

Industry Leaders' Ideas For Culture-Building in UHNW Advisory

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Culture is a magnet for attracting talent, argues Buzz Bray, an experienced executive search figure working for years with the wealth management market.

Building wealth management organizations such as family offices is largely about people. It may sound like a cliché, but clichés can tell an important truth. Getting the right people into positions and avoiding pitfalls is a difficult art however.

An experienced observer of the scene is Buzz Bray, of his eponymous firm, Bray Executive Search. He examines a number of cases of team-builds and hires, drawing out the lessons from a number of cases, some of them covered in these pages over recent months. These are insights from an expert who has been close to the wealth management workbench for many years. Family Wealth Report is very pleased to share these views. The editors do not necessarily endorse all views of guest writers and invite responses. Email the editor at tom.burroughes@wealthbriefing.com

Bill Belichick, the coach of the New England Patriots, famously said "it's not about collecting talent, it's about building a team." Teams that have played against Belichick's Patriots will likely point out that they've had one of the great quarterbacks in NFL history in Tom Brady as well as numerous other All-Pro players. Belichick incorporates talented players into his team culture and doesn't compromise in what he believes in team building; he requires intelligent, disciplined players who always put the team first.

Belichick's long-term success is due in large part to developing an organizational culture where NFL players are willing to subordinate individual achievement and recognition for team goals and the opportunity to play for championships. Likewise, the most successful leaders of wealth advisories serving the ultra-affluent are also strongly committed to culture and protect their culture with Belichick-like intention and tenacity. When hiring, "cultural fit" is as often-stated as a requirement among leading firms as experience, expertise, education, or client relationships.

Michael Cole, CEO of Cresset Asset Management, has been at the cutting edge of developing cultures in family wealth advisory for over 20 years. His vision of a collaborative, consultative, team-based approach to UHNW advisory began when he built the Family Wealth Group at Wells Fargo (now Abbot Downing), and continued with the buildout of Ascent Private Capital of US Bank. Cresset is an independent, privately held firm, co-founded by Chicago-based private equity veterans Avy Stein and Eric Becker, who bring an entrepreneurial dynamic that is a prominent thread of their emerging culture. For the first time, Michael is building a team for a private firm with employees as partners/shareholders, which is a compelling recruiting tool as well as wealth advisory business model.

With new hires, Michael uses the Predictive Index as an assessment to help determine compatibility and cultural fit with the team and believes in everyone knowing how others in the team did with their assessments. Among personal characteristics Michael looks for when interviewing, is someone who is an active listener and "not just talkers". When hiring talent at Cresset, Wells Fargo, and Ascent, Michael sets a cultural tone with the standard of "confidence, not arrogance", which has become a catchphrase.

Richard Joyner is the president of Tolleson Wealth Management in Dallas, Texas. Primarily a regional MFO founded by John Tolleson, and previously the Tolleson family office, TWM has an elite reputation for being client-centric in serving their UHNW clients. Richard is a "student of the game" (former employee Michael Montgomery's description), and is painstaking in not only sustaining Tolleson's culture but building on it and making it better.

Richard shared some of his best practices for hiring talent that fits into TWM's culture: articulate his firm's values during the interviewing process, looks for indicators of a candidate's work ethic, and if they have the makeup to change things for the better.

When interviewing he asks for examples such as, "describe a situation when you worked as part of a team when there were challenges, such as a team member not meeting his responsibility. How did you respond in that situation?" "Did the team consider you a leader?" "Why?"

Tolleson is also proactive with ongoing training as well as continuous individual and team development; and the firm has a coaching culture as well as a learning culture. When there is a hire that isn't working as expected, Richard doesn't wait for twice-a-year performance reviews. He gets in front of the situation as quickly as possible to try to coach/correct course. Tolleson's culture has been years in the making, and it usually doesn't take Richard long to see when there is a problem - "outliers stick out like a sore thumb".

Turnover

Chuck Stutenroth is regional managing director for Ascent Private Capital of US Bank, in Cincinnati, Ohio. He was previously CIO for Mirador, the MFO for Fifth Third Bank. Chuck joined Ascent in 2012 and has led his region to high achievements in client and AuM growth for seven years. One measure of his success is that his team has had no turnover, except for one that was health-related. Several people on his team are regarded as the standard at Ascent for their roles and actively participate when peers are interviewed at other Ascent regional offices.

When hiring, Chuck believes that skills and competencies are a starting place - a beginning. It is essential that the person can "team" and collaborate well. He doesn't mind whether a person is a creative or linear thinker as there is a place for both, but understand how they fit. When interviewing he wants to know how they think and behave. He asks for the candidate to tell him "about a situation that went off the rails", and wants to know what the person did, if/how they resolved it. Also when something stressful happened - how the individual handled the situation, found resolution, and what they learned from it. When hiring someone for his team he feels some pressure to hire the right person or the team might be disappointed in him.

"A good team has to have trust among themselves and with the person leading. Team trust is hard to earn, too easy to destroy".

Michael Montgomery has previously held executive leadership roles that involved creating and nurturing organizational cultures at CTCImyCFO, the ultra-high net worth unit of the Bank of Montreal, as well as at Tolleson Wealth Management (mentioned previously). Michael is now the acting head of a multi-generational family office in the Midwest and is implementing the best practices he's learned and observed from other admired leaders over the years in order to build and energize a new team culture within that family office.

He took the helm just over two years ago and has found it to be an interesting and fascinating journey that has some inherently different dynamics compared with operating within a wealth advisory firm. For example, a family office can present some unique challenges in that the pace of organizational change is often not on par with commercial wealth advisory firms. A sense of urgency in meeting the office's goals can be noticeably absent, particularly if a clear vision, mission and strategic plan haven't been clearly defined. Further, long-standing employees may not be operating at their highest capacity, as development plans or career pathways may have never been defined. This creates friction in accomplishing objectives. Finally, and most importantly, some team members may not be accustomed to being held accountable for the attainment of organizational goals and objectives. In this regard, expectations for performance may not have been well articulated in the past.

Given that culture and talent drive the success of any organization, Michael quickly realized that defining a mission, vision, and a core set of aspirational values were key foundational items needed to effectively begin evolving the office and its culture. He also recognized the need to outline a strategic roadmap for the office that defined where employees should focus their attention and efforts over the short, intermediate and long run. Since a family office's

primary and sole function is to serve and advise the family which created it, a client-centric mindset was inserted into the center of the strategic plan. A close second was a focus on talent by examining the office's recruiting, retention, development and succession planning processes to ensure that the office had the right professionals in the right roles.

Recruitment

On the recruiting front, he has come to recognize that new hires can greatly contribute to a cultural evolution and be positively infectious in promoting new behaviors and cultural norms. Shortly after arriving in his new role, Michael hired a former colleague that shared his same passion for excellence and client stewardship. That new hire in turn, brought on some new hires, and all have contributed to leadership by example in setting new standards of pace and performance. Some existing employees have in turn been re-energized by the changes underway and the energy around them. More recently, the office has begun to define some core, aspirational values in an effort to put a stake into the ground regarding those behaviors and qualities all employees should strive for as the office continues its evolution. All in all, he has a great team and organization, and is beginning to see some momentum and traction.

Michael is setting a high bar for the goals of the family office - an investment office as capable as some of the best wealth advisories, utilizing the family's collective buying power to negotiate, unifying the family and transitioning to a multi-generational focus, client experience, infrastructure, etc. He is quick to acknowledge that he has learned from and observed many thought leaders who have displayed success in building a family office culture. A few notable professionals include Christine Franco and Cassie Atteberry from Chinquapin Trust, and Cy Wakeman, a motivational executive coach of sorts. He also strongly credits his shared experiences at Tolleson Wealth and the Bank of Montreal and the leaders he served under at those companies.

Firms and family offices that have been successful in building [[a good work] culture are often rewarded with higher retention of their top talent. Culture is a magnet for attracting talent - in the interviewing process candidates can easily recognize the difference in a work environment with a strong sense of shared commitment to culture. "Culture is to recruiting as product is to marketing" is the mantra of the software company HubSpot, and applies to best examples of UHNW advisory, as well.