

## Is Raymond James Winning the BD-Culture Wars?



*International Headquarters: The Raymond James Financial Center*

By THOMAS COYLE

In explaining **Raymond James Financial's** recent success attracting advisor teams from the four wirehouses, industry players — from new recruits to headhunters and the company itself — say it comes down to one big thing.

“It’s our culture,” says **Tash Elwyn**, president of Raymond James & Associates, the company’s full-service brokerage.

“‘Culture’ is probably the most overused term in corporate America but our advisors see our culture as a differentiator and a real competitive advantage.”

New York-area recruiter Howard Diamond agrees there’s something different about how St. Petersburg, Fla.-based Raymond James relates to its 6,700 or so FAs.

“Advisors have access to Raymond James’ top management,” he says. “If you want to talk to Tash Elwyn or Tom James” — that’s the company’s executive chairman — “you call them up and talk. If you have to leave a message, they call you back.”

Adds Diamond: “For some wirehouse folks, this resonates more than getting the biggest upfront checks” as signing bonuses.

Statistics seem to back this claim. In the past 12 months Raymond James has hired 47 seasoned FAs or teams — 35 of them from wirehouses, according to data compiled by InvestmentNews.

The same source says Merrill Lynch brought in 27 teams (16 of them from rival wirehouses) in the same period. Meanwhile, Wells Fargo added 30 teams (21 from other wirehouses), and UBS and Morgan Stanley took in 12 teams each (eight ex-wirehouse for UBS and six for Morgan Stanley).

Among the teams Raymond James has recruited since early February last year are “the three biggest teams we’ve ever hired,” says Elwyn.

For Diamond, this success is remarkable considering Raymond James’ refusal to get into bidding wars over recruits.

Paul Shoukry, Raymond James’ investor relations chief, backs this claim.

He says the company offers “less than half” the retention incentives wirehouses generally provide experienced recruits.

Shoukry sees this as a function of Raymond James’ culture.

“We have lending and credit card capabilities but we have no quotas,” he says. “It’s a difference in philosophy.”

Danny Sarch, a headhunter based in White Plains, N.Y., thinks Raymond James’ philosophy gives it more modest expectations of its wealth management business than other companies.

Where, for instance, Morgan Stanley is shooting for a “pretax margin” of 23% to 25% in its wealth management business in 2017, Sarch says Raymond James’ margin expectations are between 10% and 12%.

And though Shoukry says differences in how the companies calculate such things account for much of this apparent disparity, he agrees his employer has a more moderate view on the overall profitability of its wealth division — and this, in turn, may result in a lighter touch for FAs.

“It’s true we don’t try to extract all the juice out of our advisors,” he says.

But Raymond James isn’t governed by altruism. Shoukry says the company’s shareholders “appreciate our long-term view” because it leads to better advisor retention and stronger organic growth — which is less expensive than growth by acquisition.

To come full circle, this affords Raymond James the luxury of offering smaller financial inducements to advisors for sticking around, according to Shoukry.

Ex-Merrill advisor Matt Moreman says he experienced “culture shock” as he got to know Raymond James prior to joining the company with his Orlando, Fla.-area teammates last month.

“It starts with their headquarters,” says Moreman, a 12-year veteran of Merrill. “It’s nice but it’s not opulent with vaulted ceilings and marble everywhere like on Wall Street.”

Then, during a working breakfast in the company cafeteria, “not dinner at a fancy steakhouse,” Moreman says the head of the division he and his partners were thinking of joining offered to read his mind: “Tash looked at me and said, ‘I bet you think you’re taking a step down,’” says Moreman, whose team managed about \$350 million at Merrill. “Truth is, before I started understanding how they work I was thinking that — from my Merrill Lynch ivory tower that was exactly my view.”

Being on board for a few weeks has further dispelled this prejudice. As an FA in his thirties who says he’s keener on social media than cold calling, Moreman finds it refreshing to get something other than a blanket “no” from compliance when he makes marketing pitches.

“Here, the answer is more likely to be, ‘Let’s figure it out,’” he says.

“I’m Merrill Lynch born-and-bred — a 12-year veteran,” Moreman adds. “But I’ve come to see Raymond James as the next stage in our evolution as an industry.”

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