing from more managers—not fewer—after the world went into lockdown. But, after thinking about it, we believe it is because their sales representatives, who have found themselves with more free time on their hands than in pre-COVID times (since they aren't constantly on the road now), have started reaching out more frequently. Moreover, the virtualization of industry conferences and client meetings has reduced the travel demands of investment staff, freeing up time that would otherwise be spent traveling the globe. The upside of this is that it allows us to be more opportunistic in deciding which managers to meet.

Lesson #3

We may rethink our travel plans down the road

We still see plenty of value in physical meetings and, whenever the world reopens for travel, we plan to continue to emphasize face-to-face visits. Still, it's not a stretch to imagine that operating structures—for both ourselves and for the managers with whom we engage—may look a bit different after the world settles into its new normal. Many firms are considering adopting a hybrid schedule for their staff, which would allow employees to shift between working from home and coming into the office. This may encourage us to adjust our annual onsite meetings to a biennial occurrence, perhaps with a virtual meeting taking place in the interim.

Videoconferencing won't ever replace in-person meetings entirely; even with all of the benefits we've realized in the past year through this new way of doing business, it would be impossible to fully assess a firm strictly by what we see and hear on the other side of a computer monitor. Onsite visits let us get a more nuanced feel for the culture of the organization; we can better observe body language and non-verbal signals at these meetings. We also find value in having off-the-record conversations when we meet with managers in person.

No matter what the post-COVID world may bring, SEI Manager Research remains committed to continuing our meticulous sourcing and ongoing due diligence of investment managers as we strive to help our clients make the most informed investment decisions possible.

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