Barron's Hall of Famer & Hightower Trailblazer Rich Saperstein: On Rising from Crisis, Team Building and the Real Value of a Business

A conversation with the managing director, principal and chief investment officer of Treasury Partners

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is Barron's Hall of Famer and Hightower trail blazer, Rich Saperstein on rising from crisis, team building and the real value of a business. It's a conversation with the managing director, principal and chief investment officer of treasury partners. I'm Mindy Diamond, and this is Mindy Diamond on Independence. This podcast is available on our website, 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.

Mindy Diamond:

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 are simply looking to learn more about the industry landscape, please feel free to share this episode or the series widely. Picture this, it's 2008, Bear Stearns collapses and decades of your life's work implode right before your eyes, along with any stock based compensation. It was a time when it was difficult to find any positive news about the financial services industry and even more difficult managing client expectations and dwindling confidence, amid high profile scandals.

Mindy Diamond:

Although Rich Saperstein lost a small fortune and several clients throughout the chaos, he put on his pants and went back to work for JP Morgan who was there to rescue the firm. Yet shortly after the takeover, Rich saw what he described as a parachute that emerged out of the crisis. That parachute was Hightower Advisors. So in September of 2009, Rich and his team left JP Morgan to affiliate with Hightower and launched Treasury Partners. They were only the ninth to join the nascent firm, taking a leap of faith during a time when faith was certainly in short supply, and it was a leap that not only benefited treasury partners, but also catapulted Hightower to the forefront of the independent space.

Mindy Diamond:

Rich has since ranked on the Barron's Top 100 Financial Advisors List for 18 consecutive years, landing at number seven nationally, and number two in New York state for 2021, but while most firms tout their assets under management, Rich is clear to say that he doesn't measure success and assets but instead by client satisfaction, and it's a methodology that seems to work for Treasury Partners with published manage assets in the 20 billion dollar range, according to Barron's. The firm has a unique business model, different than most others we've featured on this show, part private client and part corporate cash management. So in this episode, Rich talks about that business model with Louis Diamond and he shares what it was like to grow up in the business in the early 80s and live through some of the industry's most tumultuous times.

Mindy Diamond:

He talks about his decision to join Hightower representing what was 90% of the firm's assets at that time, and the resulting impact on Hightower's growth. Plus, he shares Treasury Partner's secret to success, a strategy that may surprise you and why he thinks he's the luckiest guy in the world. It's rare access to the candid backstory of one of the wealth management industry's rock stars. So let's get to it.

Louis Diamond:

Rich, thank you so much for joining us today. This is an interview I've been looking forward to for a very long time.

Rich Saperstein:

Thank you. Pleasure to be here.

Louis Diamond:

Excellent. So we got a lot to talk about today, but let's start at the beginning. Can you tell us your story? Tell us how you came to be in this business back in 1982 and your journey to where you are today?

Rich Saperstein:

Well, I grew up relatively poor in a blue collar town and we didn't have any contacts or other than a savings account, we had no brokerage accounts. So after graduating Oneonta State in '81, I just pounded the pavement every day for months. My dad would drop me off in the city with a stack of resumes. I'd go to the top of an office building and take floor to floor and look for a member of SIPC and walk in there and ask them if they are hiring and hand them my resume, and lo and behold, I wound up getting hired in the personal financial planning group after probably three months of pounding the pavement of EF Hutton. There, I got a broad introduction to financial planning, estate planning, different types of investments.

Rich Saperstein:

That was in January of '82 and after realizing that I wanted to be, at the time, a broker, that's what we were called, I went and joined Janney Montgomery Scott in '84, and there, I started the New York based financial planning group at JMS, and at the time the big automation was the IBM Selectric Typewriter, where you can program a paragraph into the typewriter, and they thought I was a technology genius,

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which that accolade has far left me today. So anyway, I was doing financial plans at JMS and then got licensed and started building my business. Smiling and dialing on nights and weekends, and realized that I wanted to move on and become a financial advisor.

Rich Saperstein:

My timing wasn't the best but in, let's see, May of '87 just before the crash, I mean the first crash, I went to Oppenheimer. At Oppenheimer, I just began building my business. It was quite a journey because, after I got there, we had the financial crash and I realized I did not want my income to go up and down with the market to the extent possible. So I embarked on a plan of really approaching corporations and trying to do corporate cash at the time. I think there was maybe 60 guys in my branch and I was probably 55 from the top. They were terminating one a month, and I felt like I was climbing a rope that was burning below me because I was trying to migrate from what was a defunct fledgling, private client business to a business that was a recurring revenue business.

Rich Saperstein:

Because I wanted to move to the type of revenue flow that if I bought a seven day piece of paper or a monthly or an annual, I would get paid for seven days and only be working five days, and that brilliant idea came to me because it was like cutting five loans, but getting paid for seven loans from my childhood, but I didn't really know anything about fixed income, so I was outlining the Barron's fixed income column, which Jim Grant wrote and Randy Forsythe at the time, and I would get on the phone and call CFOs and treasurers and ask them if they want to hear my fixed income roundup, which I basically parachuted from Barron's every day, and lo and behold, I eventually began to get some traction.

Rich Saperstein:

I preserved my employment because my branch manager was supportive of my efforts. I elected to come in before everyone in the branch in the morning and not leave until everyone else in the branch left. I did that for, I don't know, two years and we had guys servicing Europe and Hawaii. So my hours were just 15, 16 hours a day in order to put the lights on and off, and at the same time, I was going to business school. So I basically sacrificed for a couple of years and wound up becoming pretty successful at it. Then, Oppenheimer was sold to CIBC and every regime changed, has knock on effects and then, a few years later CIBC exited the business and was sold to Fonstock.

Rich Saperstein:

Unfortunately, Fonstock had a quarter billion in capital and I was running over five billion at the time in 2002. So I went to Bear Stearns in May of '03. Bear was just a really great entrepreneurial place. You eat what you kill there, and there's no frictional costs or charges on your P and L for the most part, and we were able to really do well and grow our business dramatically. That occurred really up until the firm met its demise in 2008, and we were rescued by JPM. I joined JPM in officially June of '09 and for various reasons, in September, it was agreed upon that I would be leaving the firm and on May 8th of '09, I joined Hightower. At the time, the decision was very conflicted because you had Bernie Madoff, killing the integrity of the industry as well as the banks, all getting tarp money.

Rich Saperstein:

I just felt I wanted to join or align with what I believe to be one of the green shoots in the forest fire of the industry, and it turned out to be a very fortunate decision, so I've been at Hightower now for over a decade and our practices are done exceptionally well. Hightower itself is done phenomenally well, and it's all around great period in my career to end up at Hightower.

Louis Diamond:

Perfect. Now, thank you for that perspective. Let's back up a little bit. I'm really curious to hear just what it was like in the trenches of Bear Stearns during the meltdown? What did it feel like? How did your clients react and how did you get through the day?

Rich Saperstein:

There's a lot of layers to that because a part of me was super concerned for the entire financial system, the world and just being immersed in it was incredibly scary and having zero control over events and markets taught me a lot about volatility, the value of liquidity and structuring a lot of safety around asset allocation. The day to day was nothing short of horrendous. I'm just the most incredibly lucky guy to have a very supportive, responsive, dedicated team of people around me, and we just basically lived in that office. We had hotel rooms, we stayed in the city. We were available 24/7 literally. We had to really navigate the financial crisis, but also the demise of Bear Stearns. In one week, we had about eight billion dollars just get wired out.

Rich Saperstein:

So on one hand, we worked super hard and diligently to build a practice that had probably 15 billion in assets and it was a life's work that got taken apart in really in one week because somebody else on the other side of the floor really didn't managed the borrowing versus the investing for the firm. So it was a tough period throughout it all. We found it to be super important to work with our clients, be respectful of each other, given the levels of stress, really stay focused on not having any errors, because there was a lot of money moving around and just try to work and coordinate as a team have meetings constantly throughout the day to discuss issues. It's a period in my career that I could never forget. It was a death in a way, but it was also a rebirth in a way.

Louis Diamond:

Yeah. Thank you for sharing that. I couldn't even imagine what it was like to be there, just right in the thick of it and navigating your personal life, but also seeing all of your clients suffer and the firm that you seemingly enjoyed not be in business. So that's a really good segue into ... we'll call it the Hightower years. So like you mentioned earlier, right after the crisis, maybe kind of in the middle of it, you joined Hightower, May 2009, I think you were the ninth team you had told me and at the time represented close to 90% of the firm's assets. So most advisors know Hightower now as a hundred billion dollar plus RIA. They kind of paved the way for this new model of the fact that an RIA could support a very, very sophisticated wire house or captive business and you were really proof of concept number.

Louis Diamond:

Can you walk us through what it drove you to Hightower in the first place, and what else were you considering at the time?

Rich Saperstein:

We had considered going out on our own. We had considered, I think at the end, Stifel. We did not want to join a large wire or a large bank, and the reason we went with Hightower really was because of the vision of Elliot Weissbluth and his passion around building this company, he and Drew Kornreich. They really set a vision for what I'll call a new and improved platform for advisors where they'll provide all the functionality, we can call it the low IQ functionality, whether it's real estate compliance, legal, trading, product and we as advisors, just had to provide clients an investment skill. That to me, was a great demarcation of what I wanted to focus on, which was clients and investing and what I didn't want to focus on was everything behind the door, right?

Rich Saperstein:

So that really drove the decision, and I would say that at the beginning, there was just no infrastructure. There was really little or no legal compliance, financial reporting, technology, trading, research. So we joined ... I think we joined with a dozen people and maybe five or eight billion dollars and we had to do a lot of heavy lifting in building the firm, in negotiating and establishing trading counterparts, assisting with compliance policies, dealing with issues with the reporting engine, securing sources for research. It was just a really amazing effort on everyone on my team, along with the firm to coordinate and identify a shortcoming.

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Rich Saperstein:

So, all right, who knows someone we can help bring in and fix it? It really was a major lift to help Hightower get off the ground, move our practice and get everything functional and then start rowing into same direction and start growing our big business again. That was the rebirth portion of that whole epic saga of the financial crisis.

Louis Diamond:

Yeah. I mean, it sounds on one hand, like it was probably really fun and empowering to have such a say in building a firm, but I could imagine it was also stressful. You were used to a very well built out firm and you already went through the stress of your lifetime, not that long ago, but I'm really curious about two things in particular about your move to Hightower at that point in time. Now it's commonplace that advisors break away from major wire houses and start an RIA, and it's kind of ... it's entered the mainstream and many clients, it's new to them but it's not a big surprise because of, you mentioned, Bernie Madoff and seeing Bear Stearns go down as it did, and all those wounds being very fresh, how did your clients react to the move to a firm?

Louis Diamond:

They never heard of Hightower before, this RIA thing wasn't really developed or had as much messaging around it. How did they get comfortable with the security and the safety and that, aside from you and your team, that the firm was sound and that their assets would be safe?

Rich Saperstein:

It was really truly amazing in two ways. One is that we did a tape to tape transfer that we negotiated from JP Morgan to Hightower at 97, 98% of our assets wired over. The greatest concern we had was the corporate clients not being comfortable with a startup RIA. Yet, the driving point was the separation of custodian versus investment advisor. I think the financial crisis and the ill sins of Madoff further highlighted the value of separating the custodian from the investment advisor. To some extent that might have played into our benefit. The second interesting point was really wild, and that I think I'm the only guy in the street that's done two tape to tapes because when I went from Oppenheimer, which was Fonstock to Bear Stearns, we taped it over also.

Rich Saperstein:

So I like to say, and one of my partners, Dave D'Amico, we joke about, we went in the front door and we left the front door. We didn't leave it out at the back door and we're really happy to be probably a few guys on the street that have done two tape to tape transfers of the business.

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Louis Diamond:

Yeah, that's very lucky and useful. The other point that I'm fascinated about is how you personally, and any advisors on your team justified the major risk of not just going to a startup, but I would assume you saw a lot of your net worth vaporize with Bear Stearns stock and with your deferred comp and other investments, and at the time, Hightower, as part of their overall structure, they in many cases, offered equity as part of a structure. So I'm curious how you personally justified just that move. So number one, going to a new entity yourself and then secondarily on the stock side.

Rich Saperstein:

Yeah, the vaporize is very accurate, which I had what I would consider a small fortune, vaporize at Bear but as I told my wife at the time when we had the small fortune, I went to work. Now that we don't have it, I'm going to put the same pants on and go to work and do the same thing. It's just like, it's not changing our lives and fortunately, I always view the brokerage equity as a highly risky component of an asset allocation. So I offset that with a very safe, fixed income investments as a counterbalance to that overexposure to a concentrated position of a brokerage firm. So that really was fortunate. What was very sad was that I had created an equity compensation plan for my entire team at Bear.

Rich Saperstein:

I think it was the first and only one that they ever did for an advisor's team members and all those guys got wiped out, so that was a really sad period, but everyone stuck with me, and I was clear that at a moment in time, when I could do something to build their networths, really do it and the good news is I subsequently have been able to do it at Hightower, which is for me, incredibly gratifying that these people stick with me through thick and thin and I was able to come through and recreate in even a bigger way, net worth builder for all of those older and loyal team members. Now, the financial transaction of Hightower, as you may know, Hightower has gone through several iterations.

Rich Saperstein:

The value of the company really didn't start to develop until THL came in a few years ago, and then it really got supercharged when CEO Bob Oros came in, who is really very deft at running the company, really doing a fabulous job, understands the business and it's been really very special for valuations and especially for someone like me, who's been there quite a long time.

Louis Diamond:

What has it been like to be a very important member of Hightower through all these different iterations, starting with the famous employee model, where advisors were given cash and equity to join the firm, then moving more toward like a 1099 platform business, fee for service business, and now, really an acquirer of existing independence and financial advisors. What has life been like for you and how have those iterations shaped your business?

Rich Saperstein:

It really hasn't affected me from ... relative to my business, but it's affected decision making as a board member, and the decisions to migrate across those three models you mentioned was simply a sign of the times, where the best use of time and resources could be applied in growing Hightower overall. So keep in mind that the landscape changes, the protocol has changed. So it requires an adjustment in strategy and that's where Oros and the THL advisors have really been very nimble in navigating the different models needed to grow the firm. From my perspective, operating my business and servicing our clients is the most important thing.

Rich Saperstein:

Along the way that the firm has ... had to navigate the growth of the firm, it's simultaneously been growing infrastructure and reinvesting back in the business. That's one of the surprisingly positive aspects of the THL ownership, and that they didn't come in and start whacking CapEx or reinvestment in different infrastructure or team members in the back office. They basically are taking a long term view. They're looking to build the infrastructure, the proper team members, automation, technology, everything. From my perspective in servicing my clients, that's the most important thing and it's very positive because in the early years, when we were super capital constrained, and we had, let's call it private equity investors and what was a VC investment, there was a reluctance to build infrastructure versus acquire revenue.

Rich Saperstein:

So there was a real conflict and now that it sorted out years ago, the firm has really done very well.

Louis Diamond:

Yeah. Thanks for sharing that, and how do you view Hightower in the market now as its competitive position relative to other RIAs or even other major Wall Street institutions?

Rich Saperstein:

I'm not super familiar with the competitive landscape that Hightower is operating in for recruiting talent. I do know that any advisor with a fee and not a transactional business and a clean business really can thrive at Hightower, the availability of product, whether it's SMA, alternatives, private equity, is there. The ability to bring in product through a very competent due diligence processes, there is very, what I'll call understanding and reasonable legal compliance, back office functionality. Our technology every year keeps building whether it's client reporting, cyber protections, automation, dissemination of information, contact management, marketing, website assistance.

Rich Saperstein:

Everything is really being done right, and for me, watching over a decade of growth and pains and challenges, it's truly amazing to see where we are now, and it's all going to be capped off in another six months. We're going to be opening a flagship office on 42nd in Madison, which will really be the hallmark location for the firm in New York.

Louis Diamond:

That's amazing. I'll look forward to checking that out. It should be really cool and a nice way to celebrate being back in person. So given your group's size and the sophistication, and the fact that you really are a major business, I'm sure many times over, you could have started your own RIA and just left Hightower, done it all on your own and had complete control over everything. What's kept you at the firm and how come you haven't gone and done that?

Rich Saperstein:

Yeah, there's no question. We certainly could have been on our own, but I really don't want to take a portion of my day and have to focus on the functions that Hightower is providing for me. So I know for sure that I can retain more of the dollar of revenue, but I would have to be sacrificing time, effort, energy in doing things I don't want to have to do. I don't want to have to staff up for that functionality. I've got a guy, Steve Feit, who he runs the business, he's run it since April 2012 and I'm sure he could take it on and do it, but there's absolutely no reason for us to do it. We want to spend time doing what we believe is the highest and best use of our time, and that is servicing our clients.

Rich Saperstein:

Figuring out markets and investments and investing money and following the markets. I mean, that's really where old school ... it's in our blood and that's what we want to stay with and it just was not ... it was a consideration for a fleeting moment.

Louis Diamond:

Right. Well, we tell advisors all the time, as long as where you are and the platform still serves you, then it's worth it to stay. In your case, it's been a long and very fruitful relationship and your team's core competencies, you know what you want to do and it's nice that ... it's a nice partnership where Hightower takes on the stuff that you don't find to be a super value add, as far as your team controlling the dynamic themselves. I'd love to just talk about your business overall. It's a pretty fascinating business. Different than many advisors' businesses that we've had on this podcast, and just across the industry, where it's part corporate cash management, as you've alluded to.

Louis Diamond:

Then a major part is the private client business. Can you just walk us through the size and scale of the business, the team size and what's the selling proposition to those types of clients?

Rich Saperstein:

We have two broad sleeves of business. One is a private client business, the other is a corporate cash business. The total assets, I really talk about it, but it's ... on any given day could be 25, 30 billion. The breakdown on the corporate cash side is we have a money market portal where companies can go online and execute self-directed transactions into money market funds. Then we also have a discretionary corporate cash management practice where companies are outsourcing what is a nonstrategic part of their business, the cash management/treasury function. We manage the portfolios subject to their investment policies and then, report accordingly to meet their needs, to make all their general ledger entries on a monthly basis.

Rich Saperstein:

That business, one of my partners, Jerry Klein, he heads that up and has done a fabulous job. It's a very interesting business because, the key priorities for the investments are safety, liquidity and yield, and we have to have certain internal protocols to meet the Starbucks requirements, the reporting requirements, pre-trade investment policy compliance, post trade, investment policy compliance. So as a result of that, we have the infrastructure and we simply apply all that to the fixed income portfolios that we're managing on the private client side. So there is a synergy between those to the private and the corporate cash fixed income component of our businesses.

Rich Saperstein:

The private client business is way more complex because safety liquidity in yield, they're not the directional priorities. All clients are different. They have different goals, objectives and risk tolerances. So we're building asset allocations that are very diverse. They could run from 100% fixed income to a 100% equity with every blend in between. A typical portfolio will be a mix of fixed income, equities and alternatives in different ingredients and percentages. Overriding it all is really a desire to focus on the return of capital, not the return on capital. Our clients are generally wealthy and aren't looking to us to get wealthy. We just spend an incredible amount of time vetting new investments.

Rich Saperstein:

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There is no investment that is made on behalf of a client that we aren't investing in as partners ourselves, and I'm generally the first one to commit my capital to any investment that a client is going to be invited into. So it's a very pure definition of eating our own cooking, and I think it's very important to understand managing money when you put money at risk. So together we probably have 27 people. There's four CFAs, one lawyer and it's just an incredibly rewarding group of people. We have a tremendous number of young people. They bring incredible life into the day, with new ideas and they're challenging everything that we're doing.

Rich Saperstein:

They're asking questions, they're delivering incredible service and value to the clients, and that's the future of Treasury Partners. These young people are there today.

Louis Diamond:

Yeah, that's amazing, and I do really like that you do eat your own home cooking. It's probably the best possible proof of concept for a client that you're recommending something that's truly in their best interest. So since investments is such a critical part of Treasury Partners business, it seems to be where you're most passionate about personally, and that's really where you differentiate. I'm curious how, what you're able to do for clients as far as the freedom and flexibility on the investment side, how that looks different today as a member of Hightower versus at Bear Stearns, at Oppenheimer and in your predecessor organizations.

Rich Saperstein:

Well, keep in mind the investment climate has changed over the last 40 years. I've been in the business, I'll be 40 years in the first week in January of next year. So I'm jumping ahead by saying 40 years, which seems like a really long time, but I don't know where the hell it went. It just happened so quickly. It's just amazing. So along those decades, the investments have changed dramatically, and a large part of that is the advent of technology. So in the 80s, the business was more about building large equity positions and following an analyst and having a book with very concentrated positions in a few equities, the whole modern portfolio theory and diversification, and looking at correlations.

Rich Saperstein:

It really wasn't even part of our imagination back then. Then, as the advent of computer power became more prevalent and there was more analysis done, we realized that the concept of diversified portfolios and correlations between asset classes have to be looked at and evaluated to better serve our clients, and along the way, the whole compensation of advisors changed along with the nomenclature. We went from brokers and brokering transactions to advisors and earning fees, and it was a landmark change that coincided with the ability to do more analysis and come up with very credible strategies for growing wealth. So the business for us went from 40 years ago, concentrated equity positions to diversified portfolios, with different asset classes and maybe 15, 20 different strategies in a portfolio with very small bites of the apple to each of them.

Rich Saperstein:

So that migration of investment knowledge, and it came with a migration of compensation, as well as the use of computers, and it's really been super important for us to really take a position and confidently build an asset allocation and grow a client's wealth. For me, the work that we've done in the last 10, 20 years for clients has been incredibly valuable, rewarding and obviously it's paid off, in the growth of our practice and we've been able to attract incredible talent, having CFAs on the team and really bright people. They're going to challenge everything from, perhaps a theoretical standpoint but there's also older guys on the team with four decades of experience that are going to pull and harness that experience and coming up with responses to a theoretical challenge, and together that combination I think is exceptionally valuable for our clients.

Louis Diamond:

Is there any, let's say one or two things in particular that you can now do for clients that you couldn't imagine doing at Bear Stearns?

Rich Saperstein:

It wasn't as if Bear was lacking in capabilities, but the world has moved forward in the last 13 years, and today, we run correlations amongst asset classes and managers. We evaluate managers using computer power and we are able to redefine the word outperformance. So there might be a manager that underperforms an index but they're taking only 70% of the volatility of that index. So what we're looking at is the relative value of a manager, not relative only to the performance, but also relative to the volatility and what we're trying to do is shape these portfolios based on the vol and the performance, and putting together a bunch of managers to form the asset allocation.

Rich Saperstein:

When it comes to running money, we're running the money just as when we ran it at Bear Stearns. So I guess we might be kind of a hybrid model, might be somewhat unique in that running money internally and we're outsourcing to managers. I think most of the advisors coming into the business today are really focused on outsourcing. So we're sort of old school that way, and we're going to continue it because I think when you run money, it keeps your knife sharp in understanding markets.

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Louis Diamond:

Yeah, absolutely very interesting. That's way above my pay grade, but I feel like I got a little bit smarter just listening. So let's talk once more, just about the business overall. You mentioned your partner, Steve Feit is instrumental in running the business and you built a team of over 27 professionals. Can you walk us through how you're thinking about your eventual succession plan and how the team is just broken down and from like a continuity standpoint, how that all works?

Rich Saperstein:

Well, we basically split it between corporate cash and private client functionality. The only overlap between the two is in the money management side, our portfolio management team, where the PM team and the analysts really are functioning for both corporate and private. Other than that, the corporate team has client facing people and operational people. They're pretty self-contained and they handle the two sleeves of business within the corporate client assets. On the private client side, we have client facing advisors that are interacting with certain amount of clients, and then they're all supported by a dedicated operations person. Then, we have a head of operations and they're fully integrated between all the operational people, client service people, as well as the ops client service people with the client facing advisors.

Rich Saperstein:

Then, there's different committees. We have an investment committee which meets to review existing investments as well as new potential investments, and then, we have the portfolio management and there, we're reviewing really everything, whether it's our positioning. There's fixed income inequity, so we've got to understand durations, max maturities, position sizes, credit ratings, downgrades, different exposures. It's just all the traditional weekly evaluation, you have to do you on your book, and that coupled with understanding what went on last week and what's going to happen this week and how are we positioned and what changes do we have to make? What are the important factors? We basically re-up everything every week. It's great.

Louis Diamond:

I could hear your passion for the overall business. Do you envision yourself ever retiring or formally walking away or will you build it in a way where you can kind of just work as long as you want to, and you built a great team to pick up the slack wherever you leave it?

Rich Saperstein:

I really don't have direct functionality on things that tasks, that I don't really enjoy doing. I haven't hired anyone ... since Feit joined in 2012. I haven't interviewed or hired anyone. I haven't dealt with half the things that I really never liked doing for the first three decades of my career. So now, I interact with the investments and the investment committee and the portfolio management team. It's like the optimum job. I don't have any reason to stop working because I'm doing ... like I wake up in the morning and I get my screens on and I'm looking around and just a lot of fun. I do spend a lot of time climbing mountains in winter, summer, all the years, I like being at high altitude and climbing mountains and if that's not interrupted, I get great joy out of that.

Rich Saperstein:

So I don't see myself retiring. I don't think anyone in the office thinks I'll retire, but we'll see, but we do have different layers of people that are my age, then 10 years younger, then 10 years younger, below that, with different functionality and we're teaching them and they're learning, and if I get hit by the bus or caught in an avalanche, whatever, there is a lot of people in there that could pick up the slack.

Louis Diamond:

Yeah, and it seems like you've built a real business where you have someone in Steve who you can delegate to, who lets you kind of stay in your lane, and I think that's the dream for most advisors is they build their team in a way where there's redundancies and where you can do exactly what you want at any moment, so it should never feel like working. It's more of a joy every day to work and as you said, turn on your screens.

Rich Saperstein:

Yeah. I'm the luckiest guy in the world because I got a bunch of partners that, we all trust each other. We don't second guess each other. If we had stress amongst ourselves, it would never work. There would be a war, right? We don't have any of that and that is ... for building a team, the most important thing is to have partners that you think are pulling their weight, they're earning their percentage of however your compensation is, they're honest and you rely on them and you trust them. That is for me, like probably the single greatest attribute of my business career is having these guys and working with them for like forever.

Louis Diamond:

Yeah.

Rich Saperstein:

They're good guys, we get along.

Barron's Hall of Famer & Hightower Trailblazer Rich Saperstein: On Rising from Crisis, Team Building and the Real Value of a Business

A conversation with the managing director, principal and chief investment officer of Treasury Partners

Louis Diamond:

That's amazing. The last question I have for you. I have to ask you just because you have every single accolade and every list in the industry from being a Barron's Top 100 Advisor for many years, Barron's Hall of Fame Advisor, all the Forbes designations you can ever ask for. So I have to ask, what sort of advice would you give to an advisor? We'll say any advisor. It doesn't have to be an experienced one or a new one, but if you looked to yourself in the eye at say 10, 15, 20 years ago, what would've been the advice you gave to Rich Saperstein then that you would offer to someone who's trying to run as fast as you did and grow a very successful business?

Rich Saperstein:

It's critically important to team up. I was a sole proprietor individual trying to do everything, and it was only when I started hiring people and delegating and understanding that they may not be doing it as well as I would do it but I've just got to accept their capability and I'm leveraging another human to help me grow the business. So teaming up, I think, is super important. The next thing would be adopting technology. It's really, really important to use the technological availability that we have and to continue to adopt it. It makes us more accurate, more efficient, gets us more information and it helps in decision making, which ultimately benefits the client.

Rich Saperstein:

I also believe that it's so much harder to replace a client than retain a client. The same thing I tell my kids, it's a lot easier to stay out of trouble than get out of trouble. It's so important to really listen to the clients, respect the clients, treat them incredibly admirably with their investments. I'm not saying bend over backwards for every request, because some of them just are not reasonable and they create one offs and one offs are just problem-ridden but we just really, really focus and care for the clients, their assets, their allocations and how well they're doing and personally, I've got my hand in a tremendous number of asset allocation reviews.

Rich Saperstein:

I review their performance. They don't hear from me, okay, because I'm not on like the update calls, but I'm going through their stuff. I'm in the background looking at a tremendous number of reports and performance and what's going on. So treating those clients in a way is super important.

Louis Diamond:

That is great advice. Rich, thank you so, so much for doing this. I feel like through your eyes, I got a really solid history of the ins and outs of kind of what's gone on in the industry since 1982 and just seeing how your practice has grown and how you've interfaced with Hightower and just learning about some of the changes that Hightower has gone through and how you've kind of rode the wave with them has been pretty fascinating, so thanks again and hopefully we can do this again soon.

Rich Saperstein:

Sounds good. It's my pleasure. Thank you for having me

Mindy Diamond:

Rich shared an incredible story. One of perseverance and sound decision making, even in the worst of times, but it's his advice on how his farm achieves such amazing success. That really resonates, that is to build a solid team that's always focused on doing what's right for the client. 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, and if you're not a recipient of our weekly email perspectives for advisors, click on the articles linked to browse recent topics.

Mindy Diamond:

These written pieces are an ideal way to stay informed about what's going on in the wealth management space without expending the energy that full on exploration requires. Feel free to email or call me if you have specific questions. I can be reached by cell at 973-476-8578 or by email at mdiamond@diamond-consultants.com. Please note that all requests are handled with complete discretion and confidentiality and keep in mind that our services are available without cost to the advisor. You can see our website for more information. Again, if you enjoyed this episode, feel free to share it with a colleague who might benefit from its content. If you're listening on the Apple Podcast app, I'd be grateful if you gave the show a star rating and a review, that will let other advisors know it's a show worth their time to listen to. This is Mindy Diamond on Independence.