

# WISCONSIN75

Deloitte and the Journal Sentinel salute Wisconsin's closely held businesses

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## Purcell sees perks of private ownership

Wisconsin 75 event features Baird leader

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For about five years in the early 2000s, the Purcell brothers — Phil and Paul — commuted from their homes in the Chicago area to top executive jobs at financial services firms.

Phil, the older of the two, traveled to New York to run Morgan Stanley. His younger brother Paul traveled to Milwaukee to run Robert W. Baird & Co. Morgan Stanley may have been bigger and better known, but Paul Purcell always maintained that his was the better job.

"I said I was having more fun because I was running a private firm," said Purcell, who handed Baird's CEO job to Steve Booth this year but remains Baird's chairman.

Purcell will deliver the keynote address at Tuesday's annual Deloitte Wisconsin 75 celebration, an event co-sponsored by



RICK WOOD / MILWAUKEE JOURNAL SENTINEL  
Baird Chairman Paul Purcell stands in the firm's trading area at its headquarters in downtown Milwaukee.

the Milwaukee Journal Sentinel that recognizes 75 of Wisconsin's largest privately and closely held companies.

Private ownership has not only been fun, it has helped Baird grow, Purcell said.

"It's our capital and our name, and we behave differently," he said.

The Milwaukee-based financial firm has about 3,500 employees, up from 2,400 in 2007, on the brink of the financial industry's meltdown, Purcell said.

"I don't think there's any firm that grew 40% like we did," Purcell said. In the wake of the financial crisis, in fact, most Wall Street firms were downsizing, he said.

Becoming private was critical to Baird's success, Purcell said. Baird has since 2004 been an independent, employee-owned firm. For more than two decades before that, Northwestern Mutual Life Insurance Co. had majority control. But in 2004, Purcell negotiated to buy the insurer's 57% stake in Baird in a transaction worth hundreds of millions.

Controlling its ownership has given Baird "a huge advantage" in its ability to plan, invest and act on behalf of clients and employees, Purcell said — so much so that while the rest of the industry was piling up debt before 2008, Baird was more conservative, always keeping debt below two times equity, he said.

"I firmly believe that the 2008-2009 financial crisis would not have happened if all the big financial firms were still privately held or in partnerships," Purcell said. "There is no partnership in its right mind that would leverage itself 30 times with its own capital."

There are reasons, of course, to

want to be public. Raising capital is one of the most enticing, Purcell said. But Baird generates "terrific" earnings, so it didn't need to go after that kind of capital, he said.

Being public also conveys "enormous legitimacy" and much higher levels of prestige, said Jerome Katz, an entrepreneurship professor in the business school at St. Louis University. That sends a message of stability to potential partners and customers, he added.

"All that stability means people and banks can assess where you are and where you're going and convey that confidence through bond rates and the stock price," Katz said.

It's difficult to get that kind of transparency with private companies — but from the owners' perspective, that can be a good thing, he said.

"Basically the advantage of a private company is the privacy," Katz said.

Echoing Purcell's views, Katz said private companies have more flexibility in how they organize and in their ability to change direction and major structural features.

"We have better alignment being privately held," Purcell said. "When you're publicly held, shareholders' interests need to come first. When you're privately held and thinking long term, you will always take care of your clients first, then shareholders and associates."

At the Wisconsin 75 event, Purcell said he plans to discuss the importance of providing employees with a great workplace. Baird in 2004 landed a spot on the Fortune list of the 100 best places in the country to work and has remained there ever since. That's "a really a big deal to me," Purcell said.

"It's all about taking care of clients and giving every person in the firm respect," Purcell said. "Every person here is valued."

## The 2016 Wisconsin 75

The Wisconsin 75 is an annual ranking and recognition of the largest closely held companies headquartered in Wisconsin. **NEW TO THE WISCONSIN 75**  
The list ranks the top 75 companies by revenue, as determined by a voluntary submission of a qualifications form.

RANK	COMPANY	LOCATION
1	Northwestern Mutual	Milwaukee
2	S.C. Johnson & Son Inc.	Racine
3	U.S. Venture Inc.	Appleton
4	American Family Insurance	Madison
5	ABC Supply Co.	Beloit
6	Kohler Co.	Kohler
7	Quad/Graphics Inc.	Sussex
8	Ashley Furniture Industries Inc.	Arcadia
9	Kwik Trip Inc.	La Crosse
10	Schneider	Green Bay
11	Uline	Pleasant Prairie
12	CUNA Mutual Group	Madison
13	Sentry Insurance	Stevens Point
14	Menasha Corp.	Neenah
15	La Macchia Enterprises Inc.	Milwaukee
16	Green Bay Packaging Inc.	Green Bay
17	Acuity Insurance	Sheboygan
18	Sargento Foods Inc.	Plymouth
19	Robert W. Baird & Co.	Milwaukee
20	Trek Bicycle Corp.	Waterloo
21	The DeLong Co.	Clinton
22	West Bend Mutual Insurance Co.	West Bend
23	Masters Gallery Foods Inc.	Plymouth
24	Bergstrom Automotive	Neenah
25	Charter Manufacturing Co.	Mequon
26	The Boldt Co.	Appleton
27	Johnsonville Sausage LLC	Sheboygan Falls
28	Boucher Automotive Group Inc.	Greenfield
29	Appvion Inc.	Appleton
30	Miron Construction Co.	Neenah
31	Church Mutual Insurance Co.	Merrill
32	Ariens Co.	Brillion
33	Adelman Travel	Milwaukee
34	Greenheck Fan Corp.	Schofield
35	Secura Insurance	Appleton
36	Hydrite Chemical Co.	Brookfield
37	JX Enterprises Inc.	Hartland
38	Ewald Automotive Group LLC	Delafield
39	J.P. Cullen & Sons Inc.	Brookfield
40	Husco International	Waukesha
41	Lakeside Foods Inc.	Manitowoc
42	Windway Capital Corp.	Sheboygan
43	Wausau Supply Co.	Wausau
44	IIEWC Global Solutions	New Berlin
45	The Boelter Cos.	Waukesha
46	Mayville Engineering Co.	Mayville
47	Werner Electric Supply Co.	Appleton
48	Meridian Industries Inc.	Milwaukee
49	Palermo Villa Inc.	Milwaukee
50	Electronic Theatre Controls Inc.	Middleton
51	First Supply LLC	Madison
52	Gustave A. Larson Co.	Pewaukee
53	J.F. Ahern Co.	Fond du Lac
54	J.J. Keller & Associates	Neenah
55	Johnson Financial Group	Racine
56	Bauer Built Inc.	Durand
57	Edward H. Wolf & Sons Inc.	Slinger
58	MGS Mfg. Group Inc.	Germantown
59	River States Truck and Trailer Inc.	La Crosse
60	Zilber Ltd.	Milwaukee
61	QPS Employment Group	Brookfield
62	Astronautics Corp. of America	Milwaukee
63	Standard Process Inc.	Palmyra
64	Derse Inc.	Milwaukee
65	Gordon Fleisch Co.	Madison
66	Placon Corp.	Madison
67	Kolbe & Kolbe Millwork Co.	Wausau
68	Quality State Oil Co.	Sheboygan
69	Holz Motors Inc.	Hales Corners
70	Mortara Instrument Inc.	Milwaukee
71	Badger Truck Center Inc.	Milwaukee
72	Total Administrative Services Corp.	Madison
73	Shorewest, Realtors	Brookfield
74	Primex Family of Companies	Lake Geneva
75	Erdman	Madison

Source: Deloitte

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