



Raymond A. Mason School of Business

WILLIAM & MARY

LEADERSHIP & BUSINESS PODCAST

EPISODE 38: TIM DUNN – DOING GOOD AND DOING WELL

Ken White

From the College of William & Mary in Williamsburg, Virginia. This is Leadership & Business. The weekly podcast that brings you the latest and best thinking from today's business leaders from across the world. We share the strategies, tactics, and information that can make you a more effective leader, communicator, and professional. I'm your host Ken White. Thanks for listening. Well, you don't have to look very hard to find a story in the media about millennials and their commitment to public service. According to many reports, members of the millennial generation not only want good jobs but they want their employers to give back to others. But millennials are not the only group looking to do good and do well. Some established professionals in their 40s, 50s, and 60s and beyond have also decided to give back. Tim Dunn is in that group after spending 25 years as a successful investment professional. Dunn decided to make a change. He wanted to give back. Well, he joins us today on the podcast to share his story and to encourage others to find ways they can make a difference. Here's our conversation with the Founder, Managing Member, and Chief Investment Officer of Terra Alpha Investments, Tim Dunn.

Ken White

Tim, thank you for being here. You're spending a couple of days here at the College of William & Mary and the business school you spoke to a number of students yesterday. How was your day? What was that experience like playing the role of professor?

Tim Dunn

Well, I would say it was a lot more tiring than I anticipated, but it was energetic in a way but also tiring. I think by the end, I was through, like, I kind of expended a lot of energy. But it was great because the students were very interested they were asked a lot of good questions and I hope they took away something that will help them with their careers.

Ken White

They definitely did because I talked to many after you had spoken with them, and they liked your story of you had your career. You really did some great things, and then you made a real switch and change not only in career but in your life, and I thought this would

be great to talk about on the podcast. So tell us about your career. What do you do after graduation? What was your career all about?

Tim Dunn

So when I finished at William & Mary in 1983, I at the time was like today is not an easy job market. And I didn't. I had international relations degree, which was fantastic. I knew a lot. But it wasn't necessarily applicable to a lot of the jobs that were available. And I had the good fortune of going to business school directly out of undergrad and got an MBA in finance at Northeastern University. And then, from there made a decision of what path I wanted to take. And I knew at that point I wanted to go into something related to global finance. Been really triggered by a course I took here at William & Mary on international trade and finance in my senior year, which really triggered something inside of me in terms of wanting to understand all these topics of trade and currency flows and so on. So it kind of triggered that interest which is why I went to the MBA and finance route, and I looked at whether I wanted to be a management consultant, investment banking, or investment management. Which of the three investment management was less well known and well less high compensation of the three but also had this very nice aspect it was a little bit more in control. You know, investment banking and management consulting, you really are at the beck and call of the client. Understandably they're paying the bill. So I pursued the investment management track, which worked well because for my wife and I, we were already about to get married, and I wanted to have a little more of a fuller life in that regard, and I ended up going for working for a bank in Rhode Island and then after a couple years worked for another bank in Philadelphia in their investment team and then ended up joining Capital Group which is a large money management firm based in Los Angeles in 1990. So that was a path to that career, and at Capital, I started out as an analyst covering some sectors in the US. Eventually started covering in some sectors globally and then, over the course of my career, became a portfolio manager managing money in several of our Capital's large mutual funds at. The near the end of my career was managing money in a Growth Fund of America, which is a very large US fund, and Europe Pacific Growth Fund, which is a large international fund, and capital growth and income, which is a large global fund and it was a fantastic career. I mean, really interesting I spent most of my time; I always thought it was 40-50 percent. My wife would say it was 60 percent of my time traveling, seeing companies around the world, and you know, it was just a great experience to learn how companies work and meet the leaders of all these companies and to make decisions for the investors about what companies to invest in. It was a fantastic career but also had some downside. Really I was very focused on the success of the portfolio and doing well with the with our investing, which was very financially rewarding also for me as a nice benefit of that. But eventually, I realized that that was not all I wanted to do with my life. It was a very important thing. It's something that needs to be done well, had a lot of colleagues who were doing it very well, also. But for me, there needed to be something more that I could look back on in my career that I

had done and I was in the fortunate position to have the luxury of taking a decision to step away from that role and focus on other things that I thought would have more impact.

Ken White

So how did you make that decision? I'm done. I want to try something different and, like you said, make that impact.

Tim Dunn

You know, it was an interesting set of scenarios at the time. One of the things that triggered it ironically, I was starting to feel like I wanted do something of my life. I've been very focused on work, and then family was pretty much all there was. And then ironically, I didn't mention this yesterday in the class. I was asked to if I was interested in joining the Board of Visitors at William & Mary, and it was really the first time I did something outside of that. And I found it really rewarding to be involved that and kind of started make me think about the world beyond, you know. Yes, I was very involved the globe. I was investing around the world. But you know, I was very focused on the stock market, you know, and the investment world. And you know, you step away from it for a little bit into a different space and also realize, you know, actually not everyone lives and dies by what the stock market's doing every day, and that's a good thing. I mean, they're doing things to just to learn and live and survive and thrive that don't really have any direct contact with that. So you realize no matter what world you and you can get a little trapped in that. So when I was on the Board of Visitors, I started thinking about, well, this is really interesting what where am I going to go in my career and, you know do I want to continue doing this or do I really want to make a change and that kind of triggered inside me. You know, a recognition that, yeah, I actually really want to spend a lot more of my time not focused just on investing. So over the course of about a year, my wife and I spent a lot of time talking about it, and she knew that I wasn't really happy doing what I was doing. It was just a continuation doing the same thing every year. I'll be it very fascinating thing.

Ken White

Sure, sure.

Tim Dunn

But there's only so many times you want to go to Tokyo in September. We go every September, and I've been, you know, probably been in Tokyo 20 times and never even seen Mount Fuji.

Ken White

Right.

Tim Dunn

I saw a lot of hotels and a lot of businesses.

Ken White

Of course.

Tim Dunn

But not a lot of the world around it. So I made the decision that I was just going to step away and then figure out what I was going to do after a break because I had a lot of people said don't plan to what you're going to do before you leave. You need time. Step it away like literally go to the beach, go to the golf course, whatever you want to do for a couple months because it's very you're going to get lots of people coming to you and say do this, do this, do this. I knew I wanted to be involved in something related to the environmental challenges of the planet. Exactly what I wasn't sure at the time, so literally, I went and spent three months at the beach reading books and relaxing, and then about two and a half months into that. My wife and I looked at each other. She was like you need to get back to doing something, don't you and I was like yeah, you bet. So that was kind of that transition point.

Ken White

We'll continue our discussion with Tim Dunn in just a minute. Leadership & Business is brought to you by the Center for Corporate Education at the College of William & Mary's Raymond A. Mason School of Business. The Center for Corporate Education can help you and your organization by designing and delivering a customized leadership development program that specifically fits your needs. If you're interested in learning more about the opportunities at the Center for Corporate Education, check out our website at wmleadership.com. That's wmleadership.com. Now back to our conversation with the Founder, Managing Member, and Chief Investment Officer of Terra Alpha Investments, Tim Dunn.

Ken White

So you decided to take some of your expertise actually and almost reposition everything you didn't start totally clean like some people do.

Tim Dunn

No, no. I what I knew I brought to a conversation well, there was a big underlying issue that I was focused on, which is the environmental challenges that our economic system that we as all people have helped create. We're all part of it. Is having it on a natural system, and there is a big disconnect between how we consider and we're really actually impacting the natural system through our economy that isn't fully priced into our system.

So you know, things like the impact on the on our economy on the clean air and clean water as well as the depletion of natural resources that we rely on for survival.

Ken White

Sure.

Tim Dunn

We're being taxed to a point that wasn't sustainable. And I knew that I wanted to be use my experience working with CEOs and investment professionals to help bring a better conversation between them and the non-profit environmental groups who have tended to be more casting blame and dispersion on those groups rather than figure out ways to work effective with them. And it wasn't leading to successful outcomes. It was leading to actually just creating barriers and walls between the groups. So that was really what I knew I wanted to be doing exactly and what format I hadn't yet fully figured out.

Ken White

Right. And so now what you're doing is?

Tim Dunn

Yeah, so after a couple years, we actually did work for some non-profits, one of which was very much focused on how to help get companies to measure and manage and report their environmental impacts on emissions, water, and other factors in terms of helping them be more effective in their role. I became it became increasingly clear to me that what these companies these groups were helping to create was a lot of information that decision-makers could use to make better decisions about environmental factors in their right in their everyday business and investment decision making and ultimately, I came to the conclusion that the best way for me to demonstrate that this data was useful and actionable data was to create our own investment firm that would operate that way. So we created Terra Alpha Investments to actually demonstrate that environmental productivity, which is our term for the efficiency by which companies utilize and impact natural resources, will, in fact, improve business returns and, therefore, investor returns because more profitable businesses are better investments than less profitable over long periods of time. So we've created the firm, and we have a fund that invests that way. Using data to identify companies that are more efficient and as part of a multi-process investment decision-making process. And then we also advocate to businesses and investors for their increased attention to environmental factors in decision-making.

Ken White

Are you having fun?

Tim Dunn

It's fantastic. It's really been quite an interesting experience to start a firm. I certainly never envisioned that I would do this. You know, I worked at Capital Group had when I left, had 10,000 employees and managing a trillion dollars to start from literally scratch, and you know, have an office with one person in it initially and zero assets and actually have to go out and do every single thing from you know talking to lawyers to create the legal structure for the fund to literally getting the cable company to come and connect your cable so you have access and you know and getting in touch with Bloomberg and getting your first Bloomberg machine which is darn expensive. Every one of those things you have to do, but you're responsible for it all. It's yours. You've helped create it, and now as we've built up the team to eight people. They're great people. They're fun to work with. You know, it was a goal. Of course, I want people around that are fun and smart, and very collaborative. And it's really a real pleasure to work with them and to build this team and the fund, and so far, we've had good success. But it's very early days.

Ken White

When I talk to people who've done what you've done a very successful career, but I'm going to do something different a little bit later on, they tell me that they thought they might not be working quite as hard and here they are working just as hard or even harder. Is that the case?

Tim Dunn

Yeah, I would say I'm well. It's a combination of things. I'm certainly if someone were to portrayed me as having retired when I left Capital, I've certainly a failure at that. But I never really intended to actually not work. I just wasn't sure in what format, and I certainly didn't intend to start my own firm. I am involved with a number of things outside of Terra Alpha. So when you add that on top of the Terra Alpha thing, I'm working just as much as I ever did. But I find it very meaningful and so I don't I have no qualms about it before. You know I'm excited every day I'm in the office. I look forward to it. And you know, I actually just wish I had more time to focus on it.

Ken White

The idea that you and your wife had talked for so many months, and you truly unplugged for a couple of months to think about that. Looking back on that, is that what you would advise someone who's thinking about maybe that second career or semi-retirement doing that?

Tim Dunn

Well, certainly, if you have the luxury of being able to do that, I think it it, you know what? I got a lot of advice from people when I was made the decision to step away from Capital. There were a number of people I knew who had done something similar or had gone

through something similar or someone who knew a friend who had done that, and the universal advice was it was actually to take a year and absolutely agree to nothing because there'll be all sorts of boards and non-profits and so on that want ask you to be to join them. And once you've joined your kind of, you have an obligation, so many people take even longer. I knew I could never take a year and do nothing and but I think it's very important to kind of step away a little bit and get comfortable with the fact that you actually are no longer that person you were. You know, it is difficult when you're in a position of someone who's had a lot of responsibility a lot of reputational value on what you were doing and step away from that just become a person who is sitting on beach reading a book and rethink about who you are and what you want to do with your life from a different perspective because you're not going to be that person you used to be.

Ken White

Right.

Tim Dunn

You know, and this is true for people of all aspects who have had leadership roles, once you step out of that, you're just another citizen, and you got to get comfortable with that again.

Ken White

No doubt. That's your identity, right?

Tim Dunn

It is your identity, and it's it was very difficult for a period of time when I was not doing Terra before doing Terra Alpha to kind of even describe who I was and what I did because our culture is used to tell me what you do and who you are. And it's usually a title, and you know, being on a number of non-profit boards and working really hard on a lot of issues is a hard thing to explain to someone if they don't, they can't put that into a box. And so it is, but it was very healthy for me to kind of just step away. Put everything down, you know, pencils down, sit on the beach or go to or whatever you're going to do. If it's, just go visit your grandkids for a while and just think about life a little bit.

Ken White

Yeah. You mentioned right before we started recording, we were talking a little bit about millennials and what we're certainly starting to see people 45, 50, and older thinking about this. But you interact quite a bit with millennials in your company and elsewhere. Where are you seeing them in general stand in terms of, you know, I want to do some good while I'm on the earth.

Tim Dunn

Yeah. I we've been very fortunate with our hires within Terra Alpha and people who have applied. And I see with my own children who are millennials that they really do see their lives ahead of them as needing to be involved with more than just their career success in what we in our generation would have used traditional things. I have a job. It pays well. I buy a car, get a house, etc. they actually really see things very differently. They see it as am I doing something that I think is important. You know, they understand there's some big challenges out there, and you know, across the gamut of issues, and you know they're stepping up and want to see that they can do something about it in their careers and the companies they're working for are engaged that way. So when we have put out openings for positions, the response rates have been very high for people who just want to be part of something like what we're doing, and you know, companies across the globe are seeing that when they're bringing on people I had a conversation with a gentleman who used to be a senior executive at Zurich Financial, and he said the number one place on our website that they're prospective employees are looking at their sustainability report because that's the first thing they look at. They want to see if that company before they consider interviewing there, is serious about that. So it's companies people want to see that the company they're working for is even if their job isn't directly doing something directly connected that they want to say they're part of a company that is involved in thinking about things beyond just their own financial success.

Ken White

For someone who might be in the position or not in the position, maybe not everybody is financially able to do it, but they still want to shift gears right. It's time had this great career, and I'm thinking about doing this other than the take the break, pull away and reassess. Any other advice you might have or something that you think they might see or experience as they do make this transition?

Tim Dunn

You know, I think even before that, one of the things I probably made a mistake in my career at Capital was not deciding to do more while was there. In terms of joining maybe a board of a non-profit or volunteering more, I may have volunteered some in our kid's school or do things, and it's always very rewarding. But you feel like you don't have the time to do that. And I would say, first and foremost, find an organization you care about and figure out a way to support them either volunteer as a volunteer, you know, in doing program work weekends helping out a soup kitchen, whatever it is, or join a board be involved help them organize you know that's very valuable. So you don't even have to make a complete career shift to make a difference. You can do it in other ways. But if you are thinking about it, you know there are lots of organizations that are constantly helping to recruit people to come into non-profits, and you know there's a one website, one firm that I had some interaction with called On-Ramps as an example and they help people

who are thinking about. They help non-profits find people for roles, and non-profits are always desperate to have good people help them run their organization. They're not going to get paid as much as you would get in a for-profit world in most cases, but it's very rewarding. So there's lots of ways you can do it, both as the direct transition or as just incremental to what you're already doing your career, and most companies are very supportive of allowing you to do that. I think if your company isn't supportive of that, then that may be a signal about other things that you should think about.

Ken White

That's our conversation with Tim Dunn of Alpha Investments, and that's our podcast for this week. Leadership & Business is brought to you by the Center for Corporate Education at the College of William & Mary's Raymond A. Mason School of Business. The Center for Corporate Education can help you, and your organization get to the next level with business and leadership development programs that specifically fit your needs. If you are interested in learning more about the opportunities at the Center for Corporate Education for you or your organization, check out our website at wmleadership.com. That's wmleadership.com. Thanks to our guest this week, Tim Dunn, and thanks to you for joining us. I'm Ken White. Until next time have a safe, happy, and productive week.