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WEALTH WATCH

By Janet Levaux

Extending Best Practices

In the business for over 30 years, Baird's Erik Dahlberg looks back on how mentors shaped his successful career in wealth management — as both a branch manager and advisor — and shares what the industry can do to attract and train younger generations

Erik Dahlberg is the executive director of Baird's Private Wealth Management Branch System, which includes 860 financial advisors and 93 wealth-management branches in 30 states. Previously a regional director for Baird's Private Wealth Management group and branch manager of Baird's largest wealth-management office in Milwaukee, Dahlberg joined Baird in 1987 as a financial advisor in the Janesville, Wisconsin, office; he became a branch manager in 1993.

He spoke recently with *Investment Advisor* about the importance of mentorship at Baird, as well as the steps Baird is taking to recruit advisors to fuel future growth. The veteran branch manager also explains what the advisor of the future looks like and how rewarding his interactions with clients have been over the years.



How and why did you begin your career in wealth management?

Times were much different when I began my career than they are today. I graduated from the University of Wisconsin-Eau Claire

with a bachelor's degree in business management and a focus on finance. Fresh out of college, I was intrigued by the competitive nature of the industry, and fascinated by the activity and action on the sales side of the business. It was an exciting industry to be a part of and there was a big inflow of talented, young salespeople trying to get into the wealth management and financial advisor business.

I had a friend who was about 10 years older than me and a financial advisor at Baird's Janesville office in Wisconsin. He introduced me to John Wood, who ended up being a life-long mentor despite initially turning me down for a job. I interviewed with him right out of college, and he told me to come back and see him again in a few years, which is exactly what I did.

In the meantime, I went on to work at Regal Beloit Corporation where I worked a lot of hours, made some great friends and developed my skillset. It was an overall great learning experience, but three years later I went back to interview with Baird. It was 1987; I was 26 years old and newly

married, and joined Baird as a financial advisor in the Janesville branch.

What have you learned from your supervisors and/or colleagues? Does one of them stand out as a model leader — and if so, can you tell us who that is and why?

I have been very fortunate throughout my career at Baird to work with many great leaders and role models. As mentioned previously, John Wood has been an outstanding role model for me since the beginning of my career. Though retired now, John spent his entire career at Baird. I learned a great deal from listening to the way John would talk to his clients — not only what he would say, but also how he would say it. He was very high-end, classy and professional.

Even during the days of brokers working on commission, John still acted as an investment advisor and financial planner. He was a client-first guy all the time. He was always doing the right thing, and had a terrific work ethic and lots of integrity. Not only did John Wood have a significant impact on me, but he was a community leader who had an impact on the city of Janesville.

As my career progressed, I continued to learn from my peers and leaders. Fred Kasten, Baird's former chairman, was certainly a role model to all of us at the firm. He served as president of Baird during the stock market crash of 1987, and it was his dedication to staying true to our culture and our core values that allowed Baird to succeed through the hard market tumult. You could learn a lot by listening to what Fred had to say. He was a very wise and caring person who always put our clients first.

I would also say Baird as a whole has benefited from having Paul Purcell, our current chairman, at the helm. Similar to Fred, Paul led Baird through a very turbulent 20 years, and you could not have asked for a more inspirational leader and role model. If you can't learn something from guys like Fred Kasten or Paul Purcell, you are simply not paying enough attention.

What have the broker-dealers you've worked for taught you that has most helped your career?

Well, it has only been Baird for me. I've spent my career with Baird and in this business, and I continue to learn something new every day.

During my 31 years, Baird's senior leadership team has always set a strong example by staying true to our values and focused on the right things, even during challenging times when it would have been easy to get off track.

By simply putting our clients first and the firm second, by treating your team and coworkers well, and by being thoughtful about the decisions you make — even the tough ones — you will see great returns. The leadership team at Baird has always been a guiding light for this lesson.

What is the most significant change you have seen in the industry?

I've seen a number of pretty big industry changes throughout my career. One of the most impactful was the evolution from a commis-

sion-based business to an advisory business. It was followed by the transition from an advisory practice to a planning practice.

Both were very significant changes for a number of reasons, but I think at the end of the day, they're positioning advisors to work more closely with their clients as partners. Ultimately, this is helping our industry attract new talent to the business — individuals who are interested in providing valuable advice and truly making a difference in their clients' lives.

What is the biggest challenge facing your work team today, and how is your team responding?

The biggest challenge facing my team, the leadership group for Baird's Private Wealth Management business, is the need to attract younger advisors and clients due to shifting demographics. Today the average age of a financial advisor is 51, with 38% of advisors expecting to retire in the next 10 years.

What's clear is that Baird needs a younger, more diverse advisory force to help us better serve our clients into the future. Equally important is the need to attract younger, more diverse clients by adapting our service model to those at different life stages and enhancing

our product offerings.

One way that our team is meeting this need is by committing significant resources to train the next generation of advisors through our Private Wealth Management Foundations Program. This is a two-year, full-time rotational program that provides an opportunity for younger, more culturally diverse recruits to build a solid foundation in wealth management, with the end goal of becoming an advisor or pursuing a career in wealth management. This program has been hugely successful for Baird.

Another approach we've taken to reach younger talent is through our partnership with the Wisconsin School of Business at the University of Wisconsin-Madison. Baird is the founding partner of the school's Wealth Management and Financial Planning program, and continues to be deeply involved in delivery of the program's curriculum with Baird associates helping to teach classes on campus. There continues to be very high demand for the program, and we're pleased to report that we've successfully recruited a number of students to join Baird after they graduate.

Importantly, Baird has remained committed to our wealth-management training programs through good times and bad. Even when the markets went through a rough patch in 2008 and 2009, we didn't waver in our support. I am very proud of the financial resources, time and effort Baird puts into these programs because the payback on hiring young talented people to serve our current and future clients is forever.

What are the biggest issues confronting the wealth-management field today, and how should it respond?

The wealth management industry is changing faster than ever and only those wealth management firms that stay nimble and

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flexible will be poised to meet the current and future changes head on and capitalize on the opportunities they represent.

Specifically, I would highlight the industry-wide challenge of attracting younger advisors and clients. Firms are grappling with how to manage the transition from an advisor who is nearing retirement with an older client base they've been working with for years to a younger advisor who is new to the field. Committing the resources to quality training programs and teaming younger advisors with more experienced ones, as we've done at Baird, will be very important here.

Another key issue facing the field today is the evolution from an advisory fee structure to wealth management and planning practice. Especially with the rise of robo advisors as an alternative to traditional wealth management, advisors in the field will need to continue to demonstrate what makes their partnership and expertise more valuable.

The advisors who are succeeding have transitioned from just managing a client's stock portfolio to taking the relationship deeper and becoming a valued advisor to that client. It will be important for firms to continue to beef up the resources and product offerings they offer to support the advisor/client relationship at every life stage.

What are you doing specifically in terms of retirement planning (and/or overall wealth management) that you think is quite innovative?

Advanced planning is a big focus for Baird and part of our overall push to help our advisors create deeper relationships with and bring more value to their clients. Our advisors work hand in hand with a team of 85 in-house specialists – including our director of advanced planning, which is a new role for our firm – in areas including financial and estate planning, and tax-efficient strategies. Together they are able to deliver sophisticated, tailored solutions that focus on a broad spectrum of life cycle changes for our clients and help them achieve their unique goals.

Can you tell us about one of your best relationships with a client/family and how you made it successful?

After more than 30 years of advising, I don't know that I could pick one family or one relationship. However, the relationships that have



Favorite outdoor

activity: Playing golf, hunting and fishing with my three sons

Favorite form of

exercise: My wife and I love walking our two dogs, and I like using the elliptical.

Favorite TV show:

"Chicago PD." I love Hank Voight.

Favorite other relaxing or weekend activity:

Working with the cattle on my family's farm in Western Wisconsin

Favorite vacation spot:

A little place in Bayfield County, in Northern Wisconsin

Family details:

Married 31 years to my wife Jill, three sons and two dogs

Charitable focus:

The Ronald McDonald House Charities in Madison, Wisconsin

been really terrific for both the families and for my team all have some commonalities. Most of our best client relationships have been with Baird for 20 years or more, and we have been their advisor for a long, long time.

These relationships are successful and made deeper by living with the families through their life events and providing them good advice over a 20- to 25-year period. These includes working with clients through life events including the birth of a child, the sale of a business, the death of a matriarch or patriarch, estate planning, empowering a clients' heirs with the financial knowledge to handle the family affairs and so much more.

I can recall one a client whose husband had passed away saying, "I'm so glad to have you to lean on because you've taken such good care of our family for all these years." It's very rewarding.

These relationships evolve over an extended period of time during which you're continually socializing and living in the community with these people. You get to know their families and most importantly, you give them good advice. There's nothing like being able to look back and say, "Man, we really helped them." Those are the best relationships.

What advice would you give younger advisors/branch managers based on your experience?

The best advice for young advisors is to find a mentor who takes a genuine interest in you and has been successful in their own right, and to spend as much time with that person as you can. When you are around experienced, successful people in the business, never miss a good opportunity to listen. People who have been in this business for a long time have so much knowledge and experience, and a young advisor can learn so much from just listening.

This might not apply to all companies, but here at Baird I would tell you to always trust the firm enough to put your clients first, put the firm second and put yourself third. As your career progresses, evolve to staying focused on the greater good and work for something bigger than yourself. Put your colleagues and your firm ahead of yourself, and you will be repaid tremendously over time. I have seen this quality in the most successful advisors I have worked with over the course of my career.

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