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## Small firms snap up prominent financial professionals

The perfect fit

Portland Business Journal - by [Courtney Sherwood](#) Staff Writer

Independent financial advisers and regional wealth management houses are gaining ground against Wall Street firms.

Frustrated by a culture of consolidation and cost-cutting, a growing number of Oregon brokers, advisers and wealth managers are dumping their New York-based employers and joining small firms or starting their own. Financial turmoil is further accelerating the shift.

Mick Elfers, who ranked third among **Wells Fargo's** Oregon and Southwest Washington advisers, left his position as senior vice president and portfolio manager in 2008 to set up **Irvington Capital**. About half of his clients followed.

Before he left Wells Fargo, Elfers felt pressure to follow a one-size-fits all investment strategy that made it hard to put his clients first. Then he was asked to take on more clients — despite an already-heavy load.

Research firm Cerulli Associates estimates that brokers nationwide leaving major firms took \$188 billion in client accounts with them in 2009, and that this figure is on the rise.

Oregon remains a small player in the \$11.3 trillion asset-management industry, but there is evidence that more brokers and financial advisers have set up small local offices in the past two years than ever before. The state has gained more than 70 registered adviser firms since Jan. 1, 2008, after averaging fewer than 20 new firms per year for the previous decades.

Fleeing advisers cite frustration with constant mergers, changing pay structures and evolving corporate cultures.

Mergers spurred Wakefield Mack to join locally owned **Allen Trust Co.** as senior vice president — a sales job. He had worked at **U.S. Trust** when it was acquired by **Charles Schwab**, then went to **First Republic Bank** before it was purchased by **Merrill Lynch**.

“My pay structure was shifted multiple times with each shift,” Mack said. “And my clients didn’t know who I represented. Was it U.S. Trust? Charles Schwab? First Republic? Merrill Lynch? My reputation had been tarnished by all these mergers.”

Jeani Winterbourne, likewise, lived through multiple mergers over 27 years with major financial services companies **Smith Barney** — and its predecessors — and **UBS**. She considered herself a “company gal,” and for years took pride in working for international organizations.

But as corporate culture changed, she gradually began to feel less valued by her employers, whose growing focus on risk management led higher-ups to repeatedly question her decisions. She also began to realize that large firms had lost their long-term technological advantage.

“It used to be that clients had to come to their broker to find out what their stock was worth,” she said. “We were the only ones with a stock machine. Technology platforms that used to be held exclusively for large Wall Street firms are now available to everybody. If there was an edge that used to exist on products and services, it doesn’t exist any more. When you eliminate that edge, the business becomes about the people you work with, and their relationships with clients.”

In January 2009, after a year as market area administrative officer at UBS, she came to the conclusion that big company life was no longer for her.

“I thought, maybe I need to get out of this business and do something different,” she said.

She is now chief operating officer at **Umpqua Investments**, and cites local decision-making as one of her favorite things about the job.

Not everyone in the industry agrees that small and local is necessarily best, however.

Mack’s former colleague April Sanderson also left U.S. Trust. But she chose to take a position at one of the nation’s largest banks, Wells Fargo, where she is regional director of wealth management for Oregon and Southwest Washington.

She dismisses many negative characterizations of national banks.

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Although Wells Fargo issues guidelines to its advisers, and monitors their choices, “they are not limited to following model portfolios or a specific buy list,” she said. “They have a good amount of latitude.”

Sanderson believes shifting pay structures should also come as nothing new to industry veterans.

“I’ve been in this business for 30 years, and every institution where I work I have seen compensation structures tweaked almost annually,” she said.

Meanwhile, attrition among wealth managers — at 7 percent — is low by historic standards, and multiple qualified applicants submit resumes for every advertised opening.

Indeed, the most accomplished professionals may have the leverage to seek work at small local firms, but many financial advisers would be happy with any kind of work, said Andrew Fisher, president of Portland-based **Maxim Global Wealth Advisors** and head of the local chapter of the Chartered Financial Analyst Institute.

More people are looking for jobs in the industry than there are positions to support them, Fisher said.

“The CFA board gets inquiries from Harvard MBAs, people from **Goldman Sachs** and all the biggest firms, who are looking for work,” he said. “It’s frustrating, because we don’t have anywhere to send them.”

Even before the economic downturn, Oregon was graduating more would-be financial analysts than the state could support, Fisher said.

From June 2007 through June 2009, the state lost 165 of these jobs — leaving only 4,620 people working in the field, according to Oregon employment data.

That has created an advantage for firms that are hiring.

John Noble, who left UBS in December 2008 to become president of Portland-based Umpqua Investments, attributes much of his company’s recent growth to recruiting success.

Last year, Umpqua recruited 26 experienced brokers who had been managing \$1.2 billion in assets. They brought \$805 million in assets to their new employer.

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