

## Baird has pulled off a quiet expansion in Twin Cities

Baird, with about 1,300 licensed financial advisers, has doubled its ranks in the Twin Cities over the past five years.

By Neal St. Anthony Star Tribune

Hal Tarse, a financial adviser, left RBC Wealth Management last month for the Minnetonka office of Milwaukee-based Baird.

Tarse, 67, who was at RBC and a predecessor firm for more than two decades, and his daughter, Nicole Wright, 34, managed considerable client assets of about \$125 million.

Tarse also was one of the more productive advisers at RBC Wealth, a unit of one of Canada's largest financial conglomerates. However, there have been management changes. And Tarse, long known as outspoken, wasn't winning new friends at RBC management, including his resistance to "cross-sell" banking products to his brokerage clients.

"I had a good run at RBC, and it was just time to move on," Tarse said last week. "I'm looking forward to doing business with my [old and new] clients and helping Baird grow their business."

Tarse and Wright chose Milwaukee-based Baird because they wanted a full-service securities firm, not a financial conglomerate. RBC is not dissimilar to financial services behemoths such as JPMorgan Chase or Citigroup. The industry increasingly has consolidated into huge financial supermarkets, from banking to brokerage, asset management and insurance.

Baird in 2004 was spun out of Milwaukee's Northwestern Mutual Insurance as an independent, employee-owned company. It has proved that a focused securities firm can grow and provide consistently good performance. Baird is a regional firm, with operating income of \$244 million on revenue of \$1.8 billion last year. It has a national span, particularly in its investment research and banking businesses.

It also has an expanding private client-wealth management business centered in Milwaukee, Chicago, Seattle, Denver, Louisville and the Twin Cities. Baird, with about 1,300 licensed financial advisers, has doubled its ranks in the Twin Cities to 58 advisers over the last five years.

Karen Heintz, Baird's Twin Cities market director, is a veteran of Piper Jaffray, which sold its retail business years ago, and Dain Rauscher, the Minneapolis-based regional securities firm that sold to RBC of Canada in 2000. She said Baird has opportunities for veteran brokers looking for a change or new recruits.

Baird only pays a bonus of up to trailing 12 months fees and commissions to induce a broker to sign up. These bonuses usually are in the form of a no-interest loan and many financial firms will pay two to three times past-year production, which can get a financial adviser in trouble, particularly if the market goes south and production declines.

"We do deal structures that are logical and fair," Heintz said. "We're not a place for everyone."

Meanwhile, the value of Baird's employee-owned stock has risen by nearly 200% over the past decade, thanks to profitable growth.

Also, Baird has been ranked one of America's 100 best companies to work for since 2002 by Fortune. It's lauded for its two-year training program for fledgling advisers. And women make up about a third of its financial advisers, double the industry average.

Cassidy Burns, who started in the securities industry at Piper in 1993 and later moved to Riverbridge Partners, a money-management and financial-advisory firm, joined Baird's Edina office to form a partnership with her brother, Dobbin McCrea, who joined from Morgan Stanley.

"We were drawn to Baird's values of honesty, integrity and concern for clients," Burns said. "The support for women advisers also was a draw. When I got to Baird, the first call I received was from Chairman Paul Purcell welcoming me."



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From the left, Cassidy Burns, Karen Heintz and John Taft at the new Baird offices in downtown St. Paul.

Burns and her brother left Piper, where they started in 1993, after Piper sold its retail business to UBS Securities in 2006. They didn't want to be part of a huge Wall Street-based operation. And UBS had regulatory-related issues.

Burns said she wanted to team in a joint practice with McCrea and because she thought she would prosper in the Baird culture.

To spearhead its Twin Cities expansion, Baird last year hired John Taft, the 10-year CEO of RBC Wealth Management. He had retired in 2016. Taft, 64, who is vice chairman of Baird, also is a Piper veteran. He helped RBC expand its wealth-management business in the United States to 2,000 financial advisers. A deft recruiter, he also has deepened Baird's local philanthropic and community ties.

"We've got a balanced business model, ... a strong balance sheet and we're not afraid to invest wisely," Taft said. "This firm trains and treats its employees better than any firm I've worked for."

He predicted Baird will double its brokerage force again in the Twin Cities over five years.

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