

## At Baird, no jerks allowed

Milwaukee, Wisc.-based wealth manager also has a private equity arm

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In the cutthroat world of financial services, a firm-wide rule that emphasizes civility might seem like a handicap.

That hasn't turned out to be the case at the new Portland office of Milwaukee, Wisc.-based Robert W. Baird & Co.

The office, which opened in the U.S. Bancorp Tower last year, already has \$1 billion in assets under management, a lofty number that puts it among the city's elite wealth managers.

Baird operates with a company policy politely referred to as the "No jerk rule." (The firm's managers will proudly share the more colorful version of the rule.)

"When we find someone who is a cancer to those who work around him, then we ask that person to leave," said branch manager David Perez, a 25-year veteran of the financial services industry who previously managed the Portland office of Smith Barney. "The most important thing to us is our reputation. It's not how much revenue we have."

Perez said the firm's success also results from its structure.

Baird, which employs 2,700 worldwide and has nearly \$84 billion in assets under management, operates with a classic Wall Street model. It's a private partnership. Employees can buy stock, but each must pay for it. Since it's not publicly traded, Perez said that makes partners less willing to take big risks with the firm's capital.

"It was a good regional firm that became a boutique national firm, first of all, but now it's becoming more of a high quality national firm," said Ed Zore, retired CEO of Milwaukee, Wisc.-based Northwestern Mutual Life Insurance Co., which owned Baird from 1982-2004. "They're disciplined. They don't do crazy stuff. They came through this whole meltdown of the financial sector in very good shape."

Baird has five arms: Private Wealth



CATHY CHENEY | PORTLAND BUSINESS JOURNAL

David Perez and Thomas DeSouza have built Baird's new Portland office into one of the city's largest wealth managers in roughly one year.

Management, Equity Capital Markets, Private Equity, Fixed Income Capital Markets and Asset Management.

Of those, Private Wealth Management is the biggest, accounting for roughly 50 percent of the firm's \$847 million in annual revenue.

In Portland, the average client has \$1 million to \$3 million in investable assets with Baird. The office manages roughly \$400 million in 401(k) money and \$600 million for individuals and wealthy families.

Private equity is the smallest, but also the most unique, arm of the business. Not many wealth managers have in-house access to a private equity fund. Such funds raise money from institutional investors and wealthy families and use the money to buy companies.

Baird is currently investing a \$170 million

Robert W. Baird & Co., which demands civility, quickly racks up **\$1 billion in assets under management** at a new Portland office.

fund, its third such fund. While based in Milwaukee, the fund targets the sorts of companies that make up the bulk of Portland's business community, those with between \$2 million and \$20 million in annual sales

in industries such as health care, sustainability and manufacturing.

"None of the private equity partners are here but we know what private equity is looking for," said Thomas DeSouza, one of the Portland office's seven financial advisers.

By this time next year, Perez hopes to have 13 advisers in the Portland office.

"If you've got real money in Portland, Baird has gotta be on your short list," he said.

Former employees said it won't be hard for Perez to continue to lure top talent. In addition to its reputation as a great place to work, its status as a private company means it can pay better than some of its competitors.

"The reputation of Baird is very much intact," said Bob Phelps, president of Milwaukee, Wisc.-based Oarsman Capital Inc., who worked as a portfolio manager for Baird from 1995 to 2000. "As a private player it also has the ability to pay higher salaries because it's not under public scrutiny and it's not receiving TARP money."

### FAST FACT

Robert W. Baird & Co. has been ranked on Fortune magazine's list of the 100 best places to work for nine consecutive years. It ranked No. 21 this year.

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