

INTRODUCTION

The role of the performance team is changing. As the demand for supporting sophisticated analysis grows, modern teams are charged with delivering on an expanded range of services. In addition, the way in which performance teams work has undergone a seismic shift. Digital transformation, accelerated by extreme world events, has enabled, encouraged, and even enforced an embrace of hybrid working practices.

Individual team members welcome the opportunity to tackle new tasks and acquire new skills, and they have embraced the chance to work remotely at least some of the time. But there are concerns to address too. Hybrid working practices require organizations to think hard about how to ensure their performance teams can do the best possible job; and given the war for talent, the needs and views of employees should be front and center.

Against this backdrop of change, new research from FactSet attempts to gauge how senior leaders in performance measurement are responding.

In one of the most comprehensive pieces of research into performance teams ever undertaken, we spoke to more than 300 decision makers at asset management businesses worldwide.



Their views offer a compelling and comprehensive view of where the performance measurement sector now stands—and how performance teams are navigating the remote work revolution.

FIVE KEY FINDINGS INCLUDE:

- 1. Nine out of 10 performance teams have embraced the remote work model; the majority juggle between 25% and 75% of their team in virtual setups.
- 2. Change has brought organizational challenge.
 One in three respondents highlights the
 complexities introduced by remote working
 in communication and collaboration.
- **3.** Roles and responsibilities are evolving; 77% of respondents say remote work has enhanced job satisfaction.
- **4.** Outsourcing and co-sourcing are on the rise; 97% of respondents use managed services or co-sourcing for performance measurement.
- 5. New skills are required. The changing role spectrum requires greater proficiency in risk management, data visualization, and technological adeptness.



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The Changing Nature of Work for Performance Teams

Almost a third of survey respondents acknowledge that the shift to remote or hybrid working has caused problems with communication and collaboration.

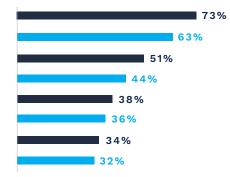
Performance teams are adapting to a new working reality. At 93% of organizations, at least a quarter of performance team members are working remotely for parts of the week.

As a result of more frequent remote work, teams are using a broader range of technologies. Tools such as virtual meetings and conferences are now being used more often by 73% of teams—but other technology solutions are also becoming more common. For example, more than a third of performance teams say they are now using virtual platforms to share performance-related information; almost as many are implementing self-service platforms and portals for performance queries.

These shifts have brought challenges. A clear move away from in-person interactions toward written communication may not sit comfortably with some members of performance teams. Almost a third of survey respondents acknowledge that the shift to remote or hybrid working has caused problems with communication and collaboration.

Clearly, new technology provides the means to allay some of these concerns, but performance team leaders must remain alive to the potential for frustration and even isolation that colleagues may feel. Without such vigilance, there is a risk of employee disengagement and, ultimately, of increased staff turnover rates.

FIGURE 1: HOW THE SHIFT TO REMOTE AND HYBRID WORKING IS AFFECTING THE WORK DYNAMIC



More virtual meetings

Less in-person interaction

More reliance on written communication

Increased emphasis on digital performance, reporting, and analysis tools

Better access for remote customers to performance team resources

Using virtual platforms to share performance-related information

Moving toward self-service platforms for performance queries

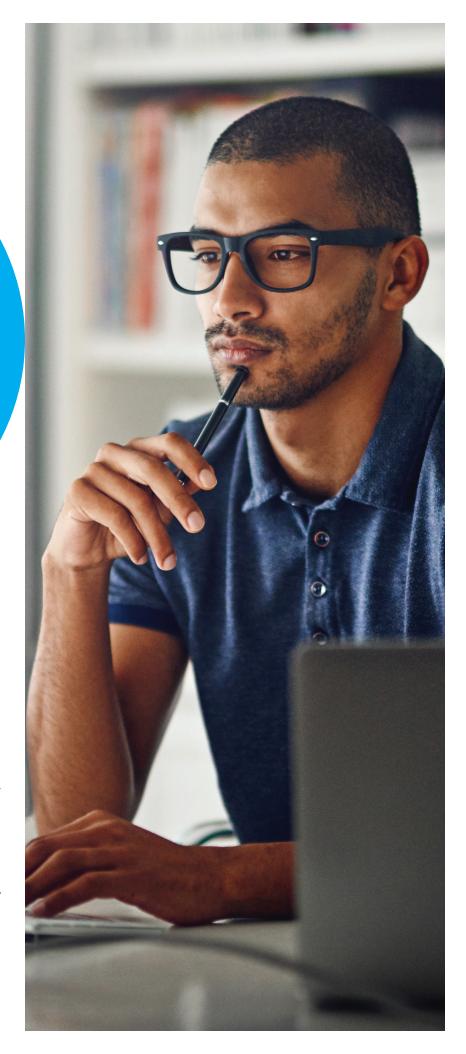
Difficulties in communication and collaboration

As team members look for opportunities to broaden their skills and expertise, they will welcome the chance to spend less time on tasks that colleagues in the business may be perfectly capable of performing for themselves.

The increased digital maturity of the performance team function does bring some clear benefits for the broader organization. The opportunity here is to free up performance team members from some of the more routine and basic work that used to occupy their time, leaving them with greater capacity to focus on more value-additive tasks.

As team members look for opportunities to broaden their skills and expertise, they will welcome the chance to spend less time on tasks that colleagues in the business may be perfectly capable of performing for themselves. From the business's perspective, this may speed up some elements of performance analysis, but also create the room to undertake more insightful work.

The move to hybrid and remote work is not only changing how performance teams operate, but also the very nature of what they do. The touchpoints that performance teams have across their organizations are also changing—existing links have often strengthened, and new links are being forged.





Nine in 10 respondents say their performance team's alignment and responsibilities have changed moderately or significantly since 2017.

That change is twofold. On the one hand, many performance teams report that they are no longer undertaking tasks that would once have been considered staple responsibilities. On the other, they have taken on new work.

In the first category, ad hoc performance research and analysis work stands out as one area where many performance teams are no longer engaged–62% say this has been dropped following the move to hybrid and remote working. Other tasks many teams say have fallen by the wayside include maintenance of performance measurement systems and routine performance calculation and reconciliation. Much more of this work is being automated.

Some of these changes naturally reflect the fact that performance teams are no longer as physically present in the workplace. Lack of proximity to the front office team, for example, may explain why 40% of performance teams are no longer involved in direct portfolio analysis for these colleagues. Similarly, more than a third of performance teams are no longer dealing with traditional performance reporting and client presentations; these may be less appropriate in a virtual setting.



FIGURE 2: TASKS DROPPED DUE TO REMOTE OR HYBRID WORK

As routine tasks are now handled by digital tools, performance teams are taking on different work. Two-thirds of respondents to this research say the performance team's responsibilities have now expanded beyond the traditional scope of the role; a third say the team's workload has actually increased, taking into account these new areas of focus.

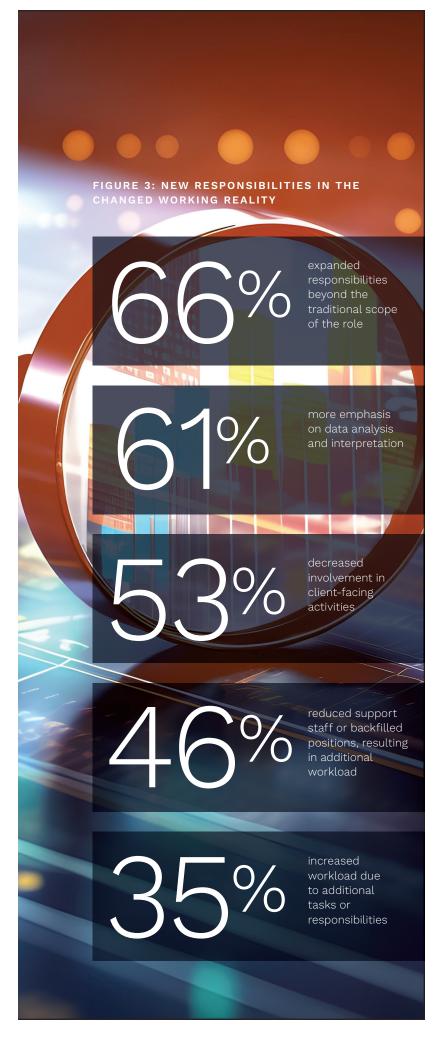
The most obvious addition for many performance teams is that they are now required to place more emphasis on data analysis and interpretation—to provide insight as well as a read-out on performance; 61% of respondents say this is now an expectation of their performance team.

Conversely, while providing more analysis may be seen by performance teams as an opportunity to expand their influence and learn new skills, respondents also warn that many teams have been forced to take on work that might once have been performed by support staff. Almost half say reduced support staff or backfilled positions have resulted in additional workload for the performance team.

The crucial question for performance team leaders and senior executives at their organizations is how these changes are impacting staff morale. In such a competitive market for talent, members of performance teams who are unhappy with their changing role have plenty of opportunities to look elsewhere. Focusing on staff retention, as ways of working and relationships across the firm continue to change, will therefore be vital.

In fact, respondents to this research are broadly positive about the impact of new ways of working. More than three-quarters say the remote work transition is having a positive impact on performance team members' job satisfaction.

This is good news, but it is important that leaders are not complacent about levels of morale and job satisfaction within their performance teams. Clearly, there will be many performance team members who welcome the opportunity to work remotely and in hybrid teams, but these new arrangements may not suit everyone.



Equally, the shift in responsibilities and workloads will be received differently by different team members; while some will welcome extra responsibilities and a broader role, others may miss some of the tasks they have lost or feel uncomfortable with the new work they are now expected to undertake.

Team leaders must be alert to these nuances—and ready to provide support where necessary. Encouragingly, 62% of respondents say their organizations have provided work-life balance support to their performance teams, introducing new policies and resources to help staff as they shift to remote and hybrid working models.



LOOKING FOR GREATER INTEGRATION?

One important element of the changing nature of the performance team role is the expectation of increased integration with other parts of the business. Despite the shift to remote and hybrid working, many respondents anticipate that their performance teams will work ever more closely with other functions.

Today, 65% of respondents say their performance teams are already integrated with colleagues from risk teams, while 58% point to integration with reporting teams. However, the direction of travel is clear, with 98% of respondents anticipating further integration with either risk or reporting in the near future.

In this regard, it is important that more than two-thirds of respondents believe their current performance team is valued by the organization and that it is perceived as offering good value. Similar numbers say that each member of the performance team feels a sense of ownership and control; this consideration must be front of mind for leaders if staff morale and job satisfaction levels are to be protected.

Nevertheless, there is a balance to strike here. Increased integration is widely considered to be necessary—as Figure 4 shows, most respondents say that performance teams need to be aligned with risk and reporting, respectively, to be truly effective—but equally, the performance team plays a distinct role of its own within the business that must be maintained. On the latter, some respondents worry that perceptions of that role will be diluted or even negatively impacted if performance teams are simply merged into other functional groups.

Performance teams report significant integration with other teams. A notable 65% are integrated with risk teams, and 58% have merged functions with reporting teams.

FIGURE 4: INTEGRATION OF PERFORMANCE TEAMS WITH OTHER TEAMS

Current Integration of Performance Teams with Other Teams



Expected Integration of Performance Teams with Other Teams (Near Future)





Given the changing nature of the work done by many performance teams, organizations are increasingly looking to add new competencies and capabilities to their teams.

A WIDE RANGE OF ADDITIONAL SKILLS ARE NOW IN DEMAND

55% of respondents say they are now looking to add expertise in performance attribution and analysis techniques to their performance teams.

34% claim that the need for effective project management and coordination skills—the need for team members to organize, prioritize, and be self-starters—is increased with more people working remotely.

Half of respondents are keen to ensure their performance teams have knowledge of risk assessment and management frameworks.

44% point to the importance of familiarity with regulatory compliance arrangements for performance team members.

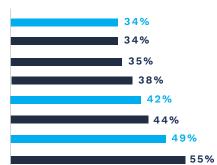
37% of respondents are looking to recruit performance team members with strong communication abilities; these will be even more important in teams that are rarely in one place at one time.

34% of respondents want greater expertise in advanced data analytics and modeling. Proficiency in data visualization is also increasingly in demand.

The nature of the roles for which organizations are currently recruiting underlines the point here (see Figure 5). Risk analysts, data analysts, and data scientists are all in high demand as organizations envision a future where performance teams can provide even more insight and analysis. These teams are now expected to add even greater value. Automating routine work makes sense in this context—this will free up time to deliver the value that the business is now demanding.

FIGURE 5: PERFORMANCE TEAM SKILLS IN DEMAND

Advanced data analytics and modeling (e.g., Python coding)
Effective project management and coordination skills
Strong understanding of technology and automation solutions
Ability to integrate and analyze data from multiple sources
Proficiency in data visualization and reporting tools
Familiarity with regulatory compliance requirements
Knowledge of risk assessment and management frameworks
Expertise in performance attribution and analysis techniques



The ability of organizations to hire in these key new areas—and even to keep hold of their existing performance team members—is in doubt. As this research has emphasized, recruitment and retention are challenging in an extremely competitive labor market.

On retention, large numbers of organizations worry about their ability to keep hold of their best people. Almost two-thirds of respondents say they have faced challenges in retaining high-performing team members because these staff have received attractive job offers from organizations aiming to poach them.

As for hiring, 48% of respondents say that increased competition for the top talent has extended the hiring process. A significant number also say they have found it difficult to find qualified candidates for their performance teams.

Still, it's not all bad news. For now, the battle for talent is causing day-to-day problems at only a minority of organizations. Fewer than a third of respondents complain that understaffing is having an impact on the productivity and workload of their performance team.

That said, it is important not to be complacent—as Part 4 of this research points out, many organizations have yet to make significant adjustments to their training and onboarding processes to reflect the increased adoption of hybrid and remote working practices. In practice, it may take longer than expected for newly hired staff to begin playing a full role in the performance team



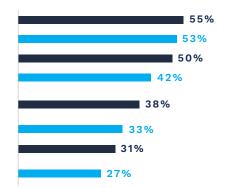
It is not as if organizations have unlimited resources to resolve these recruitment and retention challenges. Half of respondents in this research warn that they have seen budget reallocated from their performance teams to other departments or initiatives. Almost a third say the resources available to their performance team have been reduced. At the very least, performance teams are under more pressure to build a value case for budget; 42% of respondents cite increasing pressure to demonstrate the returns on investment in performance team activities.

For now at least, only 27% of respondents worry that budget issues have translated into constraints on hiring new staff or replacing those who leave. However, given the significant demands being placed on performance teams, many members will be looking for greater support from leaders and the broader organization; this may be difficult to provide in the current landscape.

The bottom line here is that many organizations face an inherent tension. They want performance teams that are equipped with new types of expertise, and they know they face tough competition to secure this talent. At the same time, resources appear to be in short supply–for most organizations, it will not be possible simply to throw money at the problem.



FIGURE 6: BUDGETS UNDER PRESSURE



Need for cost optimization and efficiency measures in the performance team
Limitations on investing in new performance measurement tools or software
Budget reallocated from performance teams to other departments or initiatives
Increased pressure to prove the value of ROI in performance team activities
Cuts in training and professional development opportunities for performance team members

Reduced budget for performance team resources and initiatives

Delays or cancellations of performance-related projects due to budget constraints

Constraints on hiring more staff, backfilling roles, or expanding the performance team



COULD MANAGED SERVICES AND CO-SOURCING FILL THE GAP?

For organizations struggling to secure all the skills and competencies they now need from their performance teams, third-party services may offer a neat solution. Indeed, this research charts a clear trend toward increasing use of managed services and co-sourcing-potentially reflecting the tough competition for in-house talent, as well as the reality that some tasks are less well-suited to a remote or hybrid team.

Almost all respondents use managed services or co-sourcing in some capacity for performance measurement, though only 40% rely on it exclusively. All respondents using such services say they have helped address the challenges faced by their performance teams.

Against this backdrop, outsourcing is now set to increase, with respondents expecting to make greater use of third parties for a variety of performance team tasks. Reporting and compliance monitoring are the tasks most likely to be outsourced today, with 48% and 45% of respondents using third parties here. Calculation and aggregation of performance metrics, benchmark selection and comparison analysis, and performance reporting and client presentations are the areas where the intent to outsource in the future is most marked.

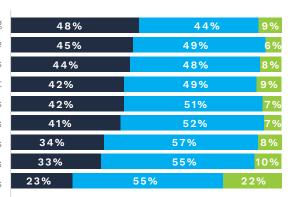
This is not to suggest that outsourcing offers a panacea. Respondents point to a range of issues that need to be resolved to use managed services effectively. Most notably, more than half cite lack of in-house expertise in using the solutions and data security concerns. Other issues include scalability, data accuracy, and integration difficulties.

Among the small minority of firms that are currently steering clear of managed services and co-sourcing, the most common anxieties include issues with integration, concern about high costs, and a lack of training in implementing and maintaining such relationships.

FIGURE 7: MORE OUTSOURCING AHEAD

■ Outsource currently ■ Plan to outsource in the next few years ■ No plans to outsource in the near future

Reporting
Compliance monitoring and reporting related to performance
Data collection and cleansing processes
Portfolio analytics and risk assessment
Maintenance and management of performance measurement systems
Performance attribution and analysis
Calculation and aggregation of performance metrics
Benchmark selection and comparison analysis
Performance reporting and client presentations





With performance teams now working remotely at least some of the time, organizations must think carefully about leadership, management, and operational effectiveness. New arrangements and structures will be required, both to support staff as they work in these new ways and to ensure the organization is able to function efficiently and securely.

On the first of these imperatives, more work is needed in a number of areas. For example, on training, only 36% of organizations report good results from virtual skill development programs; for new staff, moreover, remote onboarding and training processes are in place at just 32% of organizations.

Another area of concern is the practicality of managing performance teams working remotely. Fewer than a third of respondents say their team leaders are able to manage and coordinate activities virtually, using digital tools for communication.

There are even question marks over whether the technology infrastructure required to support remote work is in place. Just 23% of respondents say their organization has invested in robust infrastructure.

In each of these areas, risk is heightened. Staff unable to access good training—as new joiners or as they evolve in their roles—may be less effective and may grow disengaged. Managers unable to coordinate their teams when staff are working remotely cannot be confident of maintaining quality and productivity. Basic technology issues may leave performance teams unable to provide the service their organizations require.

FIGURE 8: SUPPORTING REMOTE & HYBRID TEAMS

36% Virtual Skill Development: Teams embrace virtual skill development programs to stay updated with industry trends.

Remote Training and Onboarding: Onboarding and training processes are adapted for remote integration of new team members.

31% Cross-Department Collaboration: Virtual platforms facilitate collaboration with other teams within the organization.

28% Virtual Leadership and Coordination: Team leaders manage and coordinate activities virtually, utilizing digital tools for communication.

Technology Infrastructure: Organizations invest in robust technology to support remote work, including cloud-based platforms and video conferencing software.

Revised Workflows and Processes: Workflows are streamlined to accommodate remote collaboration and ensure transparency.

Clearly, this is an evolving picture. Many organizations are in the early stages of digital transformation and will build their competencies over time. However, performance teams must be able to function effectively in the meantime; these areas will therefore need to be addressed as a priority.

There is also a danger that, without action, other functions may grow frustrated with their performance team colleagues. Virtual platforms, for example, make it possible for teams across the organization to collaborate with one another, but only 31% of respondents say these are in place.

More progress has been made on protecting the organization from some of the risks and vulnerabilities created by the shift to remote and hybrid working. For example, 54% of respondents say their organization has put in place contingency plans and risk management strategies to overcome potential disruptions. In the event of a technology failure or another crisis, these organizations' performance teams should be able to continue working.

Secure access is also front of mind, with 42% of respondents confident that their organization has ensured that all remote team members can access performance data and tools—and do so safely. And half say they have established clear communication protocols to govern discussions and team meetings that take place virtually.

As these new ways of working bed in, it will be important to monitor how well they are functioning on an ongoing basis. Right now, however, only a minority of respondents say their organizations are focused on monitoring delivery. Only 39% have put in place metrics that focus on measurable outcomes and individual accountability in remote work.

FIGURE 9: MANAGING RISK AND DELIVERING EFFECTIVENESS



Work-Life Balance Support



Crisis Preparedness



Communication Protocols



Performance and Data Accessibility



Remote Team Setup



Performance Monitoring and Accountability

Work-Life Balance Support: Policies and resources are introduced to support employees' remote work-life balance.

Crisis Preparedness: Contingency plans and risk management strategies are implemented to handle potential disruptions.

Communication Protocols: Clear protocols are established for regular virtual meetings and discussions

Performance and Data Accessibility: Secure access to performance data and tools is ensured for all remote team members.

Remote Team Setup: Performance teams transition to a distributed structure with members working from various locations.

Performance Monitoring and Accountability: Metrics focus on measurable outcomes and individual accountability in remote work.

CONCLUSION

The message of this research is clear. Digital transformation has had a profound effect on performance teams—both in terms of how and where they work, and in what these teams do.

Many organizations are adjusting well to this new world. Many of these employees will welcome the opportunity to work more flexibly-and while their responsibilities may now be evolving, in many cases they are being offered the chance to undertake more fulfilling value-additive work.

As a result, job satisfaction levels among performance teams appear to remain high. This research was undertaken with senior decision makers, who were asked to give their view of sentiment among their reports, but they are confident that performance teams are feeling positive about their new roles and working arrangements.

Many organizations report skill shortages—and worry about losing their best people to their rivals. Recruitment is challenging, particularly in the context of demanding budget constraints.

Finding new ways to work more effectively and efficiently—and to give performance team members every possible support—is therefore imperative.

TECHNOLOGY HAS A CRUCIAL ROLE TO PLAY IN THIS REGARD-AND IN TWO DIFFERENT SENSES:

First, a range of tools provide the means for performance team members to work remotely in a seamless fashion, with no compromise of their ability to collaborate with one another, access data and insight securely, and serve the rest of the business. But these tools require careful implementation and investment.

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Second, the technology of performance measurement and analysis itself is evolving at pace. New tools offering sophisticated support in areas such as analytics, modeling, and risk assessment enable performance teams to embrace their new roles and responsibilities. Again, smart implementation and good-quality training will enable performance teams to take full advantage of these tools.



The future is bright for performance teams. Team members are increasingly in a position to work in a way that suits their individual needs and preferences. And they are being asked to undertake more interesting and sophisticated work by organizations that value their contribution highly.

Nevertheless, every organization needs to think carefully about how to get the best out of these individuals. The most supportive leaders can look forward to outstanding outputs from highly skilled and fully engaged performance teams.

ABOUT THIS RESEARCH This report is based on the findings of survey work carried out for FactSet by Coleman Parkes during August and September 2023. Researchers spoke to 325 respondents: 125 from the Europe, Middle East, and Africa region; 125 from North America; and 75 from the Asia Pacific regions. All respondents were decision makers in performance measurement at institutional asset management and asset owner companies. ABOUT FACTSET FactSet (NYSE:FDS | NASDAQ:FDS) helps the financial community to see more, think bigger, and work better. Our digital platform and

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