

# follow the leader

A man in a dark suit, light blue shirt, and red and yellow striped tie stands in an office. He is positioned in front of a large window that looks out onto a brick building with green window frames. A desk lamp is visible in the upper right corner of the frame.

"You give me a portfolio, I can see what it's going to do. The real question is: How and why did you pick that portfolio?"

# PUSH YOUR ENVELOPE TO GROW A SUCCESSFUL CAREER

**Jim Foster, MBA '86**  
Greycourt  
Managing Director

by Niki Kapsambelis

“What differentiates Carnegie Mellon’s graduates is that they are not only able conceptually to understand the major issues, and to articulate those issues well, but they are also able to do the underlying work required to move from data and insights into actions.”

## Career Path Since B-School:

My real intention upon graduation was to work in manufacturing, particularly in robotics. But the market wasn't strong, and it turned out at the time that J.P. Morgan was launching its security firm – mortgage-backed securities were big. I started on the fixed-income side and was a market maker. As the CMO marketplace developed, I stepped off the desk and created a group that built the simulation systems for structuring mortgage backs, evaluating risks and mortgage derivatives. When Morgan decided to launch an equity derivatives effort, I was the third person on that desk. I got a call from Mellon Financial Corporation in 1993 and moved back to Pittsburgh, where I worked across Mellon's investment subsidiaries for 10 years.

I left Mellon as a senior vice president and worked as executive vice president and head of distribution for Schroder Investment Management North America from 2003 to 2005, commuting to Manhattan. We rebuilt Schroder's distribution and products to put the firm back on the right path. I wanted to be back in Pittsburgh, and Greycourt needed someone at a managing director level with a wide range of investment management and research experience, especially with taxable investing. So it was a natural step-in here.

## Advice For New Grads:

First: Listen, learn and contribute. You've really got to understand the markets and the people you serve. You also have to understand the mission and the culture of the firm that you work for. And you really have to understand the objectives and aspirations of managers and colleagues. Students need to come out aware, listening and paying attention to what's going on around them. In no circumstance do you know everything. The issue is not being smart, per se. The issue is getting things done, and getting the right things done.

I had a teacher at Carnegie Mellon whose perspective was, “I'd quantify Nietzsche if I could.” There was an emphasis on truly understanding the problem at hand and bringing a logical, disciplined reasoning to bear.

We learned how to think carefully and apply tools, but to be appropriately skeptical of them. Using thoughtful analysis to gain insights that support appropriate actions: That's what the school taught and taught very well.

## On Leadership:

Really outstanding leaders listen with excitement. They help organize and summarize everything that's going on without bias. They provide a framework for investigation, learning and decision-making. They work with sensitivity to people and circumstances, serving with humility and empathy. Evidence good judgment. Communicate persuasively, strengthen the confidence of followers, helping them to act. And in every thing they do and say, they are the model of integrity.

Every group I've run has two rules for hiring people: Would I tie my professional success to this person's performance? Second, would I want to sit next to this person for 10 hours a day? If everyone doesn't unanimously agree, we don't hire them. It captures both an intellectual and an emotional expertise. If you don't have both, you won't be successful in your work.

## Building A Better Model:

I am working with Bahar Biller, [Assistant Professor of Manufacturing and Operations Management] in her research on input models for simulation. Greycourt serves taxable clients, so traditional allocation analysis doesn't really work that well. What I want to understand is how portfolios perform in a taxable world and how to design portfolios in the presence of realistic spending and tax regimes.

We've built a model that accounts for a variety of features in the underlying time series so we can truly explore how various portfolios will perform in those environments. We're not trying to predict the future; we're trying to explore the uncertainty inherent in the world through these approaches. Ultimately, it's a dynamic programming problem: What is the optimal way to select portfolios? How should you make decisions? How do they impact the outcome? The practical problem drives the tools. The tools drive the insights. ▶