

Baird increases operating income 35 percent

BY RICH KIRCHEN
Business Journal Staff Writer

Wall Street's losses — in terms of talent — continue to be Robert W. Baird & Co. Inc.'s gains as Baird recorded double-digit increases in revenue and income during 2010.

The privately held Milwaukee-based financial services firm has continued to recruit investment bankers and financial advisers who left or lost jobs at larger financial firms, a strategy that started when markets bottomed in 2008 and early 2009. The increased talent pool has led to more clients, more deals and more revenue for Baird.

"They've done a great job of hiring some top-notch people with some high-octane brain power," said Bob Phelps of Oarsman Capital Inc., Milwaukee.

In 2010, the strong stock market also helped Baird's results, chief executive officer Paul Purcell said in an interview this week.

Baird's revenue was \$847 million, up 18 percent. Operating income was \$84 million, an increase of 35.5 percent, according to the company's recently published 2010 annual report.

The revenue figure represented Baird's second year of rebounding from a trough in 2008 at \$680 million. Despite improving, operating income has yet to recover to pre-recession levels because of the low-interest rate environment, Purcell said.

Baird executives did their best to not lay off professional staff during the recession while hiring from other firms, Purcell said. The company has increased employment from 2,400 at the end of 2007 to 2,700 at the end of 2010.

"Very few people in the financial services industry increased their head count by 13 percent," Purcell said. "It was pretty courageous when we did it, but you can do that when you're privately owned and employee-owned."

The two business units driving Baird's

'They've done
A GREAT JOB OF
HIRING some
top-notch people
with some
high-octane
brainpower.'

Bob Phelps
Oarsman Capital Inc.



SCOTT PAULUS

Paul Purcell... "Very few people in the financial services industry increased their head count by 13 percent."

growth in 2010 were those where the company has hired the most heavily and opened new offices in new areas of the country: investment banking and wealth management. Purcell was in Fort Worth, Texas, last week visiting a newly expanded wealth management office. The company also recently opened offices in Salt Lake City; Charleston, S.C.; and three in North Carolina.

WEALTH MANAGEMENT

Private wealth management revenue increased 18.9 percent in 2010 to \$352 million. The business unit, which includes stock brokerage, benefited from more commissions and more transactions, Purcell said.

The equity capital markets unit, which includes mergers-and-acquisitions and stock offerings, posted a 47.4 percent revenue increase, to \$255 million. Baird participated in a record 66 stock transactions in 2010, surpassing the firm's previous record of 47 in 2009. Merger-and-acquisition activity heated up with 46 deals closed in 2010 compared with 15 in 2009.

"2009 was a Depression for the investment banking business," Purcell said. "That business came back much more quickly than any of us expected."

Baird's fixed income capital markets business was the only unit recording lower revenue at \$170 million, a decrease of 19.4

ROBERT W. BAIRD & CO. INC.

HEADQUARTERS: U.S. Bank Center, 777 E. Wisconsin Ave, Milwaukee

CHAIRMAN, CHIEF EXECUTIVE OFFICER AND PRESIDENT: Paul Purcell

FOUNDED: 1919

BUSINESS: Private wealth management, equity and fixed-income capital markets, private equity, asset management

ANNUAL REVENUE: \$847 million

CLIENT ASSETS: \$82 billion

TOTAL EMPLOYEES: Nearly 2,700

MILWAUKEE EMPLOYEES: 1,191

percent, but remained profitable, Purcell said. He said the business is counter-cyclical to the stock market and helped carry Baird through the stock market challenges of 2008 and 2009.

When the top guns in investment banking like Wachovia and Lehman Brothers crashed, it helped the survivors like Baird, said Luke Sims of Sims Capital Management LLC, Milwaukee. Baird has broadened its footprint and become "a fairly good middle-market participant" in the industry, Sims said.

"Baird is fairly well-positioned so that when the market makes a run, they've got good performance in line with others," Sims said.

Reprinted with permission from the *Milwaukee Business Journal*. ©2011 all rights reserved. Reprinted by Scoop ReprintSource.

800-RW-BAIRD
rwbaird.com

©2011 Robert W. Baird & Co. Incorporated. Member NYSE and other principal exchanges. Member SIPC. Robert W. Baird Ltd. and Baird Capital Partners Europe are authorized and regulated in the UK by the Financial Services Authority. International office locations are affiliates of Robert W. Baird & Co. First Use: 5/2011. MC-32767.

