



BOSTON COLLEGE
CARROLL SCHOOL OF MANAGEMENT

Center for Corporate Citizenship

**Institute for
Responsible Investment**

How do RI consultants pick RI managers?

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INSTITUTE FOR RESPONSIBLE INVESTMENT

THE BOSTON COLLEGE CENTER FOR CORPORATE CITIZENSHIP

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Why Consultants?

- They have unspeakable power
- They are the arbiters of method
- It's all their fault
- Window into the mainstreaming of RI



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Why Manager Selection?

- Everybody does it
- Focus on specifics reveals attitudes in practice
- Key topic for the broad RI industry
- Emerged as point of discussion in previous meeting



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What We Did

- Drew from pool of self-identified RI consultants
- No systematic selection – more fieldwork than social science
- Semi-Structured Interviews
- Played Dumb
- Followed Consultant's Lead
- Drew general patterns, identified areas of convergence and divergence



Who is Doing the Selecting?

- Different Models within Consulting Firms
 - RI Division – carved out
 - RI Team – champions taking up the cause
 - Dedicated Firm – few, focus on mission investing rather than RI generally

What Brings Consultants to RI?

- No Single Motive:
 - Personal Interest
 - Client Interest
 - Developing Market Niche
 - Reading the Tea Leaves



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Selecting Managers to Evaluate

- No Defined Pool
- Gathering Names:
 - Brought to them by client
 - Found at conferences, through publications
- RI Specialists vs. Generalist Entrants
- Method for Evaluating Everybody

Due Diligence as Managers

- Traditional Evaluation:
 - Team
 - Research
 - Resources
 - Cost Structure
- RI Investment Logic and Credibility
- A Higher Bar?



ESG Evaluation

- No Standard Method!:
 - You Know It When You See It
 - Setting the Bar
 - Matching Client Demand
 - RI vs. Mission vs. Long Term
- Limited Efforts at Standardization
- Do Consultants Want a Ratings System? Not So Much, As of Now



How Does “Emerging” Affect the Field?

- Experience and New Products
- Now is the Time
- The Burden of No Track Record
- Gentle Integration into the System
- A Different Standard?



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What Have We Learned?

- The Quest for Institutional Quality
- Learning on the Fly
- The Importance of Champions
- The Importance of Motives
- Self-Identifying as Ahead of the Curve



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Thanks!

- We interviewed:

- Arnerich Massena
- Cambridge Associates
- Consultiva
- Evaluation Associates
- Federal Street Advisors
- Managers Invest
- Mercer
- Prime Buchholz
- Threshold Group
- UBS
- Watson Wyatt

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