



EPISODE TRANSCRIPT

A Rare Glimpse into the Culture, Cachet and Success of First Republic

With Bob Thornton, Executive Vice President & President of First Republic Private Wealth Management

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is a rare glimpse into the culture, cache, and success of First Republic with Bob Thornton, executive vice president and president of [First Republic](#) Private Wealth Management. I'm Mindy Diamond, and this is Mindy Diamond on Independence.

Mindy Diamond:

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Mindy Diamond:

This is a story that truly exemplifies how much the wealth management landscape and advisor mindset has changed. It was some 15-plus years ago that I was introduced to First Republic Private Wealth Management. At the time, the story sounded interesting. But it never really got much traction amongst advisors we spoke with. Although it had a clean and solid reputation, it was considered just another bank brokerage option with a small wealth management unit that employed talented advisors.

Mindy Diamond:

Speaking of talent, Bob Thornton joined the firm in 2004, bringing with him 20 years of experience in senior roles at Goldman Sachs, Credit Suisse, and Deutsche Bank. Fast forward to 2010 when the bank tasked Bob to transform First Republic into a major player, and they did so in a really big way. Bob has presided over extraordinary success. In the past decade alone, First Republic's Private Wealth Management unit has grown from \$14.5 billion under management to more than 190 billion today, making it one of the largest RIAs in the country with more than 200 advisors under its umbrella.

Mindy Diamond:

In 2020 alone, First Republic recruited eight mega teams, representing a total of 19 billion in assets with advisors who came from Merrill, JP Morgan, Morgan Stanley, Wells Fargo Private Bank, and Goldman Sachs. Incredible as it all sounds, what's really extraordinary is this. Top advisors are quite discerning and a tough lot. To get them to move it all is exceptional. But to get them to move to a bank and one that is lesser known than the biggest brand names makes the story even more remarkable. I feel very lucky to



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have Bob on the show today. The firm is known to maintain a low-profile when it comes to being in the media.

Mindy Diamond:

So I'm humbled he's accepted my invitation. So for me, it's a real win-win to be able to share this conversation with you, to hear the First Republic story in Bob's own words, and to get his perspective of what they're doing to make it such a standout amongst advisors and the wealth management community at large. So let's get to it. Bob, I am really grateful for your time and willingness to join me on the show today.

Bob Thornton:

Love to be here.

Mindy Diamond:

Bob, tell me a little bit about yourself if you would, your path to First Republic Private Wealth Management.

Bob Thornton:

Mindy, before I joined First Republic, I was very lucky to have a rewarding investment banking career. But after that, I'd been a long-time client of First Republic. I got an opportunity to learn more about the firm and had an opportunity to join the firm and really helped grow this business. First Republic itself was growing significantly, had a great client base, and I thought that we could really grow a wealth management business that mirrored the banking culture and high-tech service that would be attracted to clients and advisors, and here we are about 15 or 16 years later with a great business.

Mindy Diamond:

Yeah. An amazing business for sure and probably the hottest story on Wall Street. But tell us a little bit about First Republic as a bank and as a wealth management firm.

Bob Thornton:

First Republic I think prides itself, number one, on being very client-centric, high-tech service and client experience. Many people may not know that more than 50% of the bank's growth year over year comes from existing clients doing more business with us. The vast majority of our business is from existing clients and their friends and family that they refer to us. That's really because not only are we a high-touch service organization. We have a very entrepreneurial and team culture, and that's attractive to all of our employees, and there's a great spirit at the bank.



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Bob Thornton:

Our wealth management business stands out and giving the advisor the ability to be true wealth managers. We don't believe any other firm can offer the breadth of investment platform, trust, planning, insurance, and banking that we can offer. We have a very strong caliber of advisors. More than 50 made the recent best Forbes and state list, which is about almost a quarter of all the advisors at the firm. So, it's been very successful, both as a place to grow with clients and succeed as advisors.

Mindy Diamond:

So, I want to come back to specifics about how you've grown the wealth management part of the firm. But I know that First Republic has had extraordinary success in the past decade, but probably even more specifically the past five years in terms of recruiting top advisor talent, and your ability to attract teams from many corporate cultures has really put you on the radar of top wirehouse talent and all the more extraordinary because it's coming at a time where wirehouse advisors want away from banks.

Mindy Diamond:

I would say nine out of every 10 conversations, the first thing a wirehouse advisor will say is, "I don't want anything to do with the bank." So number one, I guess, what is it about the culture of First Republic as a bank that has made it so appealing to so many of these top teams?

Bob Thornton:

First Republic is a bank, and we're very proud to be a bank. But I would say, even more so, we are a high-touch service organization, just as you think about a Four Seasons or Ritz Carlton or other organizations that have a reputation for client excellence. That is really been our mission over time. As a result of that focus on clients, many advisors may not know we're about the 11th largest commercial bank in the US by market cap. We're consistently among the very highest in the industry, and that's because we've consistently had a very successful model as a bank in growing our business, managing credit and the like.

Bob Thornton:

Many of our recruits are aware of First Republic. Some may not be. But once they do a little bit of homework and spend time with us, they're very much attracted to the boutique and almost intimate feel of our business that gives us the ability to act quickly and create a culture of "Yes," as well as ability to serve clients. Lastly, this is a very happy place to work. The feedback we received from almost every candidate that interviews with us is, "Wow, I've met a lot of people. Everyone's excited. Everyone's very positive."



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Bob Thornton:

I'd add that it's extremely rare for any of our advisors to go work for another wirehouse or bank. So yes, we are a bank, but I think we're more uniquely a very entrepreneurial organization that blends the best of banking and wealth management.

Mindy Diamond:

So Bob, I know that you have presided over extraordinary growth within First Republic Wealth Management unit over the last 10 years. I think the numbers we talked about offline were going from about \$14 billion under management 10 years ago to more than \$190 billion under management today. Extraordinary. Tell us what you think are the biggest ingredients driving that.

Bob Thornton:

Mindy, I think first it starts with the reputation of First Republic. I touched on that. But when we talk to the clients about First Republic, there's never a negative reaction. It's always very positive. I know the bank. I've heard of it, either in the equity markets. I've done a mortgage of First Republic. So, the bank is very positive. Second, advisors are very happy here. While you are what I would call an uber recruiter, the majority of our hires each year don't come from recruiters. They come from our colleagues who say to their friends, "You should really think about First Republic if you're unhappy and want to move."

Bob Thornton:

So I think that word of mouth and the referral network is very important. Third, as I mentioned, we have a great platform. We have every product and service. I don't think any other firm can match us in that regard, particularly as to high-touch banking. And then fourth, among many things, we have significant referrals from our bankers to our wealth managers. That is a very significant growth opportunity that attracts a lot of advisors to First Republic.

Mindy Diamond:

So I want to come back to that referral mechanism because that's not something anybody takes lightly. They hear it. It's a story they've heard before. It doesn't really mean a lot to them simply because they've heard it before, and it never really panned out, but I know how significant and real it is at First Republic. So want to come back to that. But how many wealth advisors or wealth advisor teams are under your umbrella currently?

Bob Thornton:



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Mindy, the people who manage money at our firm, we call wealth managers because we want to give them the tools to manage every aspect of the client relationship. We have just over a hundred teams. A team could be one person or two or more, which is about 230 total advisors.

Mindy Diamond:

How many teams or wealth managers were on board prior to you joining 10 or so years ago?

Bob Thornton:

I would say probably 30 or 40.

Mindy Diamond:

Yeah. Well, that's certainly extraordinary growth, and kudos to you, for sure. I want to unpack for our listeners a little bit about some examples of some of the top teams you've recruited. I know that those teams have come from the likes of every major firm on the street, including firms like Goldman Sachs and the like. What is it that you think were the things that made those teams that spoke to those teams specifically, especially as they compare to their options to many other options on the street?

Bob Thornton:

Maybe the best way to answer that is let me talk about a couple of examples. So one team that joined us were attracted to the notion of this referral model. They could get referrals from our bankers. But they were, as you mentioned, initially skeptical. But as they learn more about the referrals, and we shared information as to how widespread these were among our advisors and the magnitude of the referrals, they joined us, and they've been very successful in obtaining referrals.

Bob Thornton:

Another team that we spoke to was really unhappy with the product push that they experienced at their firm, and many of our competitors do push proprietary product and frankly, additional profit for the firm. While we do have some internal strategies, or we'll manage fixed income for clients, it's all on the basis that the advisor can be agnostic as to whether they use internal, external offerings, and they're not pressured to push products. Again, once we got this team comfortable with that, they loved everything about First Republic but want to make sure of that.

Bob Thornton:

Another example, maybe one more example is one of the things we consistently hear from potential candidates is they're very frustrated about the bureaucracy. We all know that there's a certain necessary amount of compliance that every firm has to adhere to. But when you met First Republic, and they met



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our team, and they learned we're a very flat organization – we don't even have an internal org charts, and they really believed in our culture of “Yes” instead of “No.” That was what really got them to the finish line. When I had lunch with them two months after they joined, the very first thing they told me was we moved from a culture of “No” to a culture of “Yes.” So those are just a few examples of what in particular is important to those teams.

Mindy Diamond:

It's interesting. I don't mean my next statement as an endorsement necessarily of First Republic over and above anything else. But I will say that having represented some of the teams that you have recently recruited, I've gotten similar feedback, where these teams are talking about one extraordinary growth, and two, a culture that was previously unfamiliar to them, an entrepreneurial refreshing culture. So that is absolutely true.

Mindy Diamond:

I want to ask you a question though. One of the things I think that is so interesting today, as advisors look at the industry landscape and the waterfall of possibilities, they're generally looking at options that fall at opposite ends of the spectrum. So if you're talking about a team that's managing a billion or more, so a top team, they're looking at the likes of the other wirehouses that Morgan Merrill, UBS, Wells, et cetera. But they also seem to be looking at options at the complete other end of the spectrum, full-on independence.

Mindy Diamond:

You look at it and say, "That seems crazy. They're completely opposite options." But the truth of the matter is they're both valid options for a top team. Yet, First Republic often becomes the winner in those situations because those advisors that see independence as a bridge too far and that don't want to replicate where they are now, another wirehouse firm see First Republic as sort of best of both worlds. So talk to us a little bit, if you would, from your perspective about that best of all worlds, how First Republic compares to independence and how it compares to a traditional big brokerage firm.

Bob Thornton:

Well, you put your finger on it in terms of the best of both worlds. Most teams, and look, teams that have built substantial businesses have been successful at their firms, and they know those organizations, and yet there are aspects of the firm changes, bureaucracy, product push that they just decide, "I'm really not happy here." Moving to another wirehouse or big, big bank doesn't really represent a meaningful change.



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Bob Thornton:

On the other hand, while teams enjoy autonomy and being entrepreneurial, going independent is very challenging in certain respects because you don't get the breadth of other wealth management services. You don't get the brand benefit. You don't get the banking, which again, I think is part of our secret sauce. To be candid, clients are not always entirely comfortable with a team on their own from a compliance oversight, safety of assets.

Bob Thornton:

So what we represent is an opportunity to get the best of both worlds. We have the platform. We have the size, the cloud, financial stability, the ability to invest in the business, but yet our teams can continue to manage money largely as they are. It would be impossible for us to recruit from all the firms you mentioned if we didn't have a very flexible platform. They get grid banking. They can do trust. They can do insurance. There are great planning resources.

Bob Thornton:

So it's really the ability to be in an entrepreneurial, more independent mode, but part of a great brand and a great culture. I can tell you that we have never lost a team who once they've met with us. We've never lost a team to them going independent. Occasionally, we'll lose to our wirehouse competitors, but not to the independent route.

Mindy Diamond:

So let's talk a little bit about the referral mechanism. I can remember 15 or 20 years ago, probably 20 years ago, not long after I started the business that the likes of bank of America and other large banks were looking to recruit into their bank brokerage programs. They led with the referral mechanism, the notion that an advisor would sit in a bank branch and partner with bankers and get referrals, and I think people sort of imagine the bakery ticket machine or something of the sort.

Mindy Diamond:

So they've become rightly very skeptical of that model. Yet I know, just from the feedback I've gotten from many of the advisors that I have represented with First Republic, that referral mechanism is in fact very real. So why is that, Bob? How is the First Republic's referral mechanism? How does it work? How is it different than others, et cetera?

Bob Thornton:

Well, first let me talk about that it does work, and then I'll talk about why. So in late 2019, just before we moved into this COVID environment, we disclosed at an investor event, that over the prior three



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years, our bankers had averaged more than \$5 billion a year in new assets under management to our advisors. Again, this is 100 teams. So that is quite significant to 100 teams. I don't think any firm can rival that from a referral opportunity, particularly on a per-team opportunity.

Bob Thornton:

Virtually, every wealth manager has seen the benefit of referrals year after year. So the question is, "Why have we been able to do that?" Here's a couple of reasons. Number one, we compensate our bankers to make referrals. They're motivated to do that. We actually have a team of about 16 or 17 business development people we call "wealth advisors" who spend full-time working with bankers to bring new clients or existing client assets to our advisors.

Bob Thornton:

But I think more importantly from a cultural perspective, we don't have different divisions, and I think one of the challenges is that many of our competitors have multiple divisions, and they're often competing divisions, have different P&Ls. We're one firm, one firm, one brand. In fact, in our normal office times, which we'll return to, everyone sits together. We sit intermixed among floors. We get to know each other. It's not like one building is advisors and the other building are bankers.

Bob Thornton:

So it's this comradery of culture. Now, the other reason, I guess one of the things I don't want to forget, is because of our banking opportunities and working with great relationship managers. Our advisors are very comfortable referring their banking to our bankers. They're not always comfortable doing that at their existing firm. So as they refer business to them, of course, the banker often wants to reciprocate and refer business back, which often happens. So it's for all those reasons that we've had such a successful and continued strength in banker referrals to our wealth managers that's allowed them to grow their books.

Mindy Diamond:

So Bob, I want to talk to you a little bit about the growth that the wealth managers you've recruited have experienced at First Republic. I've got some personal connection to the question because I've been privileged to have represented a number of the large teams you've recruited recently. Three of them in particular have reached out to me in the last number of months to share their successes and how happy they are with having made the move. One was a team that moved four years ago that talks about having doubled their business according to every metric and really talking about the referrals from First Republic is driving a lot of that.



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Mindy Diamond:

Two is a team that moved just about a year ago, just before the pandemic. He has grown extraordinarily exponentially, had to add an additional team member to keep up with the referrals from the bank. The third is a team that moved just probably about two years ago now, maybe a little more, that moved at \$2.5 billion and is now at \$4 billion. I'm wondering, are those anomalies, or is that just how it goes?

Bob Thornton:

That's great feedback to hear. I don't view them as anomalies. It's actually a common experience at First Republic. While we've had good markets over the last few years, our growth has been very strong among our advisors, even excluding market appreciation. Let me give you a couple of other examples of teams that you were not involved in hiring. One team joined us about five years ago, about \$3 million in revenue. They have more than quadrupled their revenue in their business, and that's come from both their own growth at the firm, but also referrals.

Bob Thornton:

So they really leveraged the opportunity at First Republic. Another billion-dollar team has also doubled, and that's really come about, again, through referrals, but also through being able to leverage our banking capabilities, trust, and other services. So this is an environment where people are successful. They serve their clients, and in most instances, they achieve a lot of the incentive opportunities we offer that results from growth. So I think it's a common experience and one that we would love to have other teams be able to share it.

Mindy Diamond:

So beyond referrals, I mean, you talked generally sort of about this culture and this ethos of yes and et cetera, but what else beyond the referral mechanism do you think are the kind of things at First Republic that can be attributed for advisor growth? What kind of things really contribute to the growth of all of these practices?

Bob Thornton:

Well, as I mentioned at the beginning, my philosophy around maintaining premium fees and growing your business is you really need to be able to function as a true wealth manager to clients. So that means you need to have outstanding capabilities to complement investment management. We have a great platform, a lot of strategies ranging from best-in-class third-party managers, alternatives, fixed-income. But beyond that, we have an outstanding trust department that supports our clients, and I know that a number of our competitors really don't have that excellent financial planning resources that



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help our teams, very sophisticated insurance practices, foreign exchange. We have family engagement and governance practice.

Bob Thornton:

So all the things that really allow the advisor to wrap themselves around the client, and again, most importantly is great banking. Today, clients really want to work with a firm that can manage both sides of the balance sheet. There's a lot of liquidity in the market today. People want to invest in properties, buy additional homes, refinance, and that, again, is something that I view as both an offense and a defense. We don't allow our clients to get picked off by other firms because we don't have great banking, and I also think the banking gives our advisors a real strategic advantage of building their existing relationships or gaining new clients.

Mindy Diamond:

So if we're thinking specifically about ultra-high-net-worth clients, what are the kinds of services, family office services, if you will, that are important to them, and how does First Republic meet them?

Bob Thornton:

Well, I'd say, first, because of the breadth of our capabilities, we have many, if not, most of the needs that families need. So that's everything from the breadth of the capabilities around investment. They want to set up an endowment. They want to set up trust, whatever the case may be. As I mentioned, we not only can do all the planning, and we can address a lot of the family dynamics issues and practices. We do yacht lending. We do boat lending. We can help buy all sorts of property investments. It's really across the map.

Bob Thornton:

Now, as with most firms, are certain things we don't do. But those are fairly limited. I think the overall value we provide to our ultra-high-net-worth clients is the ability to have very sophisticated advisors meet their day-to-day needs and coordinate that for the family.

Mindy Diamond:

So Bob, with respect to the ability to offer, say, family office type services, how does First Republic's capabilities compare to that of your major competitors, the Morgans, Merrills, UBSs of the world, Goldman Sachs, et cetera?

Bob Thornton:



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I think that, as I mentioned before, we offer the complete breadth of services to serve clients. Whether that's on sophisticated alternatives and investments, planning capabilities, I think at the highest level, dealing with family issues, what's commonly known as family dynamics, we are professionals who focus on that. Besides the normal banking things you would do, we have a lot of sophisticated banking solutions. We can do yacht financing, plane financing. That's within our wheelhouse.

Bob Thornton:

So I think that overall, between the breadth of our capabilities as well as the strength and experience of advisors, we can compete with any firm in terms of meeting the needs of those clients.

Mindy Diamond:

Yeah. How about from a tech perspective, Bob? How does First Republic's tech compare to some of your competitors?

Bob Thornton:

We decided a couple of years ago that, while we had technology that served sort of the day-to-day needs of our advisors and clients, to really make a meaningful investment in that area. So we have really built what I think is a strong platform to serve advisors, not only from what we do from a CRM capability and trading perspective, but I'll give you a specific example. On the performance reporting side, we've worked with a vendor called Addepar, which I think for those advisors who are familiar with that, know it's sort of the holy grail of reporting, given its sophistication and flexibility.

Bob Thornton:

We have invested significantly in our digital platform and mobile platform. Its table stakes today for the business. While there are still additional things we'd like to enhance, as we've invested in those areas, that's not been in any way, an obstacle for teams deciding that this wouldn't be a great place to work from a technology perspective.

Mindy Diamond:

Yeah. You think about succession planning. I think that one of the biggest drivers from my perspective of advisor movement these days is how the big firms are working very hard to tie advisors up via their retire in place program, succession programs. While those programs are really wonderful ways for a senior advisor to monetize in place, they put a tremendous burden on the next generation because it takes away their optionality, and it absolutely can limit the team's value, and that's not a good thing.

Mindy Diamond:



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So from my perspective, one of the things that is really driving a lot of, I don't want to say movement necessarily, but certainly curiosity about the industry landscape that's bringing a lot of folks to the table, especially multi-generational teams is the notion of succession planning. So senior advisor says, "I am X number of years away from retirement, and do I sign on to my firm's retire_in_place program, or is there something better? Is this the legacy I want to leave?"

Mindy Diamond:

And/or the next gen advisors saying, "My senior advisor is thinking about signing onto their firms retiring advisor program. I'm not sure that's best for me and the rest of our team. What else is out there?" So do you see that as well, as that being a driver of bringing people to the table, people looking at First Republic, and how does First Republic think about succession planning?

Bob Thornton:

Well, I'm going to start off on a tad on a humorous note. No one wants to retire from our firm. We have many advisors that have been doing this for a long time and love it and continue to do it. But on a more serious note, I look at it maybe a little bit more broadly, Mindy. Number one, one of the things we want to do is provide as flexible and an entrepreneurial environment for advisors. So for example, we have an associate wealth management development program where teams can put their colleagues into a program who could eventually succeed them in the business and help groom them for that. We do a lot of training, kind of best practices trained for teams, how to manage your team. Some teams are large enough, they need sort of a chief operating officer. What steps can you take in that direction?

Bob Thornton:

I was working with one of our largest advisors and really kind of planning a long-term growth and succession plan. But when it comes to people who either want to retire or leave the business, we provide quite a bit of flexibility as to how that's done. But being more specific, we don't set up a structure where they're tied up for a long time. We like to have some reasonable notice. We make it attractive for them in terms of transitioning out of the business. But I think our approach is different than what we've heard from other firms in that regard, and we work with teams to kind of get to the right place for the team.

Bob Thornton:

Again, I go back to the fact that it's only 100 teams, and therefore when we do have retirements, it's going to be few, and we can afford to work those through in the right way. We don't have to be as rigid as big firms might be in this area.



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Mindy Diamond:

Yeah. One of the things I think that a lot of especially multi-generational and highly productive teams are concerned about or creating or building enterprise value, building a business that has real value at the end of the day that they are able to monetize. One of the draws toward independence is the ability to sell one's business on the open market and create competition for that business. Obviously, if you are an employee of any firm, First Republic included, you don't necessarily have that same opportunity. What's your thinking, especially wearing your old investment banker hat. What would you say to that advisor that says, "I'm comparing joining First Republic with building my own firm and creating real equity value."

Bob Thornton:

I think that it really comes down to the growth opportunity. If you're an advisor and you really want to create your own firm, I often find that while driving equity value is important. But I frankly find the most important thing they value is just independence. They want complete independence. They want to name the company, what they want to name them. They want to do exactly what they want. I tell teams that that's the most important thing to you, then going independent might be what makes sense.

Bob Thornton:

But overall, the pitch we make to advisors is we pay people extremely well. We're very competitive in deals. If you look over 10 years or 15 years, look, we hire people for the long term, not to come here for 10 years and then sell themselves to someone else. That's not been our experience. But second, if someone's growing their business, and they can grow their business 30%, 40% higher at First Republic, then we basically say to the team, "Isn't that a little more attractive in terms of the value of your team and success and hiring people?" So that is really what wins the day versus the independence argument and the equity value case.

Mindy Diamond:

Yeah. I think it all comes down to what is most important to the advisor. If what's most important is building their own brand and long-term equity value, then no matter how much you can connect the dots on new growth opportunity, they may still prefer to be independent. But that to me is, what's so exciting about the industry landscape is that there were so many different, very valid options for a top team.

Bob Thornton:

I agree. Again, we're not the right fit for everybody, but I think for teams, I mean, you're familiar. We've hired many of the most talented teams across the industry, and they do their homework. I think when



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they look at where will I be happy, where can I grow, how can I best serve my client, we often emerge as the organization with whom they want to associate.

Mindy Diamond:

Yeah. I don't disagree. Do you expect that you will be able and is the plan to continue the success and momentum you've enjoyed today?

Bob Thornton:

I do. Again, we generally hire about eight to 10 teams a year. That's not a set number. It just turns out to be that when we meet teams, they get to learn about us, we about them. We're the right fit. But they're very successful teams. When I look at our overall growth in our business from bank referrals to us, our advisors' own ability to grow and hiring teams, I think we'll continue to be a very successful firm and an attractive place to land. Having said that, even though we're 100 teams today, I can't imagine we'll be even 200 teams in five or six years. We're going to remain a very boutique, special environment, and I think that's one of the things that is important to a lot of the advisers who join us.

Mindy Diamond:

Is the goal to continue to recruit. Do you see a time where First Republic will be less bullish on recruiting as much as it is now?

Bob Thornton:

No. I mean, look, we're about talent acquisition and people who really believe in our culture and our mission to serve clients. I've been running our wealth management business for many years, and there is not a time we have not been in the market actively looking to hire great people, through all the downturns, the '08 downturn, the downturn here, and last year. I mean, when everyone went to working at home in March, we continued with our recruiting efforts, and we were lucky enough to have some very large team join us, and they did it at home. They'd never been in their office. I think the fact that they were able to transition their books so successfully spoke to not only our ability to serve them, but the relationships they have with our clients.

Bob Thornton:

So we'll continue to look to add great people. The other reason is adding that talent to our firm, particularly from different organizations, they bring new abilities, new ideas, new skills that we can add and make our business better. There's not a sort of a singleness of thought. We want sort of the best thinking across the street, and that's been a very significant benefit to us as we've grown our business.



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Mindy Diamond:

Yeah. We've talked a lot about the growth of the wealth management unit. But what is Jim Herbert, the CEO's view of wealth management? I imagine he's thrilled with your performance and the growth, but what is the bank's relationship to wealth management?

Bob Thornton:

Well, first it's not my performance. I have a terrific team that has really helped to achieve where we are. But look, Jim's view, Jim started the bank more than 35 years ago with a very simple concept: Focus on one client at a time, serve them well and continue to meet their needs. When Jim started the wealth management business many years ago, he did it because he felt it was a way to serve our clients' needs. As the bank grew and became larger, he realized that we needed to invest in this business because not only would we serve clients. It's an attractive part of growth for the firm. It also creates a stickier relationship with the client.

Bob Thornton:

So that's why we've had the support from the bank in terms of not only recruiting, but investing in product, development, and the like. But the most important thing I'd leave with you is, while we are a distinct business, we look at First Republic as one firm and one organization, not siloed, as colleagues. I think that is one of the greatest kind of special sauces of our organization because we pulled together to make it a great place to work, very entrepreneurial and clients love it.

Mindy Diamond:

Yeah. So let me ask you one last question, Bob. What would be your message or messages that you'd want to share with a wirehouse advisor or an advisor coming from any traditional brokerage firm considering change?

Bob Thornton:

It'd be simple. I would say if you're considering a move or even if it's not that high on your radar, consider First Republic. Look at our long-term success as an organization. Look at the continued growth and our equity value, the stability of our leadership and reputation. Look at the quality of hires we've made. We've hired from virtually every firm on the street, and people are very happy here. It's rare for anyone to leave.

Bob Thornton:

I guess the final thing, Mindy, is I'd say, while we love a lot of the very large teams we've hired, we're not just interested in mega teams. We're looking for great people who understand and are attracted to



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our value proposition of a great culture, being able to serve the clients and growth and welcome anyone to consider First Republic.

Mindy Diamond:

Just as a little side question on that, but First Republic is not in every state in the country. So maybe it's worth sharing for a minute your position on where you're looking for talent and your interest in opening in markets where you are not.

Bob Thornton:

Look, we're a bicoastal firm, largely in the Northwest and Bay Area, Southern California, Boston, the New York tri-state region, and Florida. We're very fortunate those are terrific markets. They represent half of the nation's wealth footprint. We've opened some smaller offices, one in Jackson, which has been very successful. But we have found that focusing on existing markets is where we can have the most impact in terms of growth of our business, and we're working for people in those markets. We're not working in other markets. But fortunately, there are enough advisors in our existing footprint that have allowed us to continue to grow and make the business prosper.

Mindy Diamond:

Yeah. I know there are plenty of advisors that are not in your existing footprint that would love the opportunity to be a part of First Republic and only waiting for you to potentially open elsewhere. So Bob, I can't thank you enough for your time, for your insights, for your thought. I have been incredibly impressed with what First Republic has done. It's an incredible addition to a robust industry landscape, and we're excited to see what you continue to build.

Bob Thornton:

Well, thank you, Mindy. You've been a great partner over the years, one of those who really understands First Republic's story, and I really appreciate the opportunity to share it with your audience.

Mindy Diamond:

Thank you. This episode offered a rare opportunity to sit down with one of First Republic's top leaders and get to the heart of what's driving its success. Their motto has always been to say little and do a lot, and they've certainly done a lot in the past decade as Bob shared. I thank you for listening, and I encourage you to visit our website, 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.

Mindy Diamond:



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Mindy Diamond:

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