

WISCONSIN75

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Purcell sees perks of private ownership

Wisconsin 75 event features Baird leader

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For about five years in the early 2000s, the Purcell brothers — Phil and Paul — commuted from their homes in the Chicago area to top executive jobs at financial services firms.

Phil, the older of the two, traveled to New York to run Morgan Stanley. His younger brother Paul traveled to Milwaukee to run Robert W. Baird & Co. Morgan Stanley may have been bigger and better known, but Paul Purcell always maintained that his was the better job.

"I said I was having more fun because I was running a private firm," said Purcell, who handed Baird's CEO job to Steve Booth this year but remains Baird's chairman.

Purcell will deliver the keynote address at Tuesday's annual Deloitte Wisconsin 75 celebration, an event co-sponsored by



RICK WOOD / MILWAUKEE JOURNAL SENTINEL
Baird Chairman Paul Purcell stands in the firm's trading area at its headquarters in downtown Milwaukee.

the Milwaukee Journal Sentinel that recognizes 75 of Wisconsin's largest privately and closely held companies.

Private ownership has not only been fun, it has helped Baird grow, Purcell said.

"It's our capital and our name, and we behave differently," he said.

The Milwaukee-based financial firm has about 3,500 employees, up from 2,400 in 2007, on the brink of the financial industry's meltdown, Purcell said.

"I don't think there's any firm that grew 40% like we did," Purcell said. In the wake of the financial crisis, in fact, most Wall Street firms were downsizing, he said.

Becoming private was critical to Baird's success, Purcell said. Baird has since 2004 been an independent, employee-owned firm. For more than two decades before that, Northwestern Mutual Life Insurance Co. had majority control. But in 2004, Purcell negotiated to buy the insurer's 57% stake in Baird in a transaction worth hundreds of millions.

Controlling its ownership has given Baird "a huge advantage" in its ability to plan, invest and act on behalf of clients and employees, Purcell said — so much so that while the rest of the industry was piling up debt before 2008, Baird was more conservative, always keeping debt below two times equity, he said.

"I firmly believe that the 2008-2009 financial crisis would not have happened if all the big financial firms were still privately held or in partnerships," Purcell said. "There is no partnership in its right mind that would leverage itself 30 times with its own capital."

There are reasons, of course, to

want to be public. Raising capital is one of the most enticing, Purcell said. But Baird generates "terrific" earnings, so it didn't need to go after that kind of capital, he said.

Being public also conveys "enormous legitimacy" and much higher levels of prestige, said Jerome Katz, an entrepreneurship professor in the business school at St. Louis University. That sends a message of stability to potential partners and customers, he added.

"All that stability means people and banks can assess where you are and where you're going and convey that confidence through bond rates and the stock price," Katz said.

It's difficult to get that kind of transparency with private companies — but from the owners' perspective, that can be a good thing, he said.

"Basically the advantage of a private company is the privacy," Katz said.

Echoing Purcell's views, Katz said private companies have more flexibility in how they organize and in their ability to change direction and major structural features.

"We have better alignment being privately held," Purcell said. "When you're publicly held, shareholders' interests need to come first. When you're privately held and thinking long term, you will always take care of your clients first, then shareholders and associates."

At the Wisconsin 75 event, Purcell said he plans to discuss the importance of providing employees with a great workplace. Baird in 2004 landed a spot on the Fortune list of the 100 best places in the country to work and has remained there ever since. That's "a really a big deal to me," Purcell said.

"It's all about taking care of clients and giving every person in the firm respect," Purcell said. "Every person here is valued."

The 2016 Wisconsin 75

The Wisconsin 75 is an annual ranking and recognition of the largest closely held companies headquartered in Wisconsin. **NEW TO THE WISCONSIN 75**
The list ranks the top 75 companies by revenue, as determined by a voluntary submission of a qualifications form.

| RANK | COMPANY | LOCATION |
|------|----------------------------------|------------------|
| 1 | Northwestern Mutual | Milwaukee |
| 2 | S.C. Johnson & Son Inc. | Racine |
| 3 | U.S. Venture Inc. | Appleton |
| 4 | American Family Insurance | Madison |
| 5 | ABC Supply Co. | Beloit |
| 6 | Kohler Co. | Kohler |
| 7 | Quad/Graphics Inc. | Sussex |
| 8 | Ashley Furniture Industries Inc. | Arcadia |
| 9 | Kwik Trip Inc. | La Crosse |
| 10 | Schneider | Green Bay |
| 11 | Uline | Pleasant Prairie |
| 12 | CUNA Mutual Group | Madison |
| 13 | Sentry Insurance | Stevens Point |
| 14 | Menasha Corp. | Neenah |
| 15 | La Macchia Enterprises Inc. | Milwaukee |
| 16 | Green Bay Packaging Inc. | Green Bay |
| 17 | Acuity Insurance | Sheboygan |
| 18 | Sargento Foods Inc. | Plymouth |
| 19 | Robert W. Baird & Co. | Milwaukee |
| 20 | Trek Bicycle Corp. | Waterloo |
| 21 | The DeLong Co. | Clinton |
| 22 | West Bend Mutual Insurance Co. | West Bend |
| 23 | Masters Gallery Foods Inc. | Plymouth |
| 24 | Bergstrom Automotive | Neenah |
| 25 | Charter Manufacturing Co. | Mequon |

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|----|----------------------------------|-----------------|
| 26 | The Boldt Co. | Appleton |
| 27 | Johnsonville Sausage LLC | Sheboygan Falls |
| 28 | Boucher Automotive Group Inc. | Greenfield |
| 29 | Appvion Inc. | Appleton |
| 30 | Miron Construction Co. | Neenah |
| 31 | Church Mutual Insurance Co. | Merrill |
| 32 | Ariens Co. | Brillion |
| 33 | Adelman Travel | Milwaukee |
| 34 | Greenheck Fan Corp. | Schofield |
| 35 | Secura Insurance | Appleton |
| 36 | Hydrite Chemical Co. | Brookfield |
| 37 | JX Enterprises Inc. | Hartland |
| 38 | Ewald Automotive Group LLC | Delafield |
| 39 | J.P. Cullen & Sons Inc. | Brookfield |
| 40 | Husco International | Waukesha |
| 41 | Lakeside Foods Inc. | Manitowoc |
| 42 | Windway Capital Corp. | Sheboygan |
| 43 | Wausau Supply Co. | Wausau |
| 44 | IIEWC Global Solutions | New Berlin |
| 45 | The Boelter Cos. | Waukesha |
| 46 | Mayville Engineering Co. | Mayville |
| 47 | Werner Electric Supply Co. | Appleton |
| 48 | Meridian Industries Inc. | Milwaukee |
| 49 | Palermo Villa Inc. | Milwaukee |
| 50 | Electronic Theatre Controls Inc. | Middleton |
| 51 | First Supply LLC | Madison |

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|----|-------------------------------------|---------------|
| 52 | Gustave A. Larson Co. | Pewaukee |
| 53 | J.F. Ahern Co. | Fond du Lac |
| 54 | J.J. Keller & Associates | Neenah |
| 55 | Johnson Financial Group | Racine |
| 56 | Bauer Built Inc. | Durand |
| 57 | Edward H. Wolf & Sons Inc. | Slinger |
| 58 | MGS Mfg. Group Inc. | Germantown |
| 59 | River States Truck and Trailer Inc. | La Crosse |
| 60 | Zilber Ltd. | Milwaukee |
| 61 | QPS Employment Group | Brookfield |
| 62 | Astronautics Corp. of America | Milwaukee |
| 63 | Standard Process Inc. | Palmyra |
| 64 | Derse Inc. | Milwaukee |
| 65 | Gordon Fleisch Co. | Madison |
| 66 | Placon Corp. | Madison |
| 67 | Kolbe & Kolbe Millwork Co. | Wausau |
| 68 | Quality State Oil Co. | Sheboygan |
| 69 | Holz Motors Inc. | Hales Corners |
| 70 | Mortara Instrument Inc. | Milwaukee |
| 71 | Badger Truck Center Inc. | Milwaukee |
| 72 | Total Administrative Services Corp. | Madison |
| 73 | Shorewest, Realtors | Brookfield |
| 74 | Primex Family of Companies | Lake Geneva |
| 75 | Erdman | Madison |

Source: Deloitte

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