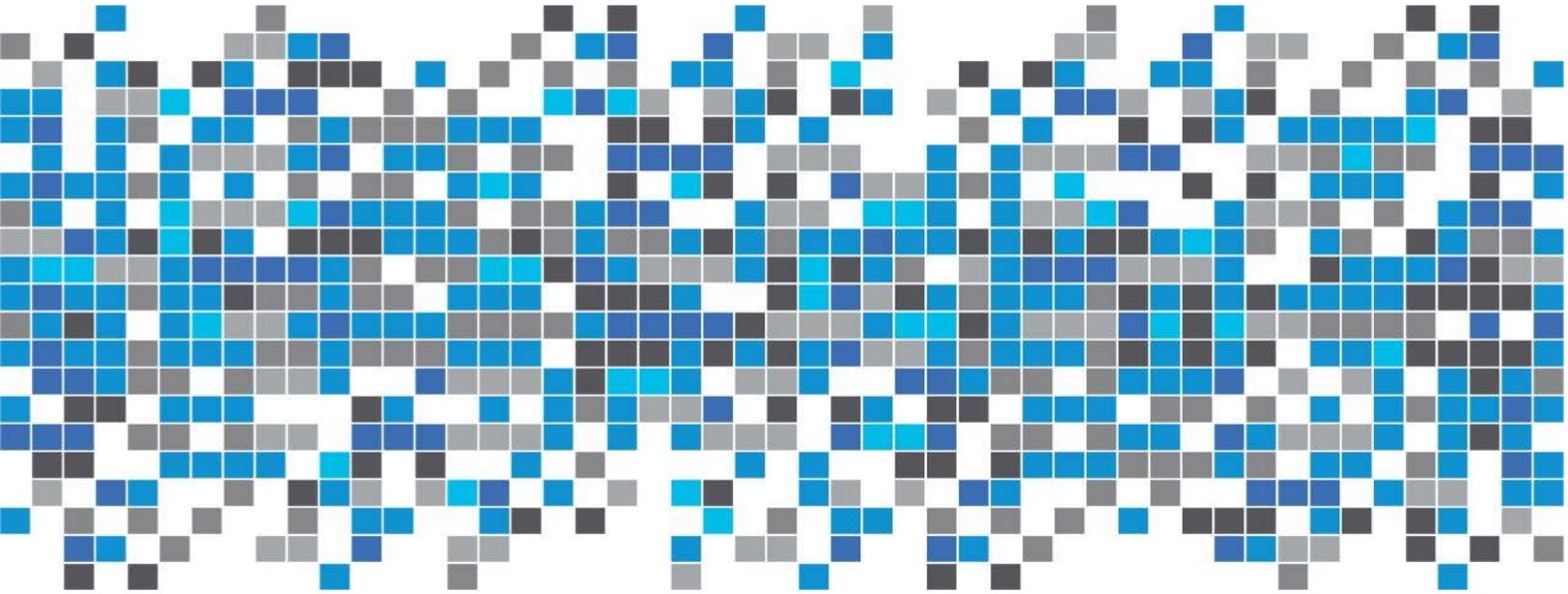


# Three-Year Strategic Plan

Fiscal Years 2020-2023

**August, 2020**



## Introduction

CFA Society Chicago is the sixth largest society under CFA Institute with more than 5,000 investment professionals representing a wide variety of companies and job roles. Through predecessor organizations, CFA Society Chicago is the oldest investment analyst society in the world and we celebrated our 90<sup>th</sup> anniversary in 2015. Our Society delivers value to our members via diverse educational content, professional development events, networking opportunities, supporting financial literacy in our community, and social outings.

CFA Society Chicago has built this strategic plan with a three-year time horizon in mind. The CFA Society Chicago board of directors will review and approve the three-year strategic plan during the first board meeting of each fiscal year and update it when appropriate.

## Mission

To lead the investment management and financial services professions by promoting the highest standards of ethics, continuing education, and professional excellence for the ultimate benefit of society.

## Vision

To be the premier resource for our members and the greater investment management and financial service professions in Illinois and certain surrounding states. CFA Society Chicago serves all financial professionals seeking investment management-related education, knowledge, professional development, connection, or inspiration. We ultimately seek to achieve superior outcomes for our clients including institutional and retail investors, which advances our social mission and benefits our members through greater demand for competent and ethical investment management professionals.

## Strategy

CFA Society Chicago aligns our three strategic pillars with those of the CFA Institute. Within each strategic pillar, we have selected a variety of strategic initiatives to be fully described later in this three year plan.

**Deliver Member Value** through events, networking, and technology,

**Develop Future Professionals** through employer engagement and brand awareness, and

**Build Market Integrity** through financial literacy, university outreach and diversity.

## Organization and Governance

The Board of Directors oversees the long-term strategy of CFA Society Chicago. Currently, our Board includes 18 members - 17 Directors and the CEO. The Executive Committee leads the Board and includes the following people:

- Chair
- Vice Chair
- Secretary Treasurer
- Immediate Past Chair
- CEO

The Executive Committee and Board will regularly review the variables that influence board effectiveness including:

- Number of board members
- Diversity of board members across firm, gender, and race
- Term structures
- Number and format of board meetings

Our volunteer Advisory Groups (AGs) organize much of the critical work of CFA Society Chicago. Two Co-Chairs lead each AG and they meet on a regular basis, typically monthly. The eight AGs currently include:

- Academic Division
  - Education Advisory Group
  - Distinguished Speaker Series
- Member Development Division
  - CFA Women's Network
  - Membership Engagement
- Special Events Division
  - Annual Dinner
  - Professional Development
  - Social Events
- Operations Division
  - Communications

CFA Society Chicago has a full-time staff to help us accomplish our mission. Current staff positions include:

- CEO
- Senior Director of Operations and Outreach
- Director of Programs and Sponsorship
- Director of Marketing and Communications
- Senior Manager of Professional Development and Innovation
- Office Manager

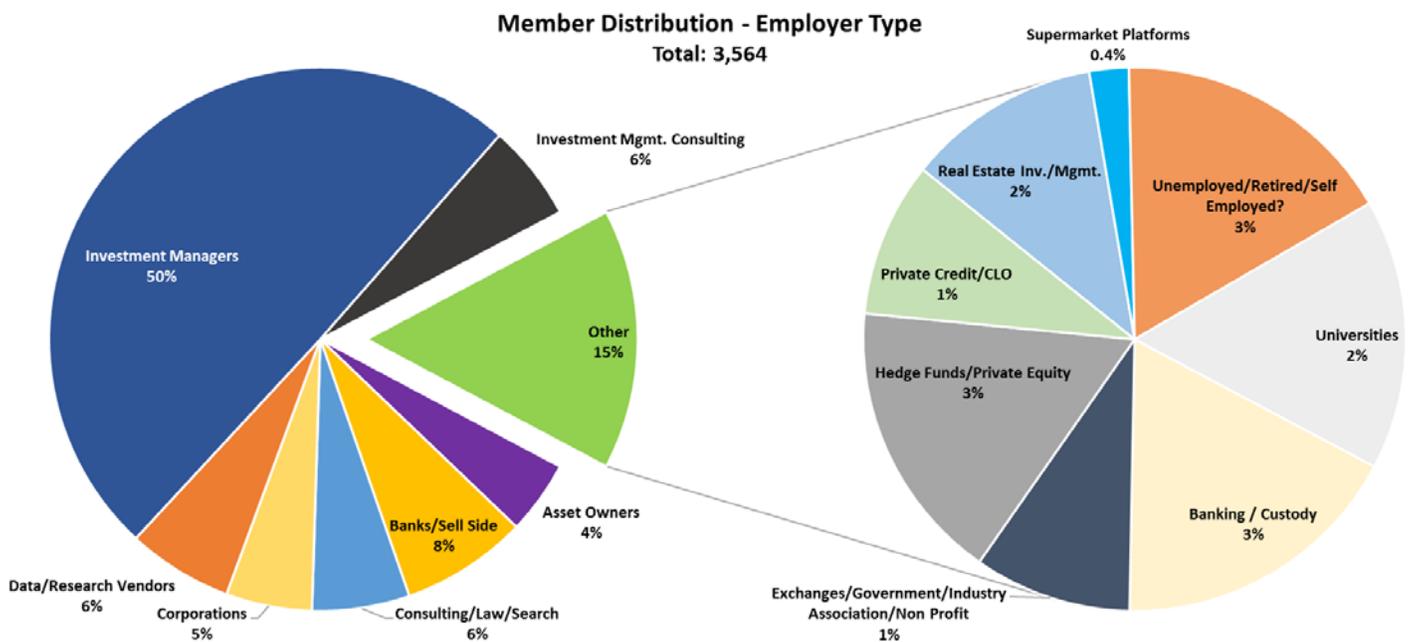
Please reference the CFA Society Chicago bylaws for additional details on our organization and governance.

## Member Base

CFA Society Chicago has a growing and diverse member base within the broader financial services industry. The member mix includes traditional asset management functions, i.e. equity and fixed income analysts, traders, and portfolio managers, as well as a large and growing member base of retail/private wealth managers, consultants, and alternative investors. CFA Society Chicago must continuously monitor our member base to ensure that we provide relevant content and events.

The member base is geographically dispersed with approximately 40% of the members working outside downtown Chicago, which makes it difficult to attend in-person events held in the city. CFA Society Chicago seeks to deliver value to these members that live and work in the suburbs by delivering our content through increased webinars, webcasts, podcasts and other digital content.

The employer type data below is from CFA Society Chicago as of March 10, 2020. This reflects approximately 75% of the membership based on what members included in their society profile.



The data below is from CFA Institute as of February 29, 2020. These numbers are based on 4,656 active members of CFA Society Chicago.

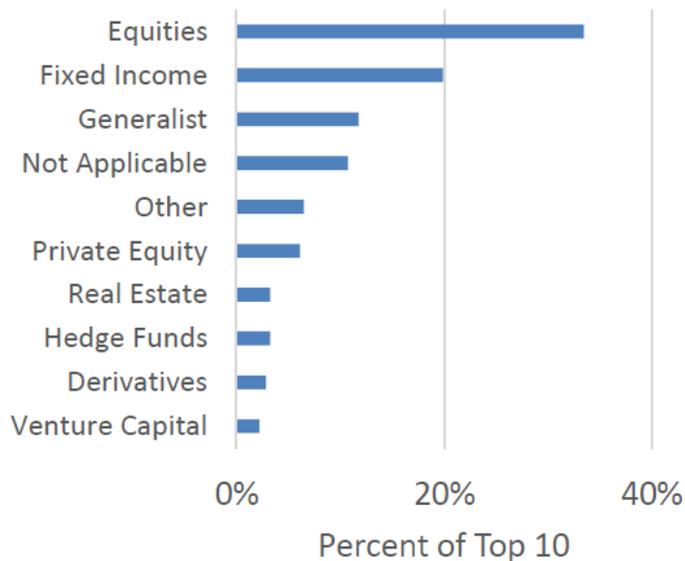
### 2.1. Top 10 Member Occupations

As of 29 February 2020



### 2.4. Primary Investment Focus

As of 29 February 2020



## Industry Trends, and Drivers of Change

The investment management industry faces a range of global trends that inform our strategic plan and how we can best deliver value to our members.

### COVID-19:

- The long-term impact of COVID-19 is still unfolding.
- We expect an impact on our primary sources of revenue, which include annual dues, event receipts, and sponsorships. However, the magnitude of that impact is very difficult to gauge.
- The Society staff has done an excellent job of pivoting to virtual events and accelerating our plans to offer more virtual content.

### The shift from active to passive management:

- Wealth managers and institutional investors are allocating more to passive investment vehicles
- This trend has been consistent since 2011 and is not showing signs of slowing down
- This puts tremendous fee pressure on active managers and has led to consolidation in the industry
- Some asset managers have cut their fees and commission rates down to zero including Charles Schwab, TD Ameritrade, Fidelity, and now UBS. Fidelity also cut some of their ETF fees to zero.
- There are significant fee pressures on passive managers as well and scale has become critical to success. The top three passive managers (Vanguard, BlackRock, and State Street) control the vast majority of the assets.

### Low interest rate environment:

- Central Banks have driven interest rates to historic lows across the globe
- Pension plans face unrealistic return targets in the current environment
- All investors are starving for yield, which drives demand for riskier assets and private market investments

### Technology disruption:

- Increased use of technology including artificial intelligence allows for automation of certain tasks that were previously handled by analysts
- High frequency and algorithmic trading now account for the vast majority of trading in equity markets
- Robo advisors compete for business with traditional advisors and active managers
- Technology disruption changes the skill set that our members will need to succeed in the future

### Geo-politics:

- The rise of populism has impacted markets around the globe
- Trade wars and future uncertainty make it very difficult to forecast company cash flows
- Unclear and inconsistent policies have a large impact on short-term market movements

### Demographic shifts:

- The aging population is driving demand for fixed income and putting pressure on defined benefit plans, one reason why corporations have shifted to defined contribution plans
- There is a massive wealth transfer underway from older generations to younger, who have an increased preference for ESG and sustainable investing strategies

### Capital markets:

- IPOs recently hit a multi-year low
- Companies have easier access to private equity and debt
- This leads to more value creation occurring in the private markets and less potential upside for public equities

#### Regulatory environment:

- Mifid II regulations: sell-side coverage is shrinking, meaning that markets are becoming less efficient, especially among small and micro-cap companies
- Buy-side has fewer resources available for company coverage
- Global investment managers face a wide range of new regulations in Europe and other markets focused on ESG disclosures and data protection

#### Asset Owner trends:

- Asset Owners are banding together to make their voice heard across a range of issues
- Many defined benefit plans are frozen or in the process of being frozen. New money is primarily flowing into defined contribution plans, especially in the corporate world but even in some cases with government retirement plan sponsors.
- Large government pensions are leading the charge to incorporate ESG considerations in their investment process, forcing asset managers to catch up
- Increasingly demanding that asset managers focus on diversity, which is showing up more often in RFPs

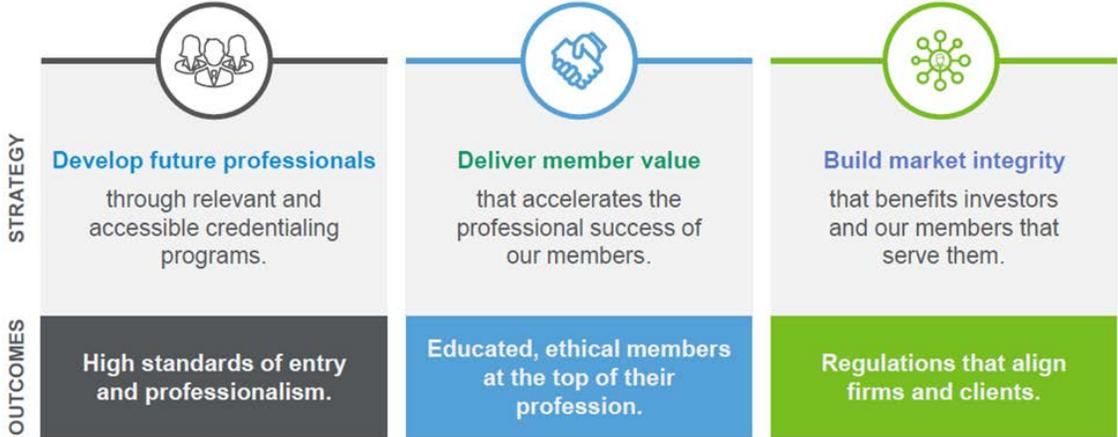
## Risks and Challenges

CFA Society Chicago faces a series of risks that may hamper our ability to implement the strategic plan.

- Remaining Relevant –The core CFA charterholder has traditionally been on the institutional side of the business, focused on equity markets, and held roles such as portfolio manager and research analysts. However, our member base has changed over time with more focus on retail investors, other asset classes, and a wide range of job titles in the broader financial services industry. CFA Society Chicago must continuously monitor our member base to ensure that we provide relevant content and events.
- Maturing Industry - The traditional asset management industry is maturing and contracting. Traditional active managers face tremendous fee pressure and many have reduced their headcount in the past few years. This could lead to a reduction in our membership, revenue from annual dues, and revenue from event sponsorships.
- Competition – The investment management industry currently views the CFA charter as the gold standard, but we may face future competition from other credentials and exams. We also face significant competition for people's time as many of our member organizations put on excellent conferences as well.
- Technology Implementation – CFA Society Chicago has invested significantly in technology, but now we must effectively implement it. Using the Learning Hub as an example, we currently have very little content available for members to access. We must first build up high quality content and then encourage our members to start using the Learning Hub. If this is not seamless, our members may not vote for making continuing professional development mandatory.
- Staff Turnover – Our staff is excellent and each staff member wears a variety of hats. Turnover is inevitable but could be disruptive to our plans. We should encourage cross training across roles and ensure that we can on-board new staff members efficiently.
- Limited Resources and Time – CFA Society Chicago puts on more live events than any other CFA Society and we are running at capacity each year. If we want to add more events to the calendar, we will need to thoughtfully consider other events to remove.
- Member Engagement – We tend to have a core group of volunteers that do a majority of the work. If we cannot attract new volunteers and encourage them to take leadership roles, this will limit our ability to develop high quality programming. This would also put added pressure on the staff if they have to take on more work themselves. Finally, we need to deliver more value to our members that live and work in the suburbs via our new Learning Hub.

# Strategic Pillars and Initiatives

CFA Society Chicago aligns our three strategic pillars with those of the CFA Institute (shown below). Within each strategic pillar, we have selected a variety of strategic initiatives.



### Deliver Member Value

- Events – Deliver industry-leading events focused on continuing education and professional development
- Networking – Offer a range of networking opportunities to our members
- Technology - Implement new technology and build a Digital Content library

### Develop Future Professionals

- Employer Engagement – Measure our engagement with top employers of CFA charterholders and improve these scores over time
- Brand Awareness – Build brand awareness through marketing, social media, and partnerships

### Build Market Integrity

- Financial Literacy - Support financial literacy in our community through partnerships and volunteer opportunities
- University Outreach – Build relationships with local universities and support students who are studying for or considering the CFA exams
- Diversity - Encourage a diversity of gender, race, and thought

Many of the Key Performance Indicators (KPIs) included below are new goals that CFA Society Chicago has not measured in the past. Staff will be working over the next six to twelve months to gather the required data and develop reports for the Board.

## Deliver Member Value – Events

CFA Society Chicago offers industry-leading events focused on continuing education and professional development. Our Society offers the following types of events that appropriately target our member base each fiscal year:

- Education events – typically moderated panel discussions on a wide range of topics
- Distinguished Speaker Series lunches – single speaker events that can attract 200 or more attendees
- Vault Series events – smaller educational events that can be hosted in the vault conference room of the building where CFA Society Chicago has its offices
- Professional development events – examples include the job seekers’ forum and courses on time management and coding
- CFA Women’s Network events – feature prominent women speakers, either in a key note or panel format

The CFA Society Chicago volunteer advisory groups are responsible for:

- Determining event topics
- Selecting appropriate speakers
- Initial outreach to speakers
- Coordinating with CFA Society Chicago staff

CFA Society Chicago staff is responsible for:

- Event logistics including venue, food and beverage, and any needed audio/visual equipment
- Organizing planning calls
- Coordinating with the advisory groups
- Requesting financial assistance from CFA Institute when appropriate
- Promoting events (pre and post) through email, social media and website

The CFA Society Chicago board of directors is responsible for:

- Guiding the advisory groups
- Monitoring past and upcoming events to ensure that they align with our mission
- Advising on the appropriate mix of events to ensure that CFA Society Chicago is using our resources appropriately
- Assisting with idea generation or speaker outreach as needed

## Deliver Member Value – Networking

CFA Society Chicago members consistently rank networking as one of the top reasons why they join our Society and attend our events. Networking opportunities facilitate career development, build a local investment community, and allow for the exchange of ideas.

CFA Society Chicago offers a variety of dedicated networking events throughout the year:

- CFA Society Chicago Annual Dinner – Our premier networking event of the year typically draws over 1,000 investment professionals and features a prominent key note speaker. We also celebrate our new CFA charterholders and present awards to our most deserving members
- Annual Business Meeting
- Meet the Board and volunteer appreciation events
- Social events
- Progressive networking lunches and dinners

In addition, CFA Society Chicago staff includes dedicated networking time in the agenda before and after all of our educational events.

## Deliver Member Value – Technology

Over the past three years, CFA Society Chicago has invested significant time and money to upgrade our computer and A/V hardware, website, and database. For the next three years, CFA Society Chicago will focus on implementing this technology to add value to our members. Developing a Digital Content Library is critical to better serving our members that live and work outside of downtown Chicago.

CFA Society Chicago staff is responsible for:

- Working with the advisory groups to add content to our Digital Content Library
- Developing a Digital Content Policy
- Working with the Advisory Groups to ensure that all Digital Content follows our Policy
- Continuing to improve the Society web site including organization and new content development
- Leveraging the new database to improve reporting metrics to the board, advisory groups, and general membership
- Evaluating additional tools that the Society may need to accomplish our Mission

Digital content may include podcasts, webinars (web-only events), and webcasts (streaming live events).

## Deliver Member Value – Key Performance Indicators

- Event quality – measured by surveys that are sent out after each event (overall score 1-5 scale)

Target 2019-2020  
4.0 (4.4 Actual)

Target 2023  
4.0

- Event Survey response rate

Base 2020  
7%

Target 2023  
15%

- Percentage of our members that attend at least one event per year

Base 2020  
33%

Target 2023  
40%

- Percentage of our members that attend three or more events per year

Base 2020  
11%

Target 2023  
15%

- Annual Dinner – increase the number of sponsors

Base 2019  
67

Target 2023  
70

- Webinars and Webcasts – Increase the average number of unique views over the past year

- Podcasts – Increase the average number of downloads over the past year

- Annual Survey – Improve members' overall member satisfaction with our Society (1 through 6 scale)

Base 2018-2019  
4.9

Target 2023  
5.3

- Annual Survey – Improve response rate

## Develop Future Professionals – Employer Engagement

The CFA Society Chicago staff and board should regularly engage with the top local employers of CFA charterholders. The goals of these meetings include:

- Discuss market trends, opportunities, and risks
- Understand the expertise of each firm
- Develop a list of potential speakers
- Solicit ideas for future events
- Encourage sponsorship of our events including our flagship Annual Dinner
- Gather direct feedback on the value that CFA Society Chicago is providing to our members

CFA Society Chicago has developed a proprietary scorecard to track our engagement with top employers. This scorecard includes a range of important metrics by firm including:

- Number of Charterholders
- Number of CFA Society Chicago Members
- Number of BOD Members
- Number of AG Volunteers
- Advisory Group Attendance
- Total Event Attendance
- Number of Events Attended
- Average Event Attendance
- Annual Dinner Sponsor
- Career Fair Exhibitor
- Research Challenge – Mentor/Grader/Judge

CFA Society Chicago staff and the board of directors will review the scorecard each Board meeting and collaborate to improve the scores over time.

## Develop Future Professionals – Build Brand Awareness

The investment management industry recognizes the CFA charter as the gold standard for professional excellence and ethical decision-making. However, the charter is relatively unknown in other fields and throughout the Chicagoland community. We hope to improve brand awareness to increase the value that our members realize from earning their charters and to encourage new candidates to take the exams.

CFA Society Chicago collaborates with the CFA Institute to promote their “Let’s Measure Up” campaign. This campaign promotes the benefits of the CFA charter to potential employers and investors.

We also recognize the importance of social media, especially Twitter and LinkedIn, to promote our brand. The CFA Society Chicago Director of Marketing and Communications is responsible for developing our social media strategy. This strategy will include the following elements:

- Promoting upcoming events
- Posting a picture and brief summary of recent events
- Driving traffic to our web site and Learning Hub
- Sharing messages from CFA Society Chicago leadership

# Develop Future Professionals – Key Performance Indicators

- Increase the number of meetings with top employers (face-to-face when practical)
- Begin to track engagement with the top 25 money managers in the Chicagoland area as defined by Crain’s and other top employers of CFA charterholders
- Advisory Groups – Increase the total number of members that attend at least one meeting per year

<u>Base 2020</u>	<u>Target 2023</u>
342	425

- Advisory Groups – Increase the percentage of volunteers attending at least three meetings per year

<u>Base 2020</u>	<u>Target 2023</u>
16%	20%

- Promote all important upcoming events via social media each year

<u>Base 2020</u>	<u>Target 2023</u>
95%	100%

- Increase the number of followers on Twitter

<u>Base 2020</u>
2,304

- Increase the number of followers on LinkedIn

<u>Base 2020</u>
2,694

## **Build Market Integrity – Financial Literacy**

CFA Society Chicago engages with strategic partners to promote financial literacy in our community and offer volunteer opportunities in our community. The Membership Engagement advisory committee oversees this effort with guidance and support from the board and staff.

Our first strategic partner is the Economic Awareness Council (EAC), a non-profit organization whose mission is to prepare students and families for the economic and financial decisions they will make both today and tomorrow. They emphasize meeting the needs of families and youth with limited resources. Volunteer opportunities with EAC including teaching financial literacy courses at local high schools and resume reviews.

Our second strategic partner is the Greenwood Project. The Greenwood Project is a Chicago-based non-profit whose mission is to introduce minority students to careers in the finance industry. They support scholars from high school into their early career, serving as an educational resource and opportunity generator.

## **Build Market Integrity – University Outreach**

Our Society engages with universities to encourage younger people to enter the investment management industry and pursue the CFA charter. We interact with universities in a variety of ways:

- Free annual membership
- Discounted fees to our events
- Annual Research Challenge where student teams are given a company to research and present a buy or sell recommendation
- Study groups
- Mock exams

The Membership Engagement AG will refine and implement our University Outreach Program. Please refer to the separate document for additional details.

## **Build Market Integrity – Diversity**

Diversity of gender, race, thought, and background within a group leads to better decision-making. For more than five years, CFA Society Chicago has focused our efforts on gender diversity.

In 2020, the Board recognizes that CFA Society Chicago should set formal goals focused on racial and ethnic diversity as well. However, we will first need CFA Institute to begin to measure and report on this data.

# Build Market Integrity – Key Performance Indicators

- Number of financial literacy partners

<u>Base 2020</u>	<u>Target 2023</u>
2	3

- Increase the number of financial literacy volunteers

<u>Base 2020</u>	<u>Target 2023</u>
72	90

- Total number of student members

<u>Base 2020</u>	<u>Target 2023</u>
112	150

- Increase the percentage of student members that attend at least one event per year
- Increase the number of university meetings by staff and board members per year

<u>Base 2015-2019</u>
8

- Number of universities competing in the research challenge

<u>Base 2020</u>	<u>Target 2023</u>
12	15

- Gender Diversity – Adhere to Board guidelines regarding the percentage of Board Directors, Advisory Group Co-Chairs, and event speakers who identify as female (target of 33%)
- Racial and Ethnic Diversity - CFA Society Chicago will encourage and advocate for CFA Institute to begin to track and measure racial and ethnic diversity. This will allow CFA Society Chicago to set KPIs around racial diversity by 2023.