

# A Client-Led Partnership

An Interview with George H. Walker, Chairman and Chief Executive Officer, Neuberger Berman

**EDITORS' NOTE** George Walker is the Chairman and Chief Executive Officer of Neuberger Berman. Before Neuberger Berman became independent in 2009, he was Global Head of the Investment Management Division at Neuberger Berman's former corporate parent, Lehman Brothers. Previously, he spent 14 years at Goldman Sachs where he was a partner and a member of the firm's Partnership Committee. His board service includes the Lincoln Center for the Performing Arts, Local Initiatives Support Corporation, the Mayor's Fund to Advance New York City, and the Partnership for New York City. Walker earned BA, BS, and MBA degrees from the University of Pennsylvania.



George H. Walker

**FIRM BRIEF** Neuberger Berman ([nb.com](http://nb.com)), founded in 1939, is a private, independent, employee-owned investment manager. The firm manages a range of strategies including equity, fixed income, quantitative and multi-asset class, private equity, real estate and hedge funds on behalf of institutions, advisors and individual investors globally. With offices in 24 countries, Neuberger Berman's diverse team has 2,300 professionals. For six consecutive years, the company has been named first or second in Pensions & Investments Best Places to Work in Money Management survey (among those with 1,000 employees or more). The firm was awarded an A+ in every category in the latest 2020 Principles for Responsible Investment (PRI) report for its approach to ESG integration across asset classes. The firm manages \$357 billion in client assets as of June 30, 2020.

**The world is fighting a public health crisis that is impacting all countries and their citizens. The pandemic is being fought on the front lines by healthcare workers, first responders, those providing supplies and meals, transportation workers and all other essential workers. What do you say to these true leaders and heroes that are risking their lives to protect others?**

We salute them, thank them, and take note that the heroes in this pandemic include countless folks who are not always

celebrated for their efforts. Our job at Neuberger Berman is to take care of the savings, retirement and health savings accounts for many of those heroes, often through managing the monies of their unions and public funds. We are honored to be the steward of those assets and it is part of what we find meaningful about our work – serving others.

At the same time, we are also focused on the health and safety of our own employees and their families.

We have had to adapt on the run and be highly flexible. We have been successful by nearly every measure, including on investment returns and client engagement. It has been a challenge, but a rewarding one.

**Neuberger Berman is a purpose-driven firm with a long history of supporting its employees, clients and communities. How has Neuberger Berman adapted its business and the way it works during this unprecedented time in order to continue to effectively support its employees, clients and communities?**

The COVID-19 crisis has presented so many businesses with unprecedented challenges. Thankfully, Neuberger Berman has invested significantly over the past decade in technology and operational resilience. None of our stress tests called for us to move almost overnight in late March to virtually all of our employees working from home for over six months, yet we have done it and the firm has not missed a beat. Perhaps the most challenging part has been continuing to stay connected with clients. We needed to change the way we interact. We have held webinars, made thousands of client calls, and gathered together dozens of living-room Zoom video updates from our investment professionals on our dedicated "Investing in Volatile Markets" web page. In short, we have adapted and engaged and, so far, it has worked well.

**Neuberger Berman was built with an entrepreneurial spirit and an ability to be nimble and adapt. How is the firm addressing its business during this time in order to succeed in this challenging environment?**

Many of our priorities have not changed and we have stayed the course. For example, investing in alternative assets classes remains a big focus. Most recently, we completed our

acquisition of Almanac Realty Investors, which was founded as Rothschild's real estate business in 1981. Rather like our Dyal team, which takes stakes in private equity and hedge fund businesses, Almanac's primary strategy is to invest in independent real estate firms seeking growth capital. Over the years, they have committed over \$5.5 billion to 44 public and private North American real estate companies. We believe this will be a period of real change in real estate and are eager to partner with those firms that will transform the industry.

In addition to alternatives, and notwithstanding current geopolitical tensions, China remains a priority as both an investment location and as a client domicile. At the end of 2019 in Shanghai, we began to assemble a team dedicated to building a China A-shares equity strategy. This year has also seen us become one of only three firms, alongside BlackRock and Fidelity so far, to be invited to apply for a mutual fund license to manage Chinese assets for Chinese clients. We applaud the Chinese government's decision to open its market up to foreign asset managers and plan to be a constructive participant in its development.

Our investments in data science have really come to the fore in the crisis. Our data team has worked alongside our healthcare sector analysts to stay abreast of the torrent of epidemiological research published over the last five months to help make it comprehensible to investment strategists. In addition, their insights from fast-moving business, consumer and economic data have helped build a fuller and timelier picture of the damage done to individual companies by the lockdown and the progress of reopening. Months later, the impacts will be clear, but data science investments have helped us to understand those trends earlier and with greater confidence.

**How have Neuberger Berman's employees changed the way they work in order to be effective with the changes that have been necessary for all businesses to make and how proud are you to see the resilience of your team?**

I could not be prouder of the adaptability and resilience my colleagues have shown. We can focus on practices, but I think it is really the quality of the professionals and the strength of a firm's culture that are determinative in periods like this. I was confident we would perform well, but am thrilled that we have exceeded expectations.

**There is a great deal of discussion about businesses reopening in a “new normal.” What is your outlook for what this new normal may look like and how is Neuberger Berman preparing for the next stage in this crisis?**

In terms of our game plan, we are staying the course: focusing on the health and well-being of our employees, investing for the future of our company, and delivering results for our clients. Some offices have fully returned to normal operations (e.g., Shanghai) while in most, once public health metrics are met, we are accommodating the wishes of employees who ask to return (much of North America and Europe) or remain working from home through at least 2020.

I am eager to learn from those firms who have made bold calls, some firms already calling their employees back to the office as well as those at the opposite extreme, planning on at least another year of work-from-home. I would prefer to see some additional data of the pandemic’s likely course, learn from others, really listen to our employees and clients and then move cautiously and prudently.

The same applies to the nature of work. Every one of us who has been largely out of the office for five months knows that it will be different. Some things work much better in the Zoom world – global meetings, for example, are more democratic and more inclusive. I think the question will be how to get the best of both worlds and find a new balance. It is quite exciting.

**Neuberger Berman is headquartered in New York City which has been heavily impacted by the pandemic. What are the keys to New York City’s recovery and how critical is it for there to be a strong public/private partnership to ensure a safe and effective reopening of New York City?**

New York has been dealt a tough hand. So much of what makes our city special is about bringing people together physically and COVID-19 strikes at the heart of that. For example, our extraordinary cultural, social and entertainment institutions, and the tourism that they support, will continue to be heavily impacted for some time. As many as a third of our 230,000 small businesses may not reopen. Populations that were struggling in 2019 will be hardest hit, further exacerbating those inequalities we most need to reduce. Meanwhile, our fiscal capacity to address those very issues will be reduced materially.

I believe that it will take us far longer to recover than will, say, U.S. GDP (late 2021). Yet, I am equally convinced that New York City will ultimately more than simply recover. New York will create a better version of itself, just as it has from other crises that disproportionately impacted it.

Beyond the pandemic narrowly, ultimate recovery will require the work of business, labor, healthcare professionals, academia, government and community leaders to tackle the most pressing issues. For example, the most pressing need is to develop a health passport or standards of some sort such that the public

knows when it is safe to be in an office, a train, a restaurant or a Broadway show. Additionally, we need to help schools transition effectively to hybrid and on-line learning models. However, ultimate recovery will depend on our ability to tackle the long-term challenges such as racial justice, safety, affordability, opportunity, inequality, and tax and regulatory reform.

**You serve on the board of the Partnership for New York City and are very engaged in the Partnership. What has made the Partnership so effective and what role can the Partnership and its members play in New York City’s recovery?**

The Partnership has been effective for a number of reasons. First, I would acknowledge the very strong leadership of Kathy Wylde. She is a force of nature. The private sector participation is remarkable – what city in the world can compete with New York City in terms of headquarters of global firms? Many members, like me, grew up elsewhere and lead global firms, but we were embraced by New York, have made it our home and know how special it is, so we are particularly eager to give back.

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As business leaders, we want to bring our expertise and resources to help solve public challenges, create jobs and strengthen neighborhoods. We have 1.5 million New Yorkers at our firms and we owe it to them to engage civic leaders constructively – to bring answers and support to the table. For example, we engaged 14 of the best consulting firms in the world to develop a single comprehensive report offering solutions – not soundbites – to civic leaders on how New York can deal with the impact of COVID-19. These firms did not charge the city a penny.

The Partnership’s track record is a terrific one and we simply want to help the city prosper.

**Neuberger Berman is committed to building a diverse and inclusive workforce. Will you discuss these efforts and how critical is it for the firm to have diverse perspectives and experiences at the table when making business decisions?**

There are few things that we are more proud of at Neuberger Berman than our culture. Our commitment to diversity, equity and inclusion is a fundamental part of that culture. We believe that diverse groups lead to better decision-making, as so much academic research suggests. It also enables us to attract and retain extraordinary talent. Our folks want to work at an equitable, diverse firm that is making a difference in the world.

Narrowly, we have treated diversity, equity and inclusion in the workplace like other fundamental challenges. I report regularly to our employees on a handful of key metrics which define how the firm is doing: investment performance, client retention, earnings and measures of innovation. As part of that, we share key diversity measures: do we look like the population from which we draw our talent and inclusion scores? We regularly survey our colleagues asking questions such as “do you believe the firm is a meritocracy, are you proud to work here, and do you feel you belong?” We compare answers by gender, ethnicity, seniority and function and then systematically work to raise those who feel less included. This will be a long journey, but we are driving progress and it is making the firm stronger and better, for everyone.

**During this difficult and uncertain time, what are you telling your people and what would you say to young people across the country who are deeply concerned and uncertain about the future?**

I have been trying to be in front of our folks often and to be forthcoming and direct. I am an optimist but credibility is vital, so I share the good, the bad and the ugly as we have all experienced it and ask for employees’ help and direction. My core message has been that periods like this are defining ones, and I believe that if we can continue to really deliver for our clients, we will come out the other side of this in even stronger shape than we started 2019.

It is a scary time. The country has challenges, both short-term and long-term. There is so much noise and so little light coming from many of our leaders. However, I believe in our country and in our system. Young people will have the opportunity to lead on these issues – whether that is racial justice, climate change, fiscal responsibility, inequality of opportunity, you name it. Many of the great battles and opportunities to effect change are ahead of us. I would encourage young folks to get engaged now. In so doing, they’ll prepare themselves to lead. The country – indeed the world – really needs them. ●