

# LOUISVILLE BUSINESS FIRST



Jim Allen, vice chairman of Baird, was formerly Hilliard Lyons' chairman and CEO.

# THE DEAL IS DONE

## Hilliard, Baird leaders discuss their long integration process

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**T**here were plenty of questions to ponder around this time last year when it was announced that Louisville-based Hilliard Lyons and Hilliard Lyons Trust Co. would be purchased by Robert W. Baird & Co.

We wondered how the integration would play out – if jobs would be lost, what names would be retained, why the deal made sense and so on.

A year on, many of the questions have been answered.

We reported last month that nearly 70 percent of Hilliard Lyons' staff is being retained at the downtown office. About 86 jobs were cut with the deal locally.

We also now know that while the Hilliard Lyons name is being dropped, Baird will keep the name Hilliard Lyons Trust Co. on that particular business.

We also got a few more answers in the following Q&A with Steve Booth, CEO of Baird and Jim Allen, vice chairman of Baird, who was formerly Hilliard

Lyons' chairman and CEO.

Hilliard Lyons was one of the oldest companies in Louisville. It had been owned by Houchens Industries, out of Bowling Green, Ky., since 2008. Prior to that, it was owned by PNC Financial Services.

Houchens is known for its grocery brands like IGA and Save-A-Lot, but it plays in other sectors too.

Milwaukee-based Baird is much more in Hilliard's lane, so to speak, than Houchens'. It's an international, employee-owned wealth management, capital markets, private equity and asset management firm with more than \$200 billion in client assets.

The deal closed in April (the value of the transaction was never released).

Integration between the two companies has been taking place since. In recent weeks, that hit a milestone when all Hilliard Lyons customers were moved to Baird's technology platform, making them Baird customers. All former Hilliard Lyons employees at this point are Baird employees, too.

If you visit the firm's seventh floor office at 500 W. Jefferson St. in Louisville, you'll also notice that the Hilliard Lyons branding has been removed from the doors and lobby and replaced with Baird branding.

That's a sign of the times.

In the last few years, we've seen a flurry of Louisville companies get acquired by out-of-town firms. This is another example of that.

But as Allen and Booth explained, the Louisville office is expected to become a significant location for Baird.

A bit more of my conversation Allen and Booth is below.

### **Layoffs happen during a merger — so how did you decide who to keep and which office they should be located in?**

**Steve Booth:** The layoffs were targeted in what we would call our support-services groups – think about finance; think about legal and compliance; think about HR.

Each one separately went through how they thought having Hilliard joining us would impact them and their needs specifically.

Some of the groups concluded that they really didn't need any incremental resources. And others that thought they needed a lot of incremental resources.

I think we did a really good job of focusing more

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Left: Steve Booth is CEO of Milwaukee-based Robert W. Baird & Co. Above: The outside of the Hilliard Lyons offices at 500 W. Jefferson St. in downtown Louisville.

on positions and requirements, as opposed to people. We also wanted to err on the side of more, as opposed to less – keep more people.

We're very big on fairness at Baird. And we thought it was a very fair process.

#### What will Jim Allen's role be, going forward?

**Jim Allen:** I am becoming a vice chairman of Baird. And I'll have a seat at the table on their executive committee, which is the primary governing body of the organization.

**Steve Booth:** We're an employee-owned firm. The executive committee consists of 18 people, leaders from every business unit. He'll be there representing the legacy Hilliard employees.

And, frankly, Jim is extremely well-known in our industry and he's very talented. We get the benefit of his perspective on our executive committee, which is valuable.

#### Hilliard's name has been on the side of a downtown Louisville building for many years — will that change?

**Jim Allen:** Yes. That's part of an overall process as we rationalize real estate downtown. The intention is to stay in this facility (at 500 W. Jefferson) and move higher in the building. Our lease goes to February of 2021.

#### And the name Hilliard Lyons isn't totally going away, right?

**Steve Booth:** We are keeping the name Hilliard Lyons Trust Co., so the name won't completely disappear.

**Jim Allen:** If you take a look at any of our peer firms in the industry, no one has a trust company approaching our size or no one has the same history. There was clear recognition that there was brand value in Hilliard Lyons Trust Co.

#### How big is this transaction for Baird — has the company ever made an acquisition on this scale?

**Steve Booth:** It's by far – by far – our biggest ever. We're not particularly acquisitive. We're relatively famous for something we take very seriously: The 'no asshole rule.' That means no assholes as associates of the firm.

And you know that actually makes acquisitions a little more difficult. And there are no exceptions to the 'no asshole' rule. I've always viewed Baird and Hilliard as kind of cousins growing up. We've done five or six acquisitions in the last decade or so and they're much, much smaller.

#### Hilliard Lyons didn't put itself up for sale at an auction. Instead it was a call to Baird. Why was it done that way?

**Jim Allen:** There was an independent fairness opinion. So, it was not as though it was totally negotiated without the influence of an outside, third party to validate what we were doing.

On any of these combinations, obviously we have to evaluate retention. Had we done it with a different party, you may not have the same retention. Keeping 70 percent of your home office is very unusual for a transaction like this.

**Steve Booth:** We certainly paid a very fair price. It was a pretty high price, frankly. But it was worth it for us to do that. 