



CAPSTONE PROJECT SUMMARY

David Runtag



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Abstract

In this report I summarize my work done for BlackRock in relation to the Capstone Project. My project was that by working together with Daniel Magness, a Vice President from the London office, create a report for analyzing the competitor and market landscape of our equity funds. This summary will go through the work I have done and how it benefited the client, lessons learned, and key outcomes and my personal takeaways from this project.

Summary of Work Done

My Capstone Project was to build a dynamic report that will track assets under management (AUM), flows and organic growth of the active and passive equity funds at a region, country, sector and fund level. The report will primarily be used by the Active Equity Product Strategy (AE PS) Teams, but the plan is to expand the end users base in time by sharing it with the Sales and Global Product Group (GPG) Teams as well.

Daniel Magness, a Vice President based in London, was my Project Sponsor. I started working with Daniel at the beginning of the year on a Competitor and Market Analysis project, and my Capstone is a subset of this project called Strategic Opportunity Analysis. We started working on the Strategic Opportunity Analysis around May 2019, and the process of completing this section can be broken down into three phases:

1. Learning the usage of Broadridge Global Market Intelligence (GMI)

Broadridge is an external database providing information about mutual funds, ETFs and Separately Managed Accounts (SMAs) by looking at a dozen of different metrics such as channel/distribution/investor type, fund market and region, net sales, AUM, etc. In order to learn how to use Broadridge, I made the following steps:

- Received an introduction training from the Support Team of Broadridge, where we covered the basics and went through the most used metrics and dashboards. They also shared with me several reading materials focusing mainly on the newly added “combined” feature which was essential for me to understand as the combined metrics played a critical role in putting together our final report. As BlackRock is a big client, we have an assigned representative from Broadridge to answer our questions. Even after being more experienced with the tool, I frequently reached out to this representative to confirm that the used metrics are appropriate and receive additionally guidance on best practices.
- BlackRock has their own GMI Team who are experts on Broadridge. Besides receiving support on the general usage, they primarily helped me on identifying metrics and measurements that are most suitable for analyzing BlackRock’s funds.
- Lastly, Daniel was actively involved in teaching the basics, and kept on introducing new features as my learning progressed. What Daniel helped the most with was giving feedback on my draft dashboards and confirming that the right metrics and calculations were used. With Daniel, we worked closely together for about four weeks on creating dashboards before I became fully comfortable with the tool and could work independently.

2. Introducing Competitor and Market Analysis activities within Asset Management

With Daniel, we spent a lot of time on walking me through the different type of competitor and market analysis activities that asset management firms do. We focused on identifying relevant metrics and the different type of presentation formats (Excel, PowerPoint, etc.) by looking at external research (e.g. Broadridge’s monthly reports) and the internal processes that are conducted by the different teams such as PS, Sales and GPG.

Once I started drafting charts and tables for the final report, Daniel often challenged my work by questioning why I think that data point X is relevant and how will it add value to the AE PS Teams. The goal was to build on what we have already, and only add measures and analyses that add value to the AE PS instead of just creating fancy charts that have no use.

3. Putting together the final report

With Daniel we brainstormed a lot on finding the format for presenting that data in a way that “tells a story” so that the end users can follow an idea pattern on how the different charts and tables build on each other. Also, it was important that the end users have flexibility in modifying the breakdowns to perform their analysis, and that updating the backend data section is fully automatized and requires minimal work from us. For these reasons, we decided to go with Excel, where Daniel supported my learning of the advance usage of pivot charts and slicers.

Putting together the final draft of the report took about five weeks with new data points still being added as we are receiving feedback. While working on the final report, Daniel checked in regularly to confirm that my calculations and formulas, and additionally I validated the metrics used in the Broadridge terminal with their Support Team to ensure that the correct data is being displayed.

The final draft has been presented to several colleagues from the AE PS Team, and to a member of the Sales Team. The feedback has been positive with users seeing a real value in this for sizing the market for opportunities and planning attack roadshows. The final report is planned to be rolled out sometime in November when the Q3 numbers are out in Broadridge.

Benefit to Client

Among the AE PS Teams, a few centralized competitor and market analysis activities existed already, and additionally most Teams perform individual research as well, looking at mainly the performance and characteristics of their competitors. In contrast, our report rather focuses on the market by locating growing areas and identifying the type of products that are expanding within that region. The file will be shared across all the AE PS Teams giving support in:

- Gaining competitive intelligence on key selling points about how our products are differentiated
- Plan attack/defense roadshows based on organic growth and BlackRock’s presence in the market
- Support business planning on deciding which existing strategies to put in focus for the future
- Help in the process of creating new business ideas/products by identifying growing areas

One of the key values of the report is that by leveraging Broadridge’s new “combined” metrics, we were able to get a better overview of the cross-border activities. Most of our EMEA funds and their competitors are marketed in multiple regions, and in the past, Broadridge assigned these funds as “International” - major drawback when doing a country level analysis. However, the new combined metrics assign the assets of these funds proportionally to the different countries in which they are marketed, giving us a clearer overview of the market.

Some of the other useful features that were added for better analysis are:

- Distinguishing between Channel Type (Third Party vs. Proprietary) and Investor Type (Retail vs. Institutional)
- Breakdown between Domestic, Round Trip and Cross Border funds
- Calculate organic growth at different levels – the change in AUM attributed to inflows and outflows only (filters out gain/loss generated by FX and price change of underlying assets)
- Data on BlackRock’s market share in different regions, countries and sectors using multiple breakdowns, and information about our funds Top 10 countries of sale and AUM

Lessons Learned

The biggest lesson that I learned through this assignment was to think and plan before starting to work on something. While experimenting with the different dashboards of Broadridge and charts within Excel, I did a lot of trial and error experiment to see what makes sense to include in the final report. In the beginning, it happened often that I did not give enough thought of what I'm looking for exactly, but rather just pulled down a bunch of data points and then tried to find some correlation among them. Although this was not a complete waste of time, it certainly led to several dead ends that could have been avoided if I take the time upfront think through what I'm looking for exactly and how I want to display it. This was underpinned towards the end of the project, when thanks to taking the time to brainstorm, I was able to find many new creative ways to present the data way faster than with my initial trial and error approach.

Second, I learned about my work preference as in what environment I can perform best activities that require more focus and thinking than my usually daily job. At first, I tried to work on this assignment during working hours within the office, but usually found myself not being able to give enough attention, and ended up doing the trial and error experiments as described above. Eventually I realized that while working from home, after office hours or on the weekend, I was able to create those 2-3 hours uninterrupted slots in which I could free up my creativity and make good progress on the assignment. I then successfully applied this work pattern for some of my other activities as well (e.g. writing my year-end review about my performance) that require more attention and planning.

Key Outcomes and Personal Takeaways

The biggest takeaway of the project was getting introduced to a completely new activity and learning a great deal about the different type of competitor and market analysis activities performed within asset management. Through this assignment, I learned what are the most relevant metrics to look at when scanning the market for growth opportunities, and how to combine them to receive the full picture – a country with large AUM and positive flows does not necessary mean it's an entry point for BlackRock, other factors such as current market share, organic flows, type of strategies on demand, and concentration of the competition need to be analyzed as well. Additionally, I can use my final report for my own benefit to analyze BlackRock's competitive landscape and be up to date with the market on how flows shift between the different regions and strategies.

Besides learning about competitor and market analysis, by undertaking this project I developed a better understanding of the different BlackRock's Active Equity strategies and their product offerings. During my general work, I have minimal interaction with members from teams other than my own, but through this exercise I was able to connect with several new colleagues from multiple different departments. Besides broadening my network, it was a good experience to work with more senior members of the Sales and PS Teams as they walked me through the processes that they have in place to perform such analysis, and how the different bits come together to support the broader Team's business planning activities.

Lastly, putting together the final report greatly extended my knowledge about Excel, which I can leverage for my other activities. Working with Daniel and connecting with more senior members also helped my development on several soft skills such as communication, presentation and project management. Overall, completing this project was a great new experiment that gave me a good insight of BlackRock's AE business and the market it competes in, it broadened my network across the firm, and helped to develop on skills that I can use for my own benefit during my future career.

