

Our Manager Search Process

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I'm always struck by the number of media articles with titles such as, "How to get into consultant XYZ's search process." While it is certainly necessary to know how each consultant operates, a consultant's search process should ultimately be able to objectively identify the best candidates for each mandate regardless of size, ownership structure, or research focus.

(Estimated reading time: 2 min 31 sec)

Callan's search process is distinctive because we include every relevant manager in our database for each search. Callan does not create any ratings on managers, classify them other than by asset class, or maintain an approved manager list. Using our proprietary database, we start each search by screening every manager in the designated asset class against the client's search criteria. This means that every manager in our database by asset class—including [diverse and emerging](#) firms—always gets a look in every search we conduct.

Most other investment consultants use some form of rating or ranking in their manager search process. Ratings can provide clients with quick access to research opinions, are a straightforward and focused approach to manager analysis, and may facilitate a shorter turnaround time in search work. But any "approved list" also assumes that the current top-rated managers are appropriate for all clients and provides little flexibility in adjusting for specific client situations. And such a list may overlook qualified candidates that would still be most appropriate for a client's specific manager structure.

The primary casualties of the industry-favored rating process are diverse and emerging managers. Research bandwidth is only so broad, and attempting to rank an entire universe will most likely result in shallow research on many managers. Consequently, diverse and emerging managers are systematically overlooked.

Callan focuses its qualitative research on those managers who survive the quantitative screens on each search. This inclusive process provides a fresh review of the entire manager universe for each search, promotes a remarkably broad list of candidates for similar mandates throughout the year, and gives each client a search result customized to their needs. It also allows Callan to consider all managers in a non-biased manner, and it means that we do more in-depth research on a wider array of managers than would be the case if we had a rating system.

The results of our process: In 2017, 37 diverse firms went to Callan's Manager Search Committee from our search process, and the committee advanced 23 to our client as a result of our bottom-up approach. In 2016, 17 diverse firms went to the committee and 14

advanced to the client. (These statistics do not include searches that had a specific diverse manager mandate, proof that the process works!)

Callan's manager search database includes all SEC-registered managers that have submitted and maintained their data with us at no cost to them. Submission of that data is the first necessary step for a manager to be included in a Callan search. (This [page](#) provides information on how to get into our search process!) If the data screens well against the client's criteria, you'll get a look and we'll be in touch!

Diverse and emerging managers, along with everyone else, always get a look in a Callan manager search.



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