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It's the People

As CIO of Ballentine Partners, **Will Braman** banks on long courtships, great hires and a team approach

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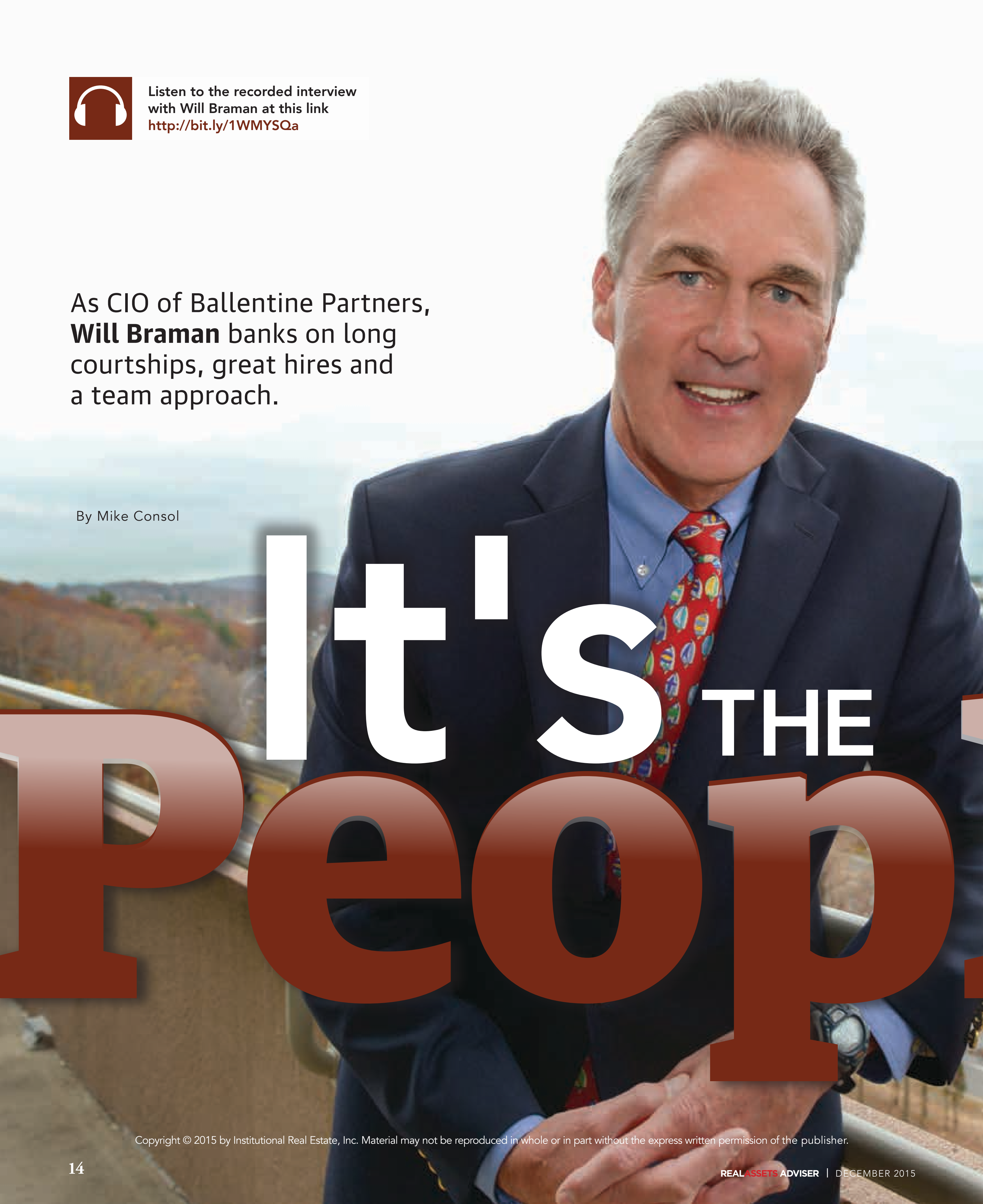
By Mike Consol

It's THE Peop



To listen to Will Braman talk about his people, you might think he is a C-level executive at a Silicon Valley tech startup, or a Boston-area biotechnology play.

He is quick to brag about their intelligence and skill level.

"Typically they are very smart," he says, "they are really motivated, they are driven, they are creative problem solvers, they can see patterns in things and find solutions."

Braman only sounds as though he might be running a division of Apple, Facebook, Google or Gilead Sciences. Rather, he is the CIO of Ballentine Partners, a $5.4 billion wealth advisory firm. But that does not mean that he and his fellow executives at Ballentine are any less exacting than an information technology or biotech company about their intellectual standards.

He points to one analyst hired a couple of months ago after graduating from Holy Cross, with honors, majoring in both international relations and economics, and a minor in computer science. He was about to go to work for GE Capital. Two weeks before graduation, GE announced it was putting its finance division on the block and changed its job offer to something less inviting. It was a stroke of good fortune for Ballentine, as the graduate dipped back into the job market and found the firm to his liking.

"I think he is nearly eidetic with a photographic memory," Braman says. "I mean he even knew where almost everybody went to school, what they majored in, what their hobbies were — the kid did so much background research on who we were and how we did things, we were pretty impressed."

He also refers to a woman named Kelly, on the wealth planning side of the house, who came to Ballentine from a competing firm in St. Louis with six years of experience.

"She was literally contributing from day one. Those are the kind of folks we keep around here."

But it is not just talent that makes the difference, according to Braman. It is also how that talent is organized. Ballentine staffers work "extremely" collaboratively, he says, with a team of four to six people assigned to every client. While some team members come from the investment business, others come from CPA or consulting firms, such as Mercer. Typically a client relationship is headed up by a senior client adviser on the wealth management side of the firm, supported by a wealth planner and, if required, a wealth planning associate. From the investment side of the house, a senior investment adviser is assigned and assisted by an analyst. The typical client meeting is attended by the senior client adviser and the senior investment adviser and, depending on the complexity of the client's situation, an investment analyst and wealth planner.

Unlike at most firms, nobody at Ballentine Partners has a "book of business."

The family-office client will usually have quarterly meetings with Ballentine staffers, while high-net-worth clients typically meet with their teams semi-annually. Virtually all of those meetings are conducted in-person, rather than via phone or Skype.

Ballentine predominantly serves ultra-high-net-worth individuals and families. Close to 100 families are clients of Ballentine, with investible assets averaging $50 million and a net worth averaging $100 million. Add to that 80 high-net-worth individuals who typically weigh in with $5 million in investible assets, on average, and a net worth of about $6 million.

The reason Ballentine makes a distinction between families and individuals is that the family-office clients get the full force of the firm's entire team, offering comprehensive investment advice and strategic wealth planning, while high-net-worth clients are usually more focused on investment-only services. Much of the asset base, an estimated 75 percent, are working with first-generation wealth, earned rather than bequeathed to them. What's more, a significant share of them is in the investment business as private equity or real estate investment managers.

Average client fees average around 40 basis points.

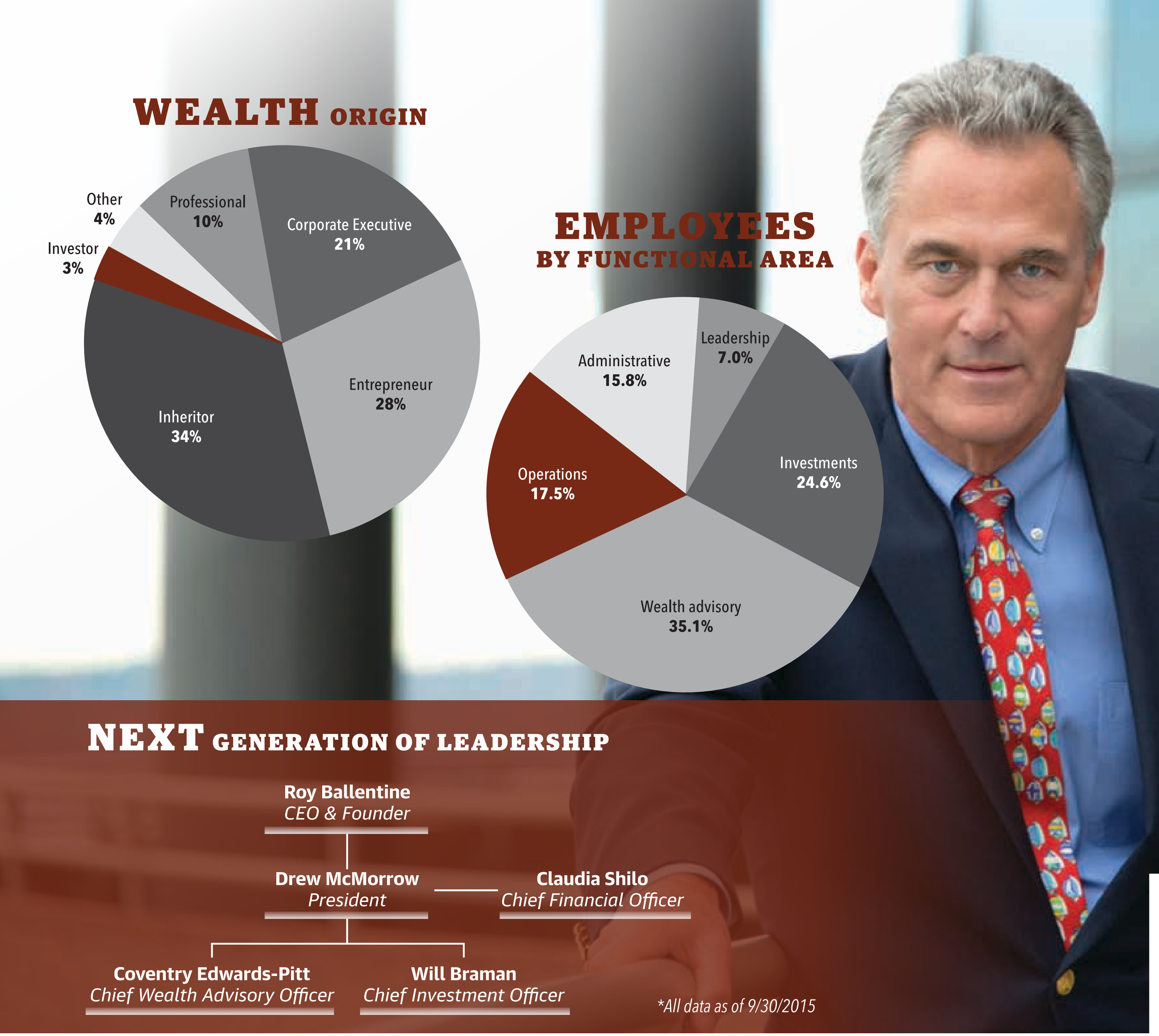
"But that is everything," Braman quickly points out. "That is all investment, all wealth planning, that is everything."

Total assets under management at Ballentine are $5.2 billion, with a total of $9.5 billion in assets under advisement. Assets the firm advises on range from independent operating businesses and real estate to planes and vacation homes, among other assets.

The firm has 63 staff members in three offices. Its office in Waltham, Mass., serves as headquarters, and is supported by satellite offices in Palm Beach Gardens, Fla., and Wolfeboro, N.H.

Ballentine has no formal marketing strategy, as almost all of its business comes through referrals from existing clients or the professional service providers they use. But the firm does stage a few forums each year, recently hosting one called "Cultivating Generosity" that focused on how to engage the next generation in philanthropy. Last spring was a forum titled "George Orwell Was Right," about the impact of technology on privacy. Another tackled the future of education and so-called massive online open courses (called MOOCs for shorthand).

"Our marketing is content driven," Braman says.



There are also outreach efforts made by individual partners and staff members. One example is Coventry Edwards-Pitt, a partner and head of the firm's wealth management activities. She authored a book about 18 months ago titled *Raised Healthy, Wealthy & Wise: Lessons from successful and grounded inheritors on how they got that way*, and she has done around 100 readings and speaking engagements around the country.

"We have no salespeople," Braman says. "We are our own salespeople."

Those efforts appear to be paying off, as the firm is projecting 10 percent growth for 2015, and has exceeded its expectations on new client growth. Meanwhile, a number of existing clients experienced significant liquidity events during the year, with several of them selling businesses, and a couple others coming into a windfall from successful IPOs.

"It has actually been a pretty big year," Braman says. "We are on a pretty good growth track."

In part, Ballentine Partners has been a beneficiary of good economic times. Though many characterize the U.S. economy as being in the doldrums, Braman says that is a "misperception." He points to year-over-year GDP growth of 3 percent and low inflation running at about 1.5 percent. Add to that the creation of about 200,000 jobs per month and a pretty active housing market, and you have an economy that is generating the kind of wealth Ballentine exists to manage. He acknowledges that

corporate profits have turned a little soft in the past couple of quarters, but the details reveal that is largely a function of a sluggish energy industry because of the downdraft in oil prices, as well as a strong U.S. dollar that has hurt the international earnings of many U.S. companies.

The firm is focused solely on taxable investors, meaning it does not seek business from endowments, foundations, or pension funds. Though it does have some foundations whose investments it manages, those are tied to its family clients.

"We are pretty unusual in that we place as much value on financial planning as we do on investment management," he says. "Because we are so tightly integrated, we know what makes sense for the clients on an investment basis, a net-after-tax basis, net-after-fees, and so on. It goes with everything we do."

In addition to the firm's focus on taxable clients, Braman says Ballentine's competitive advantage over rivals also includes its independence. The firm does not have any proprietary products.

There is a plethora of competition, including boutiques launched by some of the large commercial banks. Abbot Downing, as an example, is owned by Wells Fargo and positions itself as a boutique that looks very much like Ballentine and other RIAs, but it actually sells a lot of Wells Fargo products.

"We are completely objective," he says. "We can go anywhere and look for the best solution."

Those solutions include a serving of real assets, which generally comprise 10 percent of a client's portfolio, though it could be a higher or lower percentage depending on factors such as the size of the client's asset base. A large client with a tolerance for illiquidity might have a 15 percent allocation to real assets. Conversely, a client with a low illiquidity threshold might have only 8 percent of their portfolio committed to real assets. In either case, the most common real asset categories Ballentine uses are real estate and energy.

"They tend to generate more income than equities," Braman says. "It really depends whether you are in the private side or the public side when you look at their tax efficiency."

During the next five years the real asset that Braman is expecting to perform particularly well is public MLPs (master limited partnerships) — especially when compared with their "dreadful" 2015 showing, due in part to their over-sensitivity to crude oil prices. Over a 10-year timespan, Braman likes private energy partnerships focused on exploration and production.

GETTING PERSONAL

Will Braman

What is the biggest lesson you have learned?
It's OK to fail. Just learn from it and move on.

What is your favorite quotation?
Just Do It (Nike)

Which historical figure do you most identify with?
The Wright brothers — they persevered against consensus

What is your greatest extravagance?
My Ariane sailboat

What is your biggest regret?
Not staying in the U.S. Naval Air Force's program to learn to fly

What phrase do you think is most overused in your industry?
Diversification reduces risk and risk is best measured by volatility

What is the best piece of career advice you ever received?
CIO stands for 'career is over' (John Bolsover, CEO at Barings, on my appointment to CIO)

If you could change one thing about yourself, what would it be?
Slow down, be more empathic

Favorite recreational pastime?
Sailing

"I think the price of oil is going to get back into the mid-70s," he says. "It may not happen in the next five years, but it probably will in the next 10."

The path from here to the future for Ballentine, in terms of growth, will be entirely organic. Braman is not a fan of acquisitions because they make it difficult to impossible to maintain organizational culture. Ballentine has also concentrated on organic growth with regard to its people, tending to develop talent from within rather than recruiting from rivals. That involves hiring recent graduates and developing their skills.

"Even where we have made senior hires, we've been in courtships for two or three years. We just opened our Florida office, for example, and Chris Chandler, our senior investment person down there, we met in December of 2012. We wanted to have him join us, but first we had a long courtship and now he is on board."

Braman is expecting 8 percent to 10 percent client growth in coming years, with an increasing geographic reach. In the past year, the firm has added new clients in the Midwest, California and Washington. He indicates that a West Coast office might eventually make sense, but not at this time.

"It took us a good 18 months of thinking about it before we made the plunge to open a Florida office. We do things quite deliberately, with a lot of forethought."

Braman knows the deliberative process first hand, having gone through an eight-month courtship himself before being brought aboard at Ballentine. And it was certainly not a straight line that brought Braman to the business of boutique investment management. He spent about 35 years on the institutional product side of the business.

"After college I pretty much thought I wanted to go into the investment business, not knowing a great deal about it, but having spent some time talking to friends of my father."

Though his father was a salesman for textile companies, he had a few friends who were Wall Street analysts and liked what he heard from them. It sounded interesting to the junior Braman, so he went to work as an equity and credit analyst for Bank of Boston, which was a larger player than Fidelity at the time. After Bank of Boston and the Boston Co., he joined Baring Asset Management where he migrated from analyst to portfolio manager to CIO. Over the course of 30 years he either directly managed multiple domestic and international products, or managed teams that were managing products. At one point, while at Fortis, he had about 200 people and six investment teams under his leadership, including private equity and a fund of hedge funds. But the investment products were constantly looking at short-term returns, and Braman and his people lived and died according to what they could sell over a three-year period.

"So very, very short-term oriented and very product oriented."

Professional enlightenment came to Braman while running a small private client group on the side for about three years at Fortis. That experience led him to conclude that it was far more interesting to provide a complete solution than a one-off product. Yet, it was through one of the products he was marketing on behalf of Fortis that connected him to a Ballentine portfolio manager. An eight-month courtship ensued before Braman made the jump to boutique investment management.

Well before that day came, Braman was mentored by Chuck Clough and John Bolsover. He worked with Clough at Boston Co., before Clough decamped to become head strategist at Merrill Lynch. Bolsover was CEO at Baring Asset Management in London, where Braman became the CIO during his tenure. While standing in front of a crowd of analysts and portfolio managers, Bolsover named Braman CIO while ribbing that CIO stood for "career is over." Though making a joke, Bolsover advised Braman to be careful because the CIO role can end up being completely administrative and operational.

Braman has apparently sidestepped that trap, because his career at Ballentine Partners appears far from over. ■

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