

# PUGET SOUND BUSINESS JOURNAL

## Small bank 'disaster' is an economic drag

BANKING CONSOLIDATION HURTS SMALL BUSINESS, BAIRD CHAIRMAN ARGUES

**P**aul Purcell is chairman of multi-national financial services firm Robert W. Baird & Co. Milwaukee-based Baird acquired Seattle financial group McAdams Wright Ragen in 2014. Founded in 1999, McAdams Wright Ragen had six Washington locations, 180 employees and managed \$10 billion in assets.

Baird has more than 3,400 employees, including 880 financial advisers, in more than 100 locations across U.S., Europe and Asia and manages \$161 billion in client assets.

Baird's closest office was nearly 200 miles away before the acquisition. Now, Baird has 86 financial advisers in the area and occupies McAdams Wright Ragen's former offices in Bellevue, Spokane, Anacortes, Mount Vernon, Yakima and downtown Seattle at the Fourth & Madison tower.

Baird focused on the transition after the acquisition and now plans to ramp up efforts to expand in the region, Purcell said. Baird hired three financial advisers from D.A. Davidson this summer for its Bellevue wealth management office.

**Why did Baird want to open a Seattle office?** I always look at what areas are creating the most jobs, especially for young people. That tells you where you want to be. Seattle is a top-three market for that, and it's creating an enormous amount of wealth each and every day. It's very entrepreneurial here, and we are a very entrepreneurial firm. Our whole business is trying to help people grow. Seattle is a great fit in terms of the growth, entrepreneurs and significant amount of venture capital here.

**Washington lost nearly 20 small banks in the Great Recession. Consolidation has continued since then. What does fewer banks mean for the economy?** One of the very, very bad unintended consequences of Dodd Frank is we now have 6,000 fewer community banks in the U.S. That is a disaster because they are the primary lenders to small businesses. Many have been gobbled up and there have been few starts.

**Why does that matter?** Community banks play a really important role in financing small businesses and entrepreneurs. There's nothing like a community bank startup in your community to be very service-oriented, very community-oriented and a lender to the people creating small businesses. Sixty percent of the jobs in America come from small business, so not having community banks has been a very big drain on the economy. It's one of the many reasons the economy has not gotten back to full employment. There's not enough talk about that.



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PAUL E. PURCELL, Chairman of Robert W. Baird & Co.

### PAUL E. PURCELL

**Job:** Chairman, Robert W. Baird & Co.

**Hometown:** Born and raised in Salt Lake City

**Residence:** Hinsdale, Illinois

**Family:** Wife, Patti, and four adult children: Carolann, Paul Jr., Emily and Mark

**Education:** University of Chicago, MBA; University of Notre Dame, BA

**Career:** Former Kidder Peabody managing director

**Interesting fact:** Dedicated to inner-city education

#### Why is the consolidation happening?

Consolidation is happening for three reasons. The cost of regulation is going up daily, the cost of IT is going up daily and everyone is challenged in this low-interest rate environment. It's a very, very difficult, vicious cycle and it's not clear when that cycle will be broken.

**How does Baird approach recruiting, particularly in Seattle?** We're very careful and selective. We don't want to hire everybody in financial services because not everybody in financial services is good. We have a very distinct culture and very high standards. The people who are here absolutely rely on us to keep those standards and our promise to every new recruit is we will not lower those standards. People who work here need to be really client-focused,

they have to be absolutely high-integrity people and they have to be a long-term oriented. Not everybody in the industry is. As a matter of fact, most aren't. So we're not for everybody. That's wonderful, we like that and we only attract the people who agree with those values.

#### You've said Baird will never go public. Why?

Being privately held is the key to our success when it's all said and done. We're employee-owned – we have 3,400 associates and 2,200 are shareholders – and we will be privately held forever. When I first entered the businesses, almost all of the firms were privately held. The vast majority have become publicly held. That did not end well in 2008 and 2009. I am totally convinced the financial crisis would not have happened otherwise. When it's your own name and it's your own capital, you behave differently. You just do. It's about accountability. The key to financial services is alignment of interests. We have to take care of our clients or else none of it matters because they're not going to stay clients. We always have to put their interests first and we have to protect their investments. We hold their assets, for gosh sake.

**What's next for the firm in Seattle?** The first couple years are just batten down the hatches and making sure you are transitioning well. We're well through that now, and I think we're just scratching the surface when it's all said and done. We have a broader platform than they did. We can expand their capability for financial advisers and, overall, expand the business.

– Ashley Stewart,  
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