All Weather: There's more to this than money

In this article written exclusively for the Investor's Guild, I spoke to All Weather Capital's CIO and founder Shane Watkins about the founding principles behind the business.

All Weather Capital was founded on a key principle: that there should be more to the business than the commercial intent to make money.

"I think we are very fortunate to live in South Africa, and I also think that in some ways we need to earn our right to live here," says executive director and CIO Shane Watkins. "We always wanted to be a business that makes a difference in our country,"

For this reason, All Weather prioritised two things – transferring skills within the business, and establishing a graduate programme for young, degreed black professionals with an interest in asset management.

"We give them experience, and we give them the skills required in a fund management house – equity research, fund management, risk management, operations and business development," Watkins explains.

This programme has been very successful, with 30 graduates passing through it over the past decade.

"Our idea is not to retain every graduate, although there are five or six people in the business who came through the programme," Watkins adds. "We want to be a portal where young black professionals who aspire to be in the industry but haven't been given a chance can get a toehold. A number of our graduates have joined other asset managers and been very successful."

Purpose

Watkins says that having this programme creates a sense of purpose for the business beyond its core of managing money.

"Fund managers always strive to outperform and generate positive returns relative to some benchmark, but the reality is that even the best fund managers will underperform at times for various reasons," he adds. "The way I look at it, even in those times we will still continue to do the other good stuff that benefits the country and our clients in general. It's an additional impetus for us."

One of the first graduates to pass through All Weather's programme was Sanelisiwe Tofile, who now serves as the firm's deputy CIO.

"I think that shows how we retain our staff," Watkins says. "Turnover has been very low, and I think that's because of the culture in the business. It's very open and transparent.

"We include everyone, both in terms of decision making and knowing what's going on in the business. The staff also participate financially. We have a bonus pool equivalent to 25% of the profits of the business that we pay out every year. As the business grows, the bonus pool grows because it isn't capped and will always stay at 25%. That creates a sense of ownership."

He adds that All Weather encourages any staff member to join almost any meeting if they have something to contribute.

"I think everyone feels that their views are heard," Watkins says. "The most important thing in a business if you are going to retain people is that they must feel like they have a voice."

Shane Watkins

He believes that the way the business has evolved has significantly contributed to this collegiate feeling.

“In the early days of growing a business you don’t necessarily have the financial resources to hire the most expensive candidates,” Watkins explains. “I think we’re now in a place where we can hire from anywhere, but when we started out, we were hiring more junior, less experienced people.

“That has actually been to our benefit because the people we brought in have grown up in their careers together. There’s a sense of camaraderie and achievement in what they have built.”

This is further enhanced by All Weather’s ownership structure.

“The senior staff, excluding me, own 15% of the company through a trust,” Watkins says. “And the value of that share is pegged to our AUM. The company was probably managing R25 billion when the trust was formed, and we now have R58 billion under management. So just based on that, those who came in at the start have doubled the value of their holding.”

He adds that All Weather has always been particular about the individuals it brings into the business, and places a lot of emphasis on finding the right cultural fit.

Making good decisions

"I would say that 90% of our people have come to us via our own staff and industry contacts," Watkins says. "Only 10% have come via agencies. Sometimes we even take people on if we don't have an immediate spot for them if we think they will fit in with what we are trying to achieve."

This illustrates the importance All Weather places on maintaining a constructive working environment.

"It's more important for us to hire someone that fits in," Watkins says. "I've seen numerous instances in my life where an extremely intelligent person caused a very toxic environment."

This is because, in his view, fund management is ultimately all about whether you are able to make good decisions.

"And the way you make those decisions is, to a large degree, determined by the people around you – how you are able to discuss ideas, debate issues and come to sensible conclusions.

"That's because, in fund management, no one knows for sure who is right. You have to be able to have a debate in a way where you can disagree without being disagreeable, and come to the best decision as a team."

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