



EPISODE TRANSCRIPT

A Growth Story 87 Years in the Making: Why Boutique Firm William Blair is an Attractive Home for Top Advisors

With Ryan DeVore, Partner, Director and Global Head of Private Wealth Management, William Blair

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is a growth story, 87 years in the making. Why boutique firm William Blair is an attractive home for top advisors. It's a conversation with Ryan DeVore, partner, director, and global head of private wealth management for William Blair. I'm Mindy Diamond, and this is Mindy Diamond on Independence.

Mindy Diamond:

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. 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 others like you who may find the content to be relevant.

Mindy Diamond:

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.

Mindy Diamond:

Top advisors are a pretty lucky lot because in a landscape that has expanded exponentially, they have their pick in terms of what's best for their clients and their businesses from the biggest brokerage firms to the option of becoming independent business owners. No doubt, the control and flexibility of independence is attractive to just about every advisor. But for some, the idea of going independent can feel like a bridge too far. And many may prefer the support and scaffolding that a bigger firm can provide.

Mindy Diamond:

That's where firms in the boutique space have found their sweet spot, answering the call of these advisors with the best of all worlds model that gives them the support and infrastructure of a big firm combined with a sense of independence and control with many fewer advisors and a great community. And they're winning it in the race for top talent.

Mindy Diamond:

So take a firm like William Blair, for example. Established in 1935 as a private partnership in Chicago, where their headquarters remain today. Their deep history is rooted in a diversified business model, which includes investment banking, investment management, and private wealth management. But it wasn't until Ryan DeVore, the director and global head of private wealth management joined the firm in



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2012, that their private wealth management unit really took off. Growing 8 billion in assets under management to 57 billion today.

Mindy Diamond:

Ryan got his start in wealth management at Morgan Stanley and its predecessor firms, rising up the ranks to executive director and manager of the Northern Colorado complex. After 16 years with Morgan Stanley, he joined William Blair, establishing the firm's wealth management footprint in the Boston market, and later into Atlanta, Baltimore, Los Angeles, New York, and San Francisco.

Mindy Diamond:

As Ryan shares, William Blair's success with top advisors is a model that provides independence without being independent. The firm's 87 year history, diversified platform, and partnership structure are attractive to advisors who desire to be part of something bigger than themselves. What Ryan describes as collective success.

Mindy Diamond:

In this episode, Ryan talks about how they achieved such growth in less than a decade, the types of advisors that are attracted to their boutique model, how they compete with firms like Rockefeller and First Republic, the role that culture plays in winning over top advisors, and much more. So let's get to it.

Mindy Diamond:

Ryan. I can't thank you enough for making the time for me today.

Ryan DeVore:

Mindy, it's an absolute pleasure. I've always enjoyed how you're on your front foot, finding new ways to help the people that you work with. So I'm excited to be part of this today.

Mindy Diamond:

On my front foot. I like that one. I'm going to use that. Thank you. So let's start at the beginning. Tell us a little bit about yourself and your professional journey that led you to this role at William Blair.

Ryan DeVore:

Thank you. So I would say hopefully like many people on the call, I feel very fortunate and lucky throughout my career. My journey, I spent 16 years at Morgan Stanley Smith Barney. I started in the industry in 1996 as an intern. I became a cold calling advisor shortly thereafter, transitioned into



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leadership roles in 2003, and was lucky to run a series of offices for the firm, including time in Chicago, Colorado Springs, and Denver before joining William Blair in late 2012.

Mindy Diamond:

There's a lot of questions I have about that. Because today, it's not at all uncommon to see a wirehouse leader leave the wirehouse world and go to some version of independence. Either to build their own, or to join an established independent firm. Tell us a little bit about that decision. Did they approach you? Did you approach them? What made you do it?

Ryan DeVore:

The impetus of that was several fold. I had a great opportunity in the firm that I was at with Morgan Stanley Smith Barney. And they were creating another advancement potential for me in a new market. I had moved obviously several times and had learned a lot about the competition along the way where you're watching some of these regional firms develop. You're also, some of the structural concerns call it of the wirehouses as we came out of the financial crisis.

Ryan DeVore:

So through some industry contacts and experience with being on the board of a very significant person at William Blair, I had called a novice understanding of what they were as a firm. But the more I learned and the more I learned from my conversations with this gentleman, Dick Kiphart was his name, I just became fascinated and intrigued with how a firm could have the history that they had, the success that they had in many divisions of the firm, but were just quiet and just were under the radar. So the more I explored it, the more anxious I got to want to be part of it, and then was fortunate enough to have that opportunity. So I'm thankful each day for that.

Mindy Diamond:

So let's talk a little bit about the firm, and then we'll come back to your background if that's okay. So William Blair has experienced some very impressive growth as a business, I believe going from about 8 billion in AUM when you took over to 55 billion or so currently on the wealth management side. Do I have those numbers right?

Ryan DeVore:

That's right. Yeah. We're lucky today. We're actually just over 57 billion as we sit here mid June, but yes, we've had some success stories.

Mindy Diamond:



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Amazing. Okay. William Blair has a long history, as you indicated. Tell us a little bit about the evolution of the wealth management practice at the firm. And I guess more, perhaps more about William Blair's structure and history.

Ryan DeVore:

Sure. Let me try to work that backwards Mindy, if I may. So if I start with the firm, which I think plays into the success that we've had here recently with PWM, I think it starts with our roots. So if you look at the roots of the firm, we're established in 1935. So that makes us an 87 year old private partnership. We're headquartered in Chicago. We never changed our brand. We never changed our LLC structure. So when you look into the firm's collective businesses, what we really are, more than half of our revenue and success is with our global investment who specializes in call it mid-market sell side M&A and capital advisory work. And they're likely to do call it 200 transactions this year in that 300 million to 2 billion enterprise value space.

Ryan DeVore:

But then collectively also as a firm, we manage over 120 billion in client capital, between 70 billion in our asset management division, which some of the folks in your podcast may know through our SMAs and mutual funds. And then as we said, the 57 billion that we manage today at PWM.

Ryan DeVore:

So I guess we additionally, we have a strong equity research brand and a wonderful institutional sales and capital markets effort where we're part of 20% plus of all U.S. IPOs.

Ryan DeVore:

So the firm has had a long history of collective success in the structure and having a diversified business model that is supported and helped each other. But when I took over the business, we were a bit of an undersized wealth management group. At the time, we had approximately 60 financial advisors. So the first thing we needed to do was create scale. Additionally, we went out and with the help of you, and others, and our own efforts, we've been able to grow that base from what was 60 financial advisors to 105 advisors today. You add to that, our advisors have always been I would say top level advisors in the industry in terms of their assets and their revenue. So a proof point to that would be if you just look at those numbers, 57 billion in capital, that's with 105 advisors. If you look at their average production, it's just over two and a half million. So we've been a successful group, but we've always stayed true to who we are. And we only have 1,600 employees globally as a firm, and we only have 300 or so employees in PWM today. Again, which includes our 105 advisors. So what we try to do is not be all things to all people, but be very selective in our progress, and do it with patience and precision where we can.



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Mindy Diamond:

Right. So I want to take a minute to clarify for those listening, where William Blair fits into the ecosystem. We're on a podcast called Mindy Diamond on Independence. And while William Blair is technically not about an advisor leaving a wirehouse world, breaking away, and going independent, it is very much about an established, independent, private partnership.

Mindy Diamond:

And I want to orient the listeners. Because the way I think about it is that today, the category that William Blair fits into is a similar category to where say first Republic and Rockefeller fits into. Would you agree with that?

Ryan DeVore:

I do agree with that. I think that there are wonderful competitors everywhere, but we may likely be one of the more unique stories that you'd find call it between those models. Where we look at it, and again, this is obviously our own voice, but believe that we have the resources of a wirehouse, but we have the culture of a true independent. Because when you think about our firm, we are truly independent. We're owned by 189 working partners in the firm. So that means there's no legacy partner considerations. There's no outside ownership. There's no longterm debt, there's no public interest or stock price that we have to worry about. So it leads to again, being able to say that we are independent, which creates our culture. And it's really our mindset for the longer term thinking into the decisions that we make.

Ryan DeVore:

So I think that like you said, while we compete with models that look like Rockefeller, First Republic, and some other wonderful brands out there, what we have is hard to create because of the 87 year history, the diversified business, and then the partnership structure.

Mindy Diamond:

So tell us a little bit about what that means for an advisor who were to join. If I'm an advisor thinking about joining William Blair, tell me what those tenets that you just described, the 87 year old history, the partnership, the diversified platform, etc. How does that benefit me as an advisor?

Ryan DeVore:

So it starts really with wanting to be part of something that is ultimately bigger than yourself. From an advisor mindset, it has to start with that at its core. So that's what a partnership is. It's collective success. So we take care of each other, we root for each other, and we stay together. This is a special place because of that. And we try to keep it special. So there's an accountability. There's a culpability



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when you're part of a partnership that's bigger than you, that how it lands for an advisor and how it helps them is you've got other people rooting for you. You've got an investment bank that is willing to do their best to put us in front of opportunities. You have an equity research division that you have real access to, where the analysts and the folks get on the phone with the clients and the advisors to help them.

Ryan DeVore:

And I think what you see is that you just see there's a closeness to the partnership. There's a trueness to the partnership that plays itself out every day that just adds to that value proposition for an advisor.

Ryan DeVore:

We call ourselves a premier global boutique as a firm in all of our businesses. And what I think that means in how it's found for an advisor is that premier means that we want to activate our clients' capital with purpose and precision. So we are deeply resourced to handle complex and growing needs for clients. And we want to be really good at the businesses that we're in.

Ryan DeVore:

Global, we talk about that. Just as a firm, I didn't mention this at the beginning, but we operate in 20 cities in 13 countries. We have eight domestic locations in our PWM division, but we're a global firm. And when you take a global mindset to your thinking, you can create new ideas, new cultures, and new energy that your partners and your colleagues bring you throughout the world.

Ryan DeVore:

And then when you hear boutique, we don't need to be the biggest on the block. So boutique does mean delivering world-class resources with access. So a lot of firms have tremendous resources, as you mentioned in terms of how we sit in the life cycle of what you see out there. But they have trouble accessing those resources. So our advisors and our clients are integrated in those resources. They know our equity analysts. They know our financial planners, our philanthropic strategists, etc. And they count on each other. So I think that's what sets us in a unique spot on that ecosystem that's been developed today.

Mindy Diamond:

What do you think are the real similarities or differences between say the others that fall into the same category and William Blair? And one of the things that I'll say is I know that in terms of the deals, that transition packages that William Blair is offering, they are less in terms of cash upfront. So how do you make up for that than those others? Where is it similar? Where is it different?



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Ryan DeVore:

Yeah, that's a good question. So if I take that let's call it backwards. So let's start with the idea of the deal. So we are likely to lose nine out of 10 times, 10 out of 10 times when it comes down to purely the transition packages you've referenced. We write a regional sized deal, and we think it's a fair deal. And it's cash and very simplistic, but it's certainly never going to rival the top deals that you see on the street. So then to answer your question on where that premium finds itself, so our premium is in everything following that singular. We talked a little bit about culture, access to deep resources. And if you just look at the proof point of a successful environment, success of our advisors, you see it in front of us. So give you an example, our advisors grow, and we help them grow through the partnership with our investment bank and Fidelity, who does some workforce as well, you find this collective success. We've got recruits that as an example, there was a \$650,000 advisor is now a \$5 million advisor partnered in our firm seven years later. Million dollar recruit doing 3 million and making partner, a \$2 million recruit now doing 4 million three years later.

Ryan DeVore:

So our economics not only in the simplified cashed grid or compensation guide Mindy, don't tell anybody it's only four pages long. We keep it very simplistic, and transparent, and all cash based. But if you have the opportunity to make partner of this wonderful organization, there's substantial economics and opportunity there as well. Again, in addition to just the collective success in the work that we all do together.

Ryan DeVore:

And I know that's easy to say on a podcast and tough to prove, but we're only as good as our next recruit. And we're only as good as the last advisor that decided to stay today. And there's a reason they're staying. And there's a reason that our recruits are in success that they're having with us. That we're not going to be perfect for everybody if it's the transition, but we're going to be perfect for everybody that wants to have a successful career and be well compensated for it past the initial transition.

Mindy Diamond:

Yeah. One of the things I say to people all the time is when you're evaluating an opportunity for every dollar that opportunity is below the competition, that's how much harder that firm has to work to prove they're that much better in their offering a premium elsewhere. So I think what you're saying is we're not the top deal. We're okay with not being the top deal. But it's the partnership culture, it's the opportunity, the growth opportunity. And two, we are as a firm and our 87 year old history that make up for what we lack in terms of transition dollars.



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Ryan DeVore:

Yeah, I would say that's absolutely ... thank you for saying that back in a much more beautiful way than I said it. But I'd also add to that, you also lose some of the stresses that some of the other competitors may have. So while the transition happens, if you look at some of those that we compete against, they're owned by PE firms, or they're highly leveraged, or every dollar of revenue that they have had to come from recruiting. When you look at being a stable, profitable, growing, nine decade old long business, we have call it greater affordances sitting in a position that others just can't buy, they can't replicate overnight. As well as the stability and consistency to not worry about who's going to own you tomorrow. There is some premium to that in addition to not only being able to grow their businesses, be able to give them a good culture, given them heavily resourced opportunities to compete for big business, and then live into really what the potential of their business can be. So there's a cost to everything, and there's a benefit to everything. And we think that our benefits are quite strong in that area.

Mindy Diamond:

Yeah. And the advisors that have joined you obviously believe that as well.

Mindy Diamond:

So let me ask you a question. You talk about the investment bank puts real opportunities in front of our advisors, and there are some growth opportunities leveraging Fidelity as well. So let's be clear. Fidelity is William Blair's custodian. So maybe talk with us a little bit about that. First about the relationship with Fidelity as custodian. And then secondly, the kind of opportunities that the investment bank puts in front of advisors.

Ryan DeVore:

So thank you. We have a wonderful partner with Fidelity. We clear through National Financial Services. We were self-clearing when I joined the organization seven years ago, but we just didn't have the size and scale to stay self-clearing, nor did we have call it the technological investment and frankly fortitude to keep up with where we thought the world was heading. So NFS and Fidelity have been great partners to us in those efforts.

Ryan DeVore:

When you talk about programs that we have that help our advisors grow, Fidelity has a program called Wealth Advisor Solutions that perhaps many of your podcasters are familiar with where as Fidelity advisors run into opportunities that may be outsized for their capabilities, they are motivated and



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incentivized to help work with partnering firms. We get to be one of those partnering firms with those client opportunities.

Ryan DeVore:

But additionally, our investment bank as I mentioned, well do over 200 transactions this year on the 200 million to \$3 billion enterprise value space. And what falls out of that are executives and entrepreneurs that are new to that liquidity event. So we have created an opportunity bridged through a wonderful professional partner of our firm named Chris Brathwaite, where we do pre-liquidity planning and proceeds maximization opportunities for those entrepreneurs and owners. And as those relationships and value grow in helping somebody that's going through a transaction, sees benefit in the planning, sees benefit in getting their financial life buttoned up, and hopefully maximizing their absolute return in terms of after tax dollars of that transition, as well as the cash management associated. We sit in a unique spot to earn the rights to be in a place of choice for either the asset management or ongoing opportunity for those clients. So it's not every deal, but we do it enough that again, we're proof pointing that our advisors are very successful, and it's coming from helping put wind in their sails where we can.

Mindy Diamond:

And how do you go about, or how does the investment bank go about determining who gets the leads as they go to distribute them?

Ryan DeVore:

That is really a threefold conversation. So each week, we get a list of what the investment bank is working on. And I say we, that's Chris Brathwaite and myself. Because we are fortunate to be access people that get to see what we're working on and what has the potential. Chris has conversation with the bankers. We look for fit. So that might be geographic fit in terms of one of our locations or where we're doing the business. It may be team fit in terms of, "Hey, we've noticed that this particular owner is in need of this solution." So then we seek the teams that have proof points around those solutions and opportunities. But when you back it up fully, it's really a testament to our teams. So our teams are true PWM teams. They're trying to be holistic wealth managers in terms of understanding the solutions that these clients will require. So then it's an opportunity to partner with any of our great teams and put them together with an opportunity of that particular prospect.

Ryan DeVore:

One of the things I always try to clarify is that this is not golf checks. So we don't close the business and hand it to an advisor. The advisor still has to do a good job of winning the business and creating that relationship. But it happens at our firm. So then people say, "Well, why does it really happen?" I say, "Again, it's our partnership culture. Just that when the collective success of the partnership creates a



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success for the underlying parties, you're propelled to do something different and work with each other in a certain way." Other firms are promised it, we're not perfect at it, but we're awfully darn good at it.

Mindy Diamond:

Yeah. So when you mentioned ... I was taking notes as you said. You mentioned a couple of different advisors that have really grown. You said one that came at 650,000 in production and 5 million I think you said in five years. \$2 million team now at 4 million in three years. Maybe talk with us a little bit about some of let's say those teams, how and why they joined Blair. Again, not being the biggest deal in town, and in a relatively under the radar firm if you will. So what made folks like them join, and how and why are they growing the way they are?

Ryan DeVore:

So obviously, I may be speaking or channeling their response, so I'm hoping to get it right, but I can tell you what they said during the time and what they say today. So I believe your numbers are correct. So we take the \$650,000 recruit doing 5 million. He was younger in his career, felt out of place at a wirehouse firm where he looked around and said, "I want to grow. I want to be supported to grow. And I feel like I could live it into something bigger if given that opportunity." So we talked about at the time, we were really trying to create that bridge. But create an opportunity where this younger advisor could work with younger entrepreneurs in his network as well as in investment bank and create that success. And we've been able to bridge that. The advisors provided leads to the investment bank. The investment bank has provided leads to him. He's had a couple large liquidity events from his underlying client base, and just done a tremendous job. And again, made partner of the firm.

Ryan DeVore:

When you think of, if I'm generalizing on some of the others, they all came from larger organizations. I think they all felt like they wanted to be part of something where their voice mattered, their client base mattered. And there was real intention to helping them grow. So it was understanding where they were in that process. Put together a game plan to help them grow in the various markets that we serve. And then as I said, I'm only as good as my next recruit. And it's living into that. And we've been able to live into that with those teams.

Ryan DeVore:

As we talk about success, I always like to talk the ones that have been challenging too. And the ones that have been challenging, we've been lucky that we haven't had a lot of material recruits struggles in folks that we brought over. And I think the reason is that we capitalize our deals with partner capital, and also hence why we write a, call it a more reasonable or new to deal out in the market. But when you come to



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the firm, you ultimately appreciate that because it is your partner capital that gets used to fund the next deal.

Ryan DeVore:

So we have to get these right. And the areas where we've struggled to get it right, and it's only happened on a very few occasions. It's been more bank based advisors or advisors where the proprietary offering of where they came from had lockups that we just didn't do as well as we wanted to do. So when that happens, again, we can't run from the recruit. We're not a firm that just says, "Well, I got the head count done. So I'm onto the next." We've capitalized that deal partner capital. We've made those folks successful. It's just taken us a little bit longer, but we ultimately do it. And that's something that I think speaks to our culture as well.

Mindy Diamond:

Yeah. So sticking with this advisor that joined at 650,000, young advisor wanting to grow, now at 5 million five years later, which is really amazing. And you said now he's made partner in the firm. What benefit does that give him?

Ryan DeVore:

So the benefits of the partnership, likely can't speak to him fully on the podcast, just we keep certain things confidential. But what it does give you access to Mindy is two things. One, you have an access to put capital into the firm. And then that capital has a return on it based on how the firm performs.

Ryan DeVore:

But two, it essentially gives you rights to the profits of the firm. We have a profit sharing plan for all employees over two years at the firm. But the rights to the profits of our division and then ultimately the firm come from making partner in the organization. So what I would tell you at the end of the day Mindy is that if you're a \$2 million producer, and our grid would be 52% at that level. What you're going to find when you make partner is a grid lift that could be anywhere between 7 to 15% on top of it by making partner. And ultimately again, all cash. So there's no deferred or any other lockups for that. Being an LLC that pays out its profits every year, it can be very rewarding.

Mindy Diamond:

So what does it take to make partner?

Ryan DeVore:



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So last year, our partners in PWM, so 38 of our 105 advisors are currently partners in private wealth. And last year, the partners or the professionals that made partner were doing on average just over 2.3 million in revenue per advisor.

Mindy Diamond:

And can a recruit come in as a partner, if he or she is doing more than 2.3 million in production?

Ryan DeVore:

Thank you for asking that question Mindy. No professional in our firm can come in as a partner including our CFO, who was recruited from another organization eight years ago. So we make partners year end. You can make partner call it after one full year at William Blair. But one of the reasons for that, call it pause and opportunity is that we want to make sure that the person that's joined our firm is exactly what we hoped them to be, which is a quality person first. If you look at their real elements of the qualitative components of making partner, I gave you the numerical side. You'd find that the qualitative components, being good to the colleagues, being good to your communities, sending the elevator back down and taking care of somebody besides yourself. That stands out just as much and has just as much influence on your opportunity for partnership. So we always have felt that you have to have some gap to make sure that we've got the right person on board before we jump them into the partnership.

Mindy Diamond:

Yeah, that makes perfect sense. You're very protective of the culture and the brand, and you want to let the right people in. So let's pivot a little to what it takes to join a William Blair. It's a unique boutique organizations. So you mentioned that you're presently in eight domestic locations, and many of which you opened with new teams in new markets. So maybe first talk to us about the eight locations where you are. And then what is your feeling about locations where you're not, opening in locations where you're not?

Ryan DeVore:

So today, I'm not going to put these in perfect order, but we're in Chicago, Atlanta, Boston, Baltimore, New York City, Denver, San Francisco, and Los Angeles. We want to continue to find a team or two in each of those locations. So those are locations that we're currently growing. But additionally, we have an investment banking office in Charlotte that we're looking to grow. And then we have intentions to be in Austin, Salt Lake, Nashville, perhaps Seattle, Naples, Florida, where we're either currently talking to the teams. It's a market that we want to pursue as a firm, or other areas of the firm are currently exploring in potentially expanding in those areas.



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Ryan DeVore:

But at the end of the day, we'll explore quality teams in nearly any market if we find the right people. Because what we found, so Baltimore team that joined us, we weren't actively looking at Baltimore. We found an absolutely wonderful team in Baltimore that joined us. And now, an additional opportunity from the firm is coming in behind that. We did the same thing in Atlanta. We found the team, and now our investment banking presence has come in with great force behind us in Atlanta. So if we find the right market and the right team, or excuse me if we find the right team, we will launch in that market and we'll create success there.

Mindy Diamond:

Okay. So let's talk what is the profile of your ideal advisor recruit?

Ryan DeVore:

So quality people first. So we first want to find recruits that when you think about our current population of 105 advisors or our 300 colleagues in PWM, we want to find people that others get excited to work alongside and learn from. So I know that that's tough to measure, but you always know when you see it. And I'm sure you know what I'm talking about Mindy. So they're good to their firm. They're good to their colleagues. They're good to their clients, they're active in their communities. And again, they're interested in something bigger than themselves.

Ryan DeVore:

So first if we start with just regardless of your production level, if you're a quality person, we never want to cringe when we walk down the halls and see somebody. We want to be proud of all the colleagues that work with us. But then second, when you take that into call it more tactical considerations. With our average advisor doing two and a half million, we want advisors that they certainly don't have to have that big of business, but we want advisors that want that type of business. So you either have to have a large business, or you want to have a large business. Because at the end of the day, again, we're not trying to recruit thousands of advisors. So the advisors that we tend to find, that our story tends to resonate with are good at operating their business. They have intentions to be bigger. And three, that they want to utilize the resources. They want access to the resources. They want to feel like they're well supported and not built on an island. So when we see that, that's when we really get excited and we hope our story resonates.

Mindy Diamond:

So I'm hoping you'll share with us a little bit about how you think about structuring recruiting deals. Because I couldn't agree with you more. The right advisor for William Blair is not necessarily looking for



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the most amount of cash up front, but values a lot of other things. Sees value in the private partnerships, sees values in the growth opportunity. Sees value in the brand, and the firm, and the camaraderie, and the culture.

Mindy Diamond:

But I'm thinking about two advisors that I personally put in front of the firm. Now feedback from both was just extraordinary. If the economics weren't an issue, both of them would have joined for sure. One joint, loved it. Was relatively young enough in their career that was excited about the growth opportunity.

Mindy Diamond:

The other was a little closer to retirement. And while the promise of growth, and they believed in it, the potential growth from the investment bank was exciting and everything else about the firm was exciting. I don't know that the second advisor had a long enough runway where he could really wrap his head around, "I'll take less money up front." So could you talk with us a little bit about how you'd counsel somebody like that, and how you think about structuring a transition package?

Ryan DeVore:

Yeah. So let me try to dissect that to give an appropriate answer for your audience, Mindy. Thank you for those two examples. I would say to your second point of the younger team being excited and living into a longer runway, you're going to find that ... we've found, so I don't know what you'll find, but we have found that is likely the better story for us. One, because we have more time to activate that reality, which means that's other partners getting to know these advisors, that's creating a reputation with each other in the markets that we serve. That's executing on those deals in a certain fashion that allows it to come back. But it may not even be just through the investment bank. It may be how they dig into our equity research, how they utilize our capital markets opportunity, how they find additional consideration for revenue growth through fully paid lending. Or just again, we don't hide the ball from our advisors. So just the simplicity of our compensation paying them more. So you see that over a longer period of time.

Ryan DeVore:

When someone's call it looking for just a pure transition deal and then into retirement, we have a retirement package. We have a five-year William Blair retiring advisor deal like many of the firms have, where it's an earn out over that period of time. And then our upfront deal, if you ask for specifics, I'd rather keep the economics call it off the podcast. But we write a regional deal. So all in, I will just tell you our deals traditionally come in between 125% to 150%, depending on the repeatability of the business



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and the runway that we have. And then again, simplistic structure underneath it. So there's not a lot to uncover there, but more just a regional opportunity.

Ryan DeVore:

So I don't think we're failing our audience in where we sit. Again, capitalized by partner capital. So we want to do it in a prudent fashion. But done in a way that once the transaction is done, you got to be where you are. And once you are where you are, you want an audience around you that one wants to help you grow. But two, is making sure that you're paid in a way for your business that is transparent like an independent, where you're actually helping to control what you can influence. So we think we set that up in an inappropriate fashion.

Mindy Diamond:

And it puts the onus, a tremendous onus on you and other members of the firm, to really tell the story. And I don't mean story as make it up, but I mean really paint the picture of what it's like. And to connect the dots between what a partnership culture, and a growth culture, and a boutique, and a firm like William Blair can do for you. And again, why it's worth more for an advisor that's growth-oriented than getting double that in a transition package elsewhere.

Ryan DeVore:

I'd say that's absolutely fair Mindy. And I'd also say too that the great news to anyone that looks at our firm or ultimately decides to join our firm is that I can't run from you. Because if you think about the bureaucracy that other organizations might employ that we don't have, technically the advisors report to me and I report to the CEO. So if we don't deliver upon what we are doing for these advisors, then we failed our future. So we have to live into that reality to your point. That has to have a premium to it because we have to be accountable to making sure that not only our story is right, that it resonates with the right person. But if they're putting their career on the line and ultimately decide to join us, that we're living into that future with them as a partner.

Mindy Diamond:

And what are you hearing from the advisors you're in front of? The advisors coming from the wirehouse firms or other brokerage firms about their motivations for looking to go elsewhere.

Ryan DeVore:

You'd be the expert in this space. I would tell you the conversations that we have, the continuous managing to the lowest common denominator if it's a big firm, where one of the things that we say is it's not my fault, but it is my problem. Where you've got wonderful teams that at times never really caused



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any trouble, but are dealing with problems that others have created. And it's not a fault call it of the big firms. They have to properly manage their firms appropriately like we all do.

Ryan DeVore:

But when you manage for tens of thousands or you manage for 100, you just have a different way of being able to be accountable for those folks. So as I say, we have 100 advisors where others have many more. So I think that's part of it is that people feel lost at sea, sometimes in the big organizations.

Ryan DeVore:

But then at the same time, we have had very meaningful conversations, and are hopeful and lucky enough to absorb a couple of teams coming up that are independent. And we've done this a couple of times in our past where they've started their own firm. Or in one instance, they started the firm two decades ago and they said, "I can't make the jump to a wirehouse. So I'm looking at something in between. And I'm looking for these items. Better equity research, better resources around planning, philanthropic services, whatever it may be." And we sit in a unique spot where we can resource those opportunities and allow them to essentially keep in many ways the culture that created and hopefully enhance it. So we think we sit in a unique spot that can address those two bullet points that come to mind to your question.

Mindy Diamond:

And the independent firm that's looking to, we call that the break back broker, the advisor that's looking to go back in the other direction. So the independent firm that's looking to join William Blair. Do you do that as an M&A transaction where you're acquiring the business, or is it still a recruit scenario?

Ryan DeVore:

It depends on the scenario. We've done actually both in the two instances that we've had. In the one that we're currently looking at, it would be more of an M&A transaction.

Mindy Diamond:

Got it. Let's talk a little bit about the industry landscape overall. So the breakaway movement, the movement of advisors leaving traditional brokerage firms as employees and going some version of independent. And I'm lumping William Blair in that category, because I'm talking about firms that are built on independent platforms away from the big brokerages.

Mindy Diamond:



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So the breakaway movement is alive and well. And many advisors think that going independent is a bridge too far. So why do you think firms like William Blair, and Rockefeller, and First Republic, and others in that category are beating the wirehouses and independence in the race for top talent as often as they are?

Ryan DeVore:

Well, I think it could be a combination of a couple things. It's a different story. And sometimes, just having a different story, or it's just like if you go to a restaurant, a different meal on the menu. Sometimes that's what resonates. "Hey, I know what a wirehouse looks like. I know what an independent looks like. Is there anything in between?" So then when you look into the in-between, it's a smaller menu. It's a growing menu as you know Mindy. You see conglomerates, you see new structures being developed every day, but it's an in-between. So I think one is just, there's a curiosity to how a firm of our size and scale can operate.

Ryan DeVore:

But I'd add to that. I think a lot of people were surprised to see just that there are heavy resources. You don't have to be at a wirehouse to get world-class resources. And times being at a firm our size just gives you true access to those resources. So I think that stands out, and I think that stands out for other firms our size.

Ryan DeVore:

And then the third I'd say is at least I know through Blair, but I believe this to be true in firms that look like ours. If you're the biggest firms, you're building the shelves, and you're telling people to pick from them. This is what we have, and they've done a lot of shelves, but this is what we have. Hopefully it works for you. If you're an independent, at times, you're looking at saying, "I don't have enough scale to build the shelves that I need. I can't get the pricing from external managers that I want. I can't invest in the technologies to the extent that I want or modify them the extent that I want." So you can't even always build the shelves that you want.

Ryan DeVore:

When you sit in between, and you certainly sit into a partnership like ours that's well-capitalized and has other opportunity, you can create shelves, or you can create solutions that the advisors help lead. So our advisors have brought us upon various technologies that we've ultimately incorporated. They've helped us launch a merchant banking platform because they said this is unique opportunity and need for our high net worth client base. So we don't always have to pick from shelves. We don't have to worry about the expense-ability of the shelves. We can sit in the middle and say, "We've got a great story. What do you need? What are your clients most thinking about that we can help them with?"



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Mindy Diamond:

That comment. You don't have to be at a wirehouse or big brokerage firm to get access to world-class resources. That statement is what really defines the new world order. That an advisor can choose to work at a Morgan, or Merrill, or UBS, or a Wells, because they want to. Choose to work at a William Blair, or a Rockefeller, or a First Republic because they want to. Choose to go independent because that's what they're inclined to do. But in none of those instances is it about losing access to the platform, products, services that you need to service clients. Would you say that's right?

Ryan DeVore:

I would say that's right. And I'd say on top of that, if done right by again, many of the competitors that we see each day ... and I think most specifically what we do for advisors, it's truly giving them access. So I mentioned at the top, I worked at a large wirehouse, a wonderful organization. They were great to me. But I ran a key market for them. I never met an investment banker. I never sat down and had coffee with an equity analyst. And I certainly know that my advisors would never have the opportunity to take those resources, or the executive team, or whoever on the client meetings to help secure the business.

Ryan DeVore:

So then when you think one, I was advisor. So I think that's important because I've never lost that mindset. I want to help these advisors close business. But two, you see that in almost every aspect of our professionals where our equity analysts will sit at the table with the client or prospect. Our investment bankers will educate clients not only going through a sales process, but just how to even engage in that process. Our executives call and know by name our clients and help to take care of them as well as close new business.

Ryan DeVore:

So I think access and truly believing that I've got people that are going to come on this journey with me is different. It's one thing to have all the resources. It's another thing to know how to actually access and use them.

Mindy Diamond:

And are there any resources that you are lacking? In terms of technology, in terms of solutions, in terms of research, in terms of anything?

Ryan DeVore:



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We are heavily resourced I say, but we do have gaps. We are updating presently our client portal that's fallen behind, which will be an obviously ongoing investment. So we need to do a couple things on that front. But that's fourth quarter 2021 opportunity.

Ryan DeVore:

We're also not a bank. So we have banking resources, but we don't originate mortgages or really have real solutions for call it complex credit needs. We have a very strong securities based lending platform and partnership with Fidelity. And at times, and when we need then U.S. Bank, but it's not an internal solution. So if you're an advisor out there that does many and most of the banking services, you're going to find a gap in our offering. But past that, I think we make up for it with real high net worth deep resourced opportunities. And that's where we show ourselves for our advisors and our clients.

Mindy Diamond:

So if an advisor leads with lending, Blair is probably not the best choice.

Ryan DeVore:

If you lead with traditional mortgage/aircraft, art lending, things like that, we would definitely not be the choice. If it's securities based lending and needing access to, "Hey, I have a high net worth portfolio, but I want to create a liquidity opportunity from the balance sheet." We can compete with anybody on that.

Mindy Diamond:

What lies ahead for William Blair and its private wealth unit?

Ryan DeVore:

So a few things. That's a wonderful question. We're going to continue to expand geographic. One of the things that we didn't touch on, but I just find fascinating about this firm is that again collectively, we run 120 billion in capital. We're a world leader in the mid-market M&A space, and we don't advertise. So we've never put up a billboard. We'd never been in a magazine. We've never run a PGA event. So when you think about that, to me, that's the brand and that's the culture of our success that shows itself in a different way. So we have to be very selective, but we have to continue to expand geographically where we think our business can soar. I mentioned some of the earlier markets that we talked about. So that's one.

Ryan DeVore:



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We need to continue to grow our diversity in PWM and as an industry. And I know this is something that a lot of firms are working on. From a percentage basis, we've had some wonderful success over the years, but it's not anywhere we need to be. So we're going to continue to work on our diversity.

Ryan DeVore:

From a client, one of the questions I said this a little bit earlier, but we often ask our clients, "What do you think about most? Because that's what we should be talking about. And that's what we should be building." And what we hear back are continued resources around philanthropic strategy as more people give their money away. We have a superior director who runs that in Laura Coy, who we need to continue to help her because we have endless demand in that area. We have increasing demand in the ESG efforts and a wonderful menu of opportunity there, but it's continuing to grow.

Ryan DeVore:

And then we launched a merchant banking platform last year that has created unique access and opportunities for our 25 million and up level clients. And that'll be something that we continue to expand. As our client base continues to get wealthier, we want to have wealthier solutions for them.

Mindy Diamond:

Good stuff. I can't thank you enough for sharing it all with me, Ryan. It sounds like you've built something special. You're looking to continue to build something special and be really protective about it, which is probably the nicest thing about it all. And I hope that you'll join me again at some point, and we'll hear more about William Blair's impressive growth.

Ryan DeVore:

Many, it's been an absolute pleasure. I've always valued your partnership. I value the information that you've put out into the industry, and it's been an honor to be with your audience today. Thanks.

Mindy Diamond:

Thank you.

Mindy Diamond:

As Ryan shared, top advisors need not only look to big brokerage firms for the best in technology, platform, service, and support. A boutique firm like William Blair offers all that and more, plus the added benefit of greater independence. It's a good time to be a financial advisor for sure.



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Mindy Diamond:

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 link to browse recent topics. 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.

Mindy Diamond:

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