



# EPISODE TRANSCRIPT

## Wells Fargo's Barry Sommers on Transforming the Wealth Management Experience

A conversation with the Senior Executive Vice President, CEO of Wealth & Investment Management, Wells Fargo & Company.

Mindy Diamond:

Welcome to the latest episode of our Podcast Series for Financial Advisors. Today's episode is Wells Fargo's Barry Sommers on Transforming the Wealth Management Experience. It's a conversation with the Senior Executive Vice President and CEO of Wealth & Investment Management at Wells Fargo & Company. I'm Mindy Diamond, and this is Mindy Diamond on Independence. This podcast is available on our website [diamond-consultants.com](http://diamond-consultants.com), as well as Apple Podcasts and other major podcast platforms. If you are not already a subscriber and want to be notified of new show releases, please subscribe right on your favorite podcast platform or on the episode page on our website. For Apple Podcast users, I'd be grateful if you'd give the show a review. Your input helps us to make the series better and alerts other advisors like you who may find the content to be relevant.

And while you're at it, if you know others who are considering change or simply looking to learn more about the industry landscape, please feel free to share this episode or the series widely.

Please note: Our goal with this series is to provide listeners with a complete view of the industry landscape. As such, this episode is not intended to be a sales pitch for Wells Fargo & Company. And like many other firms featured on the show, Diamond Consultants may present Wells as an option to advisors considering change when appropriate.

This is one of those episodes where we blur the lines around what the industry defines as independence. No doubt, as we've shared before, this series started with the intention of focusing on the independent space, models that exemplify the ultimate in freedom, control and entrepreneurship. Yet my guest on this episode comes from one of the top wirehouses in the industry. I'm excited to welcome Barry Sommers, the Senior Executive Vice President and CEO of Wealth & Investment Management at Wells Fargo & Company to the show. This episode is a perfect example of how the industry has evolved and one of the top wirehouse firms is following their own evolutionary path. The sheer fact that Wells was open to having Barry on this episode speaks volumes.

Independence is not unfamiliar to Wells. Of the four wirehouses, Wells is the only one to offer an independent channel, Wells Fargo Advisors Financial Network or FiNet, a very popular way for advisors to move to independence without disrupting their client experience. The bottom line is that advisor choice is an important aspect of the Wells value proposition. And as Charlie Scharf, CEO of the bank, told an audience at the Sanford C. Bernstein Strategic Decisions Conference in May, the large company advisor model is not the fastest growing part of the segment. It is the independent channels where advisors want to have a feeling of ownership. In June of 2020, Barry joined the Wells Fargo leadership ranks after having served as CEO of Wealth Management at JP Morgan Chase. His extensive experience include CEO roles at the consumer bank and Chase Wealth Management divisions, as well as JP Morgan Securities. Earlier leadership roles at Bear Stearns and Goldman Sachs rounded out his experience.



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According to Wells Fargo press information, their Wealth & Investment Management division provides financial products and services through various bank and brokerage affiliates of Wells Fargo & Company and is one of the largest wealth managers in the US. Yet, Wells suffered from reputational issues over recent years in their consumer division which created some challenges for the wealth management business, challenges Barry acknowledges in this episode. So Barry's job is not one for the faint of heart, and he's on a mission to oversee an evolution of the wealth management division. It's rare access to one of the top of the food chain leaders, an opportunity to hear candidly about the direction of the firm, how it compares to its peers, the value to high net worth and ultra high net worth clients, his perspective on recruiting and the ideal advisor type, the future of the industry and much more. There's a lot to discuss, so let's get to it.

Mindy Diamond:

Barry, thank you so very much for joining us today.

Barry Sommers:

My pleasure. Thanks for having me.

Mindy Diamond:

You bet. All right, lot to unpack. Lots we want to talk about so let's jump right in. I guess let's start at the beginning. So tell us about yourself and your career path to becoming the CEO of Wealth Management at Wells.

Barry Sommers:

Sure. I've been very fortunate being given some really great opportunities in my career. The way I got into this business, which I think you'll find interesting is my mother was an advisor, actually she still is today. She's 82 years old. She's a financial advisor. She has been my mentor in this business and got me my first job, and an amazing woman. So that was the impetus for me to get into financial services. So I was in Goldman Sachs Asset Management for my first few years, and then a partner left Goldman, which kind of never happened. This is back in 1996, 97, and went to Bear Stearns and took me with them to start an asset management business there. So I did a bunch of different jobs at Bear Stearns, including running the mutual fund business as well as the institutional sales group. And then eventually went over to run their high net worth business called private client services, which was really a terrific business.

Obviously, many issues to discuss with Bear Stearns, but the private client business there was really important part of the culture, real meritocracy, great place for advisors to work. Was running that business in 2008 when JP Morgan took over Bear Stearns. So I became part of JP Morgan, ran the Bear high net worth business, merged into JP Morgan's high net worth business successfully, which was great. After doing that for a few years, they asked me to go over to the wealth management side of Chase,



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huge opportunity to build an investment platform for Chase clients. So did that. Then they asked me to run the consumer bank, which Mindy, which is actually one of the coolest jobs I ever had, to run the 6,000 branch networks. And then eventually went on to run wealth management, the private bank, the brokerage business, all combined. And then in 2000, I took a year off, which was actually one of my favorite times. Got some time to spend with my kids, be on a few boards.

And then decided, Charlie Scharf, who I've known for a long time, I have a deep amount of respect for, became the CEO of Wells Fargo. He asked me to come and be the CEO of the wealth management business here. So that's my journey of how I got here. I live in Chappaqua. I live in Westchester with a beautiful loving wife, Linda, and two great kids. Charlie, 18, is going to the University of Maryland in a few weeks, and my daughter, Reagan, who's a rising senior.

Mindy Diamond:

I love it. Thank you for sharing all that. Big smile on my face as you talk about your amazing mom still active at 80 something years old and being your mentor. Because I'd like to think that my sons who are in our business might say the same for me. So that's a great thing.

Barry Sommers:

I'm sure they would.

Mindy Diamond:

I hope so. So question for you. I guess a couple of things. So you were the top guy under Jamie Dimon. What kind of leader was Jamie? What did you learn from him? How might he have shaped your leadership style?

Barry Sommers:

I was fortunate I got to work with some really talented, exceptional people. Obviously, put Jamie near the top of the list on that, and obviously his reputation as far as being in the details, knowing the numbers, but an amazing ability to get to the facts quickly and really cares about the employees, the clients, and always just thought about what's the best thing for the client. We're a client servicing business, that's the most important thing. And we used to always talk about it. If there weren't advisors out there who had talked to clients, we wouldn't have a business. So I always respected that concept of treat people really well, do the right thing, good things will happen.

Mindy Diamond:

I love it. I love it. So what excited you the most about joining a company like Wells?

Barry Sommers:



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I admit that I didn't know what to expect when I started talking to Charlie. I always competed against Wells when I ran the consumer bank. We used to run the branch network. And then obviously in the wealth management business, Wells has a big presence, but didn't know what to expect when I got here. And obviously, Wells has gone through a very challenging time in the press around some of the issues they had in the consumer bank and the reputation, which really affected wealth management here. I mean, it affects all businesses, but particularly wealth managers. It was a big issue. I got here. What I saw is this amazing institution that goes back, who's got amazing tradition, amazing history, and has all the right pieces. And what I mean by that is has big balance sheet that we use to help clients on a regular basis, an investment platform.

And again, I have deep amount of respect for my competition, but I would say our investment platform in terms of capabilities is just as good as anybody's. And the third part it had, which really appealed to me was we had a few different distribution channels. We have a distribution channel where we have about 2,500 advisors who do the important job of working with our consumer banking clients and talking to them about not only deposits and savings but investments. It's a huge opportunity for us. The second business is the private client group, which is traditional eight to 9,000. That looks a lot like some of our competitors, commission-based business called private client group, an exceptional business. And then there's a third channel, which I really believe is a massive value differentiated for us is the independent channel. And Mindy, you probably know better than anybody, we've seen this migration over time from traditional wirehouses to more of an independent platform.

And from my perspective, advisors are going to make that migration if it's the right thing for themselves and their clients. And we have a situation here where you can seamlessly move from any of those channels without having any customer issues. So think about the independent strategy as you get everything you get in the Wells Fargo traditional business like the technology, the infrastructure, the balance sheet, the investment platform and an opportunity to run your own business. And there's a couple of different flavors. We have something called FiNet, which you use our broker dealer. Then we have a business that just does business with registered investment advisors only. So we're like, from my perspective, the only firm that has all this channel optionality. And the way I view it is over time advisors will make that decision, what's the best model for them? And if they do choose to go independent, it's nice to have that option here that you could seamlessly move it to anytime.

Mindy Diamond:

So a couple of questions about that. Thank you for sharing that. So one, the word, the term seamlessly move from one channel to another. I know for a long time, Wells charged a pretty hefty tariff to an advisor who was part of the private client group that wanted to move to FiNet. I want to say it was something like 15% of revenue or something of the sort. Is that still the case and is it truly seamless?

Barry Sommers:



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Yeah, it's truly seamless. So you think about when I got here, so you had these different channels and they all operated as unique businesses. So the independent business had their own infrastructure, the private client group and the premier. One of the first things we did is took down those walls and created one big business called the client relationship group under one person. We then looked at our independent platform and instead of charging tariffs and creating obstacles to slow the movement down, we actually did the opposite. We significantly increased our investments in operations and technology around the independent platform. And if you're an advisor in a private client group and you want to move to businesses, there's absolutely no financial tariff or tax that we charge. And again, our ultimate goal is to make it as seamless as possible. Certainly from a client perspective, not changing account numbers, not doing anything. But again, we have not created any obstacles. In fact, maybe the opposite for advisors who think that's the right decision for them and the clients to move to the independent channel.

Mindy Diamond:

Yeah, well, that's a good thing because you are very right that from an advisor perspective, advisor choice and the optionality to join as part of the private client group. Perhaps because you've got a senior advisor that is soon to retire and not ready to go independent, or because you have significant unvested deferred and you need transition money. So for right now, a move to private client group makes sense, but the optionality to slide into FiNet seamlessly is a great thing.

Barry Sommers:

Again, just in full disclosure, when I say seamlessly, if there is an upfront package into the private client group, we do have to get through the loan period. So we don't have you come into the private client group with a large package and then move the next year. So when I say seamlessly, X, if you happen to have come in here with a package, you can't get the kind of packages we do for our private client group and move the next day to FiNet.

Mindy Diamond:

So how long would they need to be part of the private client group before if they wanted to slide into independence?

Barry Sommers:

Well, again, we try to not be as rigid. We do it on a case by case basis, but if you're coming here in the private client group and getting one of our traditional packages, which is a significant upfront package and backends, you do need to stay there for that tenor before you move over. So what we've talked to a lot of people about, and we've been very successful recently attracting some of the most talented advisors is they're not sure what's going to happen in the future. So they come over to Wells, move your business over, access to the balance sheet, the investment products, move your clients over. And seven



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to 10 years down the road, the ability to move to independent is a great option to have. And what we're finding really is people are very comforted with the fact of coming in initially into PCG, like what they're used to. And then getting to know Wells, moving their clients over, and then again down the road a move to independent if it's the right thing to do. That's the strategy.

Mindy Diamond:

Yeah, I agree. And a popular one. I want to focus for a second. I was going to wait to ask you this question until we talk about recruiting at Wells, but you mentioned obviously the challenging issues that wealth management faced as a result of the issues with the consumer bank. So we know that it had not only an outsized impact on recruiting for a long time, but it absolutely impacted advisor attrition. It created a difficult time for Wells Fargo advisors in having to defend themselves given the negative press. And so I'm wondering to what extent you believe those issues are completely in the rearview mirror?

Barry Sommers:

Well, we've been very upfront, but we've had issues. Our number one focus is to fix them and move forward. So from my perspective, every day we work to make this place a better place. I definitely think it's in the rearview mirror and every day we get a little further from it and operate this business like it should be run, it gets easier. The best way I can describe, it's easy for me to say that the reputation issues are getting much better. I will tell you this, the best indication from my perspective that that's the case is amazing results when we hire people. We've had a couple of very large teams and within six months, hundred percent of their books move over. So it still may come up in a conversation with your client, but we help people put the problems in perspective.

But again, amazing performance of the hundreds of advisors who have joined us in the last couple years in moving their clients over. And as we know in this business, the advisors are the most important part of the equation. And so they can come here and have full access to this place. I do really believe it's in the rear-view mirror. We're talking to, again, the most talented people in the business who maybe a few years ago when it was still a little closer to some of the issues would've been tougher. We're really seeing no obstacles now to go and speak to some of the best talented people on a regular basis.

Mindy Diamond:

Yeah, one of the things about that is that a lot of advisors say to us regularly, "I may like Wells, but I never want to work for a bank again." And they may say that about Merrill as well or UBS as well or many bank owned firms. So how does the fact that there is such a close connection obviously between the consumer bank and Wells, how does that affect advisors as they think about recruiting, as they think about joining Wells, that what's the protection or the guarantee that something like the issues that happened before don't happen again?

Barry Sommers:

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Well, to answer the first question, I think it's a huge advantage when you come to Wells Fargo, the fact that we have a large consumer bank with 6,000 branches, which enable us to service clients, including our wealth management clients when they need to be. To me, that's a great resource to have. So we're at the point now where you never have to go into one of their consumer bank branches, but they're fully available to our clients. So to me, it's a platform and a resource that's available to our clients. Obviously, I can't tell you that, I can't guarantee to people that there aren't going to be issues inside the bank. What I can tell you is that we got a really incredible management team who works hard every single day. And to me, the benefits of coming here are you get the full resources of a large finance institution.

This is one of the most important things, especially on the independent side, is to be able to holistically help clients from a full balance sheet perspective. So coming here and having the investment platform that we have connected to this balance sheet that allows us to be there when our clients need us. Whether it's a traditional mortgage, security-based loan, custom loans. I mean, we really believe that our ability to lend clients money and work with them when they need us is a really important factor and having that part of the equation is really important.

Mindy Diamond:

So it brings me to a follow-up question on that. You say that some of the most talented advisors and productive advisors in the industry are talking to Wells and joining Wells and having great success. What do you think it is that when those advisors are talking to Wells and they're undoubtedly also talking to Morgan Stanley and Merrill Lynch and UBS and many other options, what do you think it is that draws them to Wells versus some of the others?

Barry Sommers:

Well, what I encourage them to do is when they're doing their due diligence, right? I've been doing this a long time. From my perspective, it's important that both us as well as the people coming here, we're on the same page and we manage expectations. So I'm a big proponent of come in here, do the due diligence, meet the most senior people. We're going to give you honest answers. I mean, the reality is when I got here three years ago, there were some significant issues from an ops and tech side that we needed to invest in. And I said when I got here, it's one of the big advantages of working at a large place like Wells. When I go into Charlie Scharf's office and say, "We need a significant investment to fix some of these problems," we made that investment. And the place is a different place today than it was three years ago from a technology and ops perspective. So I think when people get here, they come here, they see all the full capabilities, right? Balance sheet, investment products, the channel optionality, and most importantly, a management team that cares and respects what they do for a living.

Every single day I wake up, the only way I could do this job is every decision I make, I think about how is this decision going to affect the advisor? So if we have a bunch of managers out in the field who really care and consider themselves working for the advisors with all these capabilities, it's a great story, a

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really great story. Again, has all the capabilities with full optionality. When we made those significant investments, we see that work now come to fruition and seeing the changes. And the best way I measure our success is attrition. As you said five, six years ago, attrition was a major problem. It's not today at all. I mean, every wealth management business is going to have a certain level of attrition, but if we do a really good job and think about advisors and run this place the way it should be, I don't worry about attrition going forward and I'm confident that we'll continue to attract really talented people.

Mindy Diamond:

So I loved what you said, I personally, you, Barry Sommers, wake up every day and think about how I can help make this place better, what value can I add? So then is the question, what do you believe are the most important aspects of the role of a leader of a wealth management firm? The roles that most impact advisors. What's your biggest responsibilities as far as advisors are concerned?

Barry Sommers:

That's a great question. Every decision that, and I should say we, me and my management team make on a regular basis. Look at it through the lens of how this is going to affect our advisors and clients. My job is to put together a strategy that allows advisors to conduct business the way they want, allows them to have full access to the resources of the firm to get that strategy in place, make sure we execute it. And a really important part is communication. I have all the time in the world for constructive insight from advisors or whether things are working or not. So I try to stay very close to the advisors. There's a large group of advisors across the country that I regularly talk to, because to me, that's the only way you're going to really understand what's happening. So part of my job is to stay very close. And the reality is we have this great place, but we needed to get the friction out of it.

So I just want this to be a place where advisors can help their clients and it's a place where you can get stuff done. And for a large place with over 200,000 people, it's amazingly flat. And I think if you spoke to advisors or managers, they'll tell you we operate like a much smaller, flexible, nimbler company. That's a big part of my job.

Mindy Diamond:

Yeah, I love that. I love a couple of things you said. One, when we talk to advisors about Wells, that is the biggest feedback we get is that it's a non-New York based, and they say that sort of tongue in cheek. But I think sort of the Midwest ethos based sense and that it's a place that operates as a flat organization where you can get things done. You're absolutely right. I'm listening to about your believing that your biggest mandate is staying close to the advisors and listening to them and understanding what's important to them. I am reflecting back about six months ago, I interviewed Andy Sieg, who was the head of your role of Merrill Lynch Wealth. And one of the most important questions I asked him, I asked him the question about what do you think the most... Same question I just asked you, what is the





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most important mandate? What do you think the job of the leader of wealth management is with respect to advisors? And his answer was to provide a platform and technology and resources that allow advisors to be the most productive.

And I think that's a great answer. I think you would probably say the same. But what I asked him as a follow-up to me was very telling. I said, so right now you've got, and he was talking about how advisors now are incredibly productive growing at X amount and all of that. So I said to him, "That's great. So do you believe then that productivity, advisors' growth and increase in productivity is necessarily synonymous with contentment or happiness or glad that they remain with the firm?" How would you answer that? Because his answer was, "Yes, it's my job to make them productive. Productive advisors are happy advisors."

Barry Sommers:

Yeah. Again, from my perspective, advisors for the most part are self-motivated. And we try to track, the number one thing is do the right thing, put the client first. And it's my job to make sure that as they serve their clients and want to increase their productivity, that I do the best job possible to make sure that we eliminate any obstacles that are there. Now, you should know like any place, there are rules and we need to follow them. So part of having a good relationship with advisors is they trust that when we can't do something, it's not a decision that a bunch of people made in a home office that don't understand this business. It's being made by a bunch of people who wake up every single day and really care about what's going on. The best way we've kind of changed the culture of this place in the last three years is when I got here, as I went around the country, we didn't have a ton of credibility.

I just got here and there was a few other people here, I had some turnover. So I said, forget about credibility. We go with transparency. So we have a scorecard. Every single problem that we have that advisors bring up, we have a scorecard. And those problems, we give quick answers. Here's the problem, we have a person's name next to it who's responsible to fix it and when. So when I say to people like, okay, we're going to work on that, don't trust me. Look at the scorecard. And so our obsession every single day, Mindy, is focus on the scorecard. If you looked at the scorecard, most of the stuff on there is like advisors wanting to do things that are better for their clients, simple, easy, faster. So our obsession is be really laser focused on that advisor-client experience, do our best job possible to make this place as flat as possible and to make the vast resources of Wells available to our clients and advisors.

I mean, if you think about it, we have one of the largest commercial banks in the country, a growing investment bank, a full service consumer bank. Just think about our ability now to really make this place operate as one. And whether it's working with investment bankers, I will tell you that the relationship that wealth management has with the investment bank here, and this by the way, was in place before I got here. Amazing. The person that runs the investment bank, Jon Weiss, actually ran wealth management before he ran the investment bank. So I have a partner in the investment bank who



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understands, appreciates our business. And our ability to work with clients from their corporate side to their personal side is a great advantage for us.

Mindy Diamond:

So you mentioned that you stay very close advisors, you're very open to hearing advisors' feedback and laser focused on tending to it and being transparent about it because I will digress for one second. What I said to Andy Sieg of Merrill in that interview was I, from where I sit and the privilege and pleasure I have of talking to top advisors every day, not just at Merrill or Wells, but all over the country, is that productivity is definitely not necessarily synonymous with contentment. Because in a world where there is so much competition for top talent and essentially platform and product and technology is largely commoditized, which means that an advisor can do his job just about anywhere and do it well. It is much more about lack of bureaucracy and transparency and communication and ease of doing business and a culture of yes as opposed to a no, and a flat organization. And so I like a lot of what you're saying.

What I'm wondering though is Wells with 200,000 employees is no matter how flat it is is still a bureaucracy. So when you get feedback from these top advisors about what's bothering them and it has to manage the lowest common denominator to some degree, what are some of the biggest issues these advisors bring up and how likely are they to be met with, yes, we're going to change that?

Barry Sommers:

Well, I would say if you ask me that question three years ago, I would say the number one issue was from a technology perspective and ops, we were a step behind. And again, we made a huge investment in our front end platform, which we're rolling in now called Advisor Gateway or backend, which makes you quicker, faster, and our whole entire client experience. Like the ability to open up a roadmap to open up any account digitally, no paper, deliver really good client experience. We're on that journey. We're not a hundred percent there yet, but we're on our journey. So I think that's what they will tell you is that from the client experience, we completely redid our mobile experience, new mobile app. We're looking at every single part of it. My management team, whether it's like Michelle Moore who runs the digital side of the business or someone who runs PCG or Head of Risk, these are a bunch of people who every single day we come in and think about, if I were an advisor, what are the important things we should focus on?

So the reason I think all those things like the productivity and contentment is yeah, you're right. I have a lot of respect for competition. And very rarely could you sit in front of someone and say, you should pick one platform over the other because there's a significant difference in the form of capabilities. I think the big difference is you want to come to work for a place that genuinely respects what they do. And again, I wouldn't have a job if it weren't for the 12,000 advisors that worked here, and that's how I run the place, and so does my management team and people are noticing it.



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Mindy Diamond:

Yeah, that's fair and I would agree with that. How does Wells think about branding and marketing for an advisor that's part of the private client group? How are they able to differentiate themselves? Because one of the biggest complaints we hear from advisors at your competition is that it's hard to differentiate themselves. Every website is branded, Merrill, UBS, Morgan Stanley, whatever it is, and they're a cog in the wheel. Is it different at Wells?

Barry Sommers:

Yeah, again, there are obviously rules, but in general, we try to be very flexible there. Certainly on the independent side, you have a lot of flexibility. I mean, you can call yourself, you're a ten ninety-nine person and have a lot more flexibility. But I haven't had any advisor come to me and want to do a specific branding that I've seen as an issue. Now that doesn't mean that it's not out there, but I can't speak to any big reasons why we wouldn't give people, as long as we follow all the rules, some flexibility in how they market themselves. I will tell you that a big difference of Wells compared to some of the other firms out there is our private bank, Mindy, is not a distribution channel. It's a place for our ultra high net worth clients. So think of clients with \$10 million above are our private bank clients.

We don't have a private bank at Wells who competes against our private client group business. So think of the private bank as no matter what door you walk into, a private bank experience like the experience you have. Whether it's trading limits, whether it's access to certain products, whether it's intellectual capital, regardless of which channel you walk into, you get the Wells Fargo private bank experience. And what the private bank is not is a separate group of people at this company who are in the marketplace competing with you. So I think it's a big difference is take these distribution channels, it's important to have the three choices, but your experience from a client's perspective shouldn't be completely dependent on which door you walk in. So our obsession is to create that great private bank experience without having a private bank that competes against our distribution channel.

Mindy Diamond:

How does Wells compete against its major competitors with respect to serving ultra high net worth clients? From a capabilities perspective, from a technology perspective, from a cultural perspective.

Barry Sommers:

I would say this, there's no gaps as far as from a capability perspective. We have a platform here which happens every day. We service and handle some of the most complicated ultra high net worth clients in the world, and we're able because we have great advisors to service that business. So that from a capability perspective, again, we're always improving. But from a product perspective and service perspective, the most important thing we could do is create this platform and track great advisors and those great advisors will bring in these clients. And again, when they get here, it's our job to make sure



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that we make available the full resources of the firm. And that's our obsession. So from an ultra high net worth perspective, I don't wake up any day and say, I wish I had better alts platform. It's quite the opposite. I look at our ability to lend money and our investment platform, put those two things together, we can compete with anybody on the ultra high net worth side.

Mindy Diamond:

Got it. All right, so I'll switch a little bit thinking about recruiting. For a long time, a really long time, Wells was loath to write the biggest transition packages. They would've been highly competitive, but when recruiting say a million dollar advisor. But if you presented them or a five million dollar team was presented to them, they were loath to write a deal that was competitive with the likes of Merrill and Morgan and UBS or what everybody else was offering. Rather writing the biggest deals for five one million dollar teams than one five million dollar team. And so the sense on the street is, at least for a long time, Wells just didn't have as many top producers. It didn't service as many ultra high net worth clients and it wasn't really in the market for the biggest teams. How do you think about that now?

Barry Sommers:

Yeah, I would say that maybe the exact opposite is we sit there, and by the way, some of the biggest teams have joined here, and you could speak to them. In the past, and I can't speak to why those decisions may have been made. Again, since I've got here, I could tell you that we've hired large teams. The most important thing to us is hiring the right advisor who puts the client first, who does business the right way. The size of the team, it doesn't affect the way we think about it. In fact, I think again, look at our recent success. We could compete against anyone for the biggest, most sophisticated teams and we still on a regular basis hire one to three million dollar producers. But go speak to a few of the teams that came here, large teams, and they will tell you from a doing business platform, we absolutely are open for business and for some of the most complicated, largest teams out there. And we look at it as a big opportunity, not an obstacle.

Mindy Diamond:

How would you think from a recruiting perspective and a transition package perspective, how competitive could you be? What would a transition package look like for, let's use a five million dollar team as an example?

Barry Sommers:

You, more than anyone know, I mean, the deals out there. The way I look at the financial packages is most important thing we could do is have a platform that allows advisors to be productive and do the right thing and work with their clients. I think we have that. So the financial packages, we obviously look at them on regular basis, the size of the teams. We don't sit there for a larger team and put a discount on the financial upfront packages. Each package is looked at unique. We do a full due diligence. I think



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probably the riskiest thing that we do every day is attract people. We have to make sure we hire the right people. So we have a really diligent process to make sure that we hire the right people. But there's no reason why a very large team wouldn't get the same type of initial upfront package that a two or three million dollar team would make. We don't discount it because it's a larger team.

We look at each book a little uniquely depending on a bunch of stuff. But we have by far, and we can compete with anyone from a package perspective, a transition package perspective to come here. So my perspective is there's no reason why we shouldn't be competing with anyone who's made a decision to move. We're in front of them and have a really value story to tell them.

Mindy Diamond:

So we are regularly seeing other firms writing deals that start with a four handle, meaning four times trailing 12. Obviously not all upfront. Obviously much of it is backend loaded based upon pre-agreed asset and production hurdles. But could you see yourself or have you been competitive to that degree for the right team?

Barry Sommers:

Yes.

Mindy Diamond:

Great. Okay. That's what I wanted to hear you say. Okay, so let's move on now to this multi-channel approach. We talked about at the beginning that Wells has always prized itself as offering advisor choice and been a leader in allowing advisors to go independent. A lot of the other firms, the likes of Morgan, Merrill, and UBS, we know have toyed with the idea of launching an independent arm, but came away deciding not to do it because their belief was that it would cannibalize the private client group. What would you say to that?

Barry Sommers:

I look at it a little differently that instead, if that's where the business is moving, I think it's really shortsighted to not create it and hope that this slows down. From my perspective, that migration to independence will continue to increase over time. And it's really important that we operate this place like the independent platform is a world-class place where you can get anything, all your business done. So people say to me all the time, don't we make less money when somebody moves to the independence channel? Now the answer in most cases might be yes, the economics are different. But remember, from my perspective, if we didn't have that, they'll go somewhere else. I don't sit there and try to create obstacles and not create it hoping that people don't catch on. From my perspective, if it's the right thing for them and their clients, they're going to make that move. And it's my responsibility to



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make sure that we have the platform in place, that if they make that decision, we can seamlessly transition them. And that's what we do.

Mindy Diamond:

Yep. I couldn't agree with you more. I think you're absolutely right about that. And I think that one of the biggest reasons that your competitors are seeing a lot of attrition is because their advisors want more freedom and control. They don't even necessarily need to be independent. They don't care so much about hanging their own shingle and being a business owner, but they want more freedom and control and want to keep more of the pie. It's my belief that if the big firms, the other big firms don't do a better job of figuring out how to give that to the advisors, they're at risk of continued attrition, particularly amongst the biggest teams.

Barry Sommers:

I couldn't agree with you more. And think about with COVID actually accelerated this. I think if you and I had this conversation 10 years ago, we would say, okay, going out and finding your own real estate and operate your own business is a real pain. The reality is it's not too hard. Once people get over the fact that can you find space and operate your business? In some cases, those people are able to do it more effectively and efficiently than larger places. They have the independence to be able to run their own business and with a significant economic difference in how we work with each other. And again, I do think that it's the fastest growing channel over the last three, five years, and that migration will continue. And when it does, we're in a great spot.

Mindy Diamond:

Yeah, I agree with you. So let me go back to something we talked about. You used the word, it is seamless for an advisor to slide from PCG, private client group to FiNet, the independent channel. But what's confusing to me and many folks familiar with Wells is that we're hearing stories that there is a long, in some cases two plus year waiting list for advisors to slide from one end to the other. So how does that work? And does that long wait list put you at risk for attrition because some of those advisors don't want to wait?

Barry Sommers:

Yeah, there's not a two-year wait list. The reality is we have a couple thousand people in the independent channel. Most of those people in the independent channel used to be not on the bank side, but in the private client group. And when I say seamlessly, right, remember, that doesn't mean you can come here and get a 400% check and move the next day. Put the deal aside. If after you've been here when the deal expires, the seamlessly thing to me means you make that decision and it's a seamless transfer. The clients don't need to change account numbers, nothing needs to happen. Now there has been a little bit of a backlog as more people have decided to do this and we address that. But





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again, for the traditional private client group advisors who are always here on the commission-based side, we don't try to create obstacles to slow it down.

If it's the right thing for them, it's going to happen. From a resource perspective, we'll have to make sure that we have, because that transition, you need to make sure you throw the right resources at it. So there may be some backlogs, but I don't think if anyone had a significant reason and there was a significant bad luck, I would love them to speak to me directly. Because the reality is, again, for the private client group side, not the bank side, the private client group side, our strategy is if it's the right thing for you and your clients, you should be able to do it.

Mindy Diamond:

Okay, I love it. You heard it here folks. All right, so let's transition a little bit to succession planning. It's a hot and important topic. And one of, I think in my opinion, the greatest gifts that all big firms gave their advisors are these retire-in-place programs so that a senior advisor has the opportunity to monetize their life's work in place without having to make a move. And so talk with us a little bit about Wells retire-in-place program, which I believe is called Summit.

Barry Sommers:

Summit. Yeah, and I agree. I mean, I think it's a really important part of any wealth management platform. Just like you said, Mindy, some of the advisors, when they make that decision to do other things in life and spend less time at work, they've created, they built a significant asset. This incredible relationship they have with their clients. It's incredibly valuable. From my perspective, it's theirs. And their ability to work with and pick an advisor at Wells who they have a comfort level with, who knows the clients, knows the platform so they make that experience exceptional for clients. To create a package where the person who created this business can monetize it. And most importantly, because all the good advisors will tell you they really do care about their clients. So not only is it important that they monetize it, but that they hand it to someone who they trust, who they know has the same capabilities that they have.

So we have a great package in place, it's called Summit, that allows people to, when they decide to retire, to sell that business to someone at Wells Fargo, which is just as competitive as any financial package out there. And to me, it's a really important thing to have because everybody's talking. The reality is there's going to be a significant transfer of these businesses over the next five, 10 years. And we look at it like it's really important that we have the right package in place to acknowledge the great work an advisor has done to build that wealth, build that asset, they should get compensated for it.

Mindy Diamond:

So there's a lot of belief though that those programs, not anything to do with Wells Summit, but all of them. Merrill's CTP, and UBS's ALFA, and Morgan's FAP, which the name of each of the firm's retire in



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place program, that they're great for the senior advisor but not necessarily great for the next gen inheritor. Why? Because the next gen inheritor is paying for the business out of his or her own funds and they're buying a business that they don't own at the end of the day. And by signing on to be that inheritor, they are further upping their commitment or the ties that buy into their firms. What do you think about that?

Barry Sommers:

Yeah, without giving the full details, because again, it's flexible. The way we look at it is I'm a partner with that person who's buying the business. We also make a financial commitment, the company does. It's really important and it's important for us. We'll make the financial commitment and so will the advisor. So they're not in it alone. They could look at us as we will help finance that transaction, and most importantly, make sure that we do our best job to seamlessly move the business over. So I think it's actually a very attractive deal we have in place. I mean, for any advisor at Wells Fargo who wants to acquire other businesses and grow, I think that's an incredible strategy. And our job is to put together a package that makes sense for both the buyer and seller. And I look at us as a partner in that transaction. So I would hate to think an advisor looks at it like they're in it alone. I'm perfectly willing to be a partner in that transaction because at the end of the day, our ultimate goal is to have a place where advisors can never leave and spend the rest of their career here.

Mindy Diamond:

So let me ask you something else now. The industry landscape has expanded exponentially and there are so many different ways and models for advisors to run their businesses. So in a lot of cases, there is less of a case to be made for working for a big bureaucracy. So what is the case that you would make for an advisor that say at Merrill, Morgan, UBS, looking for more freedom and control? And now they're looking at going out and launching their own firm, being independent, and not necessarily an RIA I am talking about. So they're not necessarily thinking about FiNet. They're comparing it to the likes of say a Rockefeller or a JP Morgan Securities, more of a boutique firm. Or the case to going to, whether it be a Raymond James or an RBC or a Merrill or a Morgan. What is the case to be made from your perspective of working for a big firm like Wells?

Barry Sommers:

Well, this is really important. So the move towards an independent, they want more independence and want to run their own firm. Like we believe, and this is just a fact, is that having a balance sheet and be able to lend clients money and handle their banking stuff is not a nice to have, it's a need to have in this business today. So we look at our independent platform as if you want more independence and it's the right thing for you and your clients, when you come over here, you have not only the access to the investment products, but full access to all of our balance sheet products. Again, I have a lot of respect for my competition. There's a few firms in there from an independent perspective may provide you the



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independence but don't provide you the ability to access a balance sheet. So again, I have deep respect for some of these boutique family office places that are setting up. But I think the ability for us to be able to help clients with both sides of their balance sheet is again, is imperative. So it would give you the independence, give you full access, which includes lending, banking, and investments.

Mindy Diamond:

I got it. And I think that that's right. I think that's absolutely right. That for a while, the phrase, the pendulum swung that everybody wanted independence. And the only way to get more freedom and control and really preserve their autonomy and agency over their life was to be fully independent. I think competition is a great thing. There are still many highly entrepreneurial advisors that should go independent. You can't be your own CEO. You can't give up your Series 7 and launch your own RIA as an employee. So you got to decide what it is you want to do and choice is a good thing. But I think the pendulum has swung back and there is a whole lot of mandate for people wanting to work for a big firm that has integrated resources and access to a balance sheet.

Barry Sommers:

Yeah, I agree. I think what you just said is right. And from my perspective, we marry both those things together is if they want that independence, you don't need to get that independence to sacrifice all the resources of a big bank. What's really important, Mindy, about our strategy is when you come through one of the doors, that experience for the advisor and client shouldn't be that different. The reason most people pick some of these larger firms are because they have the resources and the bandwidth to handle their business. I look at the independent business here and say, you get all of the resources of a huge place with the flexibility of running your own business. We have some of the largest advisors out there. By the way, we're constantly going to continue to make improvements. And think of independent, remember, there's three different flavors like a hybrid, full RIA. Very few people are out there that can deliver a full platform of independence, at the same time giving you access to all the investment products and lending products of the bank.

Mindy Diamond:

Yeah. All right. I want to do a lightning round here. So this podcast interview is a unique opportunity for an advisor to hear from the CEO of a big wealth management firm. So I want to ask you a couple of questions, a few questions and hear what you'd have to say. So the first, what do you think are the best practices for building a successful wealth management business? So what are some of the things that you've seen the best teams that work for Wells do?

Barry Sommers:

Well, it all starts from my perspective is like every great team that I've worked with puts the client in the middle of every single decision and action they make. So to me, it is always ethical, honest, very good at



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being able to navigate large places and get resources. And never lose fact of the fact that at the end of the day, there's a client involved and we have to be laser focused in making sure that when we deliver these products, that it's done with an experience that is flawless. So to me, the biggest and best teams to me, I don't mind taking calls all day long from advisors who are having issues like us not being able to deliver the firm. That's my job. So to me, the best teams come in every day and say, what does this mean to my client? And our job is to make sure we deliver that.

Mindy Diamond:

Okay. Next, what are your thoughts about staying with one firm for the whole of one's career versus making a move? Whether it be making a move to trade up, whether it be making a move to monetize the business at some point, mid-career, whether it mean making a move to slide from being an employee to independence. What's your thought about that?

Barry Sommers:

I have a lot of respect. Some people have made the decision to stay at the same company for long periods of time. From my perspective, there's no right way to do it. I think if you're an advisor, the most important thing is what's the best platform for you being able to service your clients. And if over time there are options available that weren't there when you made your last decision, or as the world changes, which it's changing. No one says that, while it's very admirable to stay at one place for a long time, but it's also important to be open and to understand other platforms because the business has changed. So to me, there's no right way to do it. At the end of the day, if it's for the right reasons, meaning it's the right place for you and your clients, you should have the flexibility to move because the world has changed.

Mindy Diamond:

Yeah, and I would say the same. I would say the same. I think sometimes what's right for someone when you join a firm 10 years ago, as the world evolves, as your business evolves, as your client's needs evolves, and as the firm evolves, you need to always be sure that your needs and your client's needs remain congruent with the goals of the firm.

Barry Sommers:

Totally agree.

Mindy Diamond:

Yeah. Okay. What's the next big thing for the industry in your mind?

Barry Sommers:



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Well, we talked a lot about this optionality of migration. I really do believe that you're going to see that trend continue. I think the big thing in the industry is like, you mentioned this, I think you're right from a product perspective, it's been commoditized. But it's really important that you have the right intellectual capital. What I mean by intellectual capital resources is we have what we call Wells Fargo Investment Institute run by Darrell Cronk, who's constantly out there providing timely information, actionable ideas. So the best next thing is provide all the resources on the banking and lending side with the ability to have optionality as the people's business change. That's where the business is headed. So I sit here today and say, let's build that platform that allows flexibility. Because I do believe that's going to be really important, and that's where I think the business is headed.

Mindy Diamond:

How about the next big thing for Wells?

Barry Sommers:

Listen, Mindy, a lot of people ask me how many people we want to hire, from my perspective, the wrong way to run this business. The next big thing for us is every single day, get better. Every single day, make this place better for our advisors and our clients. Be laser focused on making this place better. If you wake up every single day and you're one of our managers and you go in with that attitude, it's your job to make sure we get that done. We'll be in a great spot. So the next thing for Wells is we spent a significant amount of resources and capital in fixing some of the problems. I sit here today with full confidence that we're a great place for almost any team out there, and you're coming to a place with a management team that really cares and respects what you do every day.

Mindy Diamond:

How about AI? Do you worry about that as a threat to traditional wealth management?

Barry Sommers:

I look at it as a huge opportunity. We've been in a business for a long time where machines do a lot of stuff that we used to be able to do. Whether that's putting together a portfolio. I think the smart banks and financial firms out there will embrace it, not try to defend against it, but I'm a hundred percent sure of one thing is that regardless of how sophisticated machine learning or deep learning or these neural networks get, nothing is going to take the place of a person. And I really do believe for a high net worth and ultra high net worth people specifically, that having that advisor is incredibly important. So let's embrace AI, let's use the technology to help our clients do things better, faster, more efficient, but it's never going to take the place of a person.

Mindy Diamond:



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Here's my final question. What keeps you up at night? So if it's not worry about the threat of artificial intelligent, what keeps you up at night?

Barry Sommers:

People ask me all the time, what's the riskiest thing we do, to me is we have to make sure that we're constantly attracting only the most talented, experienced people and we don't try to fill seats. Every time we hire someone, you're assuming a risk. So what I work with my management team on a regular basis is let's keep that bar high. And if we're really focused on creating a great place for advisors and clients and really diligent in how we select them, really good things will happen. And by the way, when you make a mistake in one of those decisions, react quickly and get rid of it. So I, every day come in, I sleep well every night. I'm actually probably, I've never been more excited about the next five years. I really mean that. I think we have an incredible opportunity here with all the resources you need with the management team that cares, who understands this business with real scale and full optionality. So I'm really excited.

Mindy Diamond:

Well, I'm excited too. This has been delightful, Barry. I'm grateful for your time. I look forward to working together to seeing this all play out and certainly wishing you and your management team continued success.

Barry Sommers:

Well, thank you.

Mindy Diamond:

You really have turned things around. I'll give you that for sure.

Barry Sommers:

Well, thank you, Mindy. You have an incredible reputation, so congratulations on building a great business and I appreciate you taking the time today.

Mindy Diamond:

Thank you. My pleasure. Barry shared his vision for Wells and their continued relevancy in a changing landscape. It's rare to have such unfettered access to leadership, especially at the wirehouses. So I'm grateful to Barry and his team for making it happen. I thank you for listening, and I encourage you to visit our website, [diamond-consultants.com](http://diamond-consultants.com), and click on the tools and resources link for valuable content. You'll also find a link to subscribe for regular updates to the series. And if you're not a recipient of our weekly email, Perspectives for Advisors, click on the articles linked to browse recent topics. These written pieces are an ideal way of staying informed about what's going on in the wealth management





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space without expending the energy that full on exploration requires. You can feel free to email or call me if you have specific questions. I can be reached at 973-476-8578, which is my cell, or my email [mdiamond@diamond-consultants.com](mailto:mdiamond@diamond-consultants.com).

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