

BY **Kate Demet**
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*Catching up with
Co-Founder*

Fred Paulman



Lockdowns resulting from the coronavirus pandemic forced Fred Paulman, RMB Capital co-founder and president, to stay in one place much longer than he typically does. It was a great opportunity to schedule a chat with him and to hear his thoughts on happenings in the world at large and within RMB during this time.

Kate Demet: What a treat to get some one-on-one time with you, Fred, if only virtually. Let's start by talking about your role at the firm—how that's evolved over the years and how you're spending your time these days.

Fred Paulman: So, back when Dick and I started working together—even before we started RMB—we were both advisors and, though I had a CPA, we were both in the early stages of earning our CERTIFIED FINANCIAL PLANNER™ designations. Dick was effectively the chief investment officer in our team of two and was very passionate about picking investments, but my interests were always on the advisory side, working directly with clients. As we built our team, growing to the 15-person team we had when we broke away from UBS and started RMB, Dick and I had to figure out how our skill sets would translate to more managerial and leadership roles.

In my case, I found out about myself that I was less comfortable in a management role—especially when

it comes to refining policies and procedures, doing performance reviews, and things like that. I felt I was better suited for more of a coach role, providing leadership and motivation. So, by and large, where I've added value to the organization over the last 15 years has been in continuing to spend time directly with clients, but in a role where I can provide mentorship for the other advisors in the firm. I've really enjoyed helping advisors who are earlier in their careers, teaching them about things I've learned over the years in advising clients and guiding them on solutions for our clients that can add value. To me, it's the best of both worlds. I get a lot of satisfaction out of helping our advisors build their careers and also spending time with clients.

In addition to that, we've always had an opportunistic approach to the way we've grown the business, whether it's opening new offices or bringing another firm or team on board. When opportunities popped up over the years, we would get the leadership team together and ask ourselves, "Who has the ability and desire to »

parachute in and move this forward?” In the case of Jackson Hole, our first acquisition and geographic expansion, that was me. In the case of helping to establish our presence on the East Coast, that was me as well. I have never had a problem traveling, and I’ve really liked projects where I can work very closely with other advisors and new clients to help us make more connections in new markets.

Really, Kate, it’s been a combination of my own strengths and the needs of our business that have shaped my role over the years. It’s given me a lot of variety in how I spend my time, which I appreciate a lot because I’m not someone who would be effective sitting in the same spot and doing the same job all day every day. I’m much more fulfilled being active and “out in the field,” so to speak.

KD: That makes a lot of sense based on what I know about you! So it sounds like you’re spending as much time with clients as you always have, but your “Fred love” is just spread out over a larger number of clients as we’ve been expanding and in different geographic areas.

FP: Well, I’m not sure they’d think of it as “Fred love,” but hopefully they do. But yes, my entire career has revolved around interactions with current and prospective clients. It’s true that with the hundreds of clients we have in Southwest Michigan—many of whom I’ve known for 25-plus years—I don’t see them as often. But we’ve got about 10 other advisors, including some who work out of our newest office in St. Joseph, that are seeing clients there all the time. Every year or so, I get over to one of the events we host in St. Joe, and it’s definitely a reunion for me. And I connect with clients who are based in other cities when I’m traveling—it’s just like planning a visit with old friends when in their hometown.

Most recently, in the past six months or so, I’ve been working more directly with some of our associates on the institutional side of the business. It’s not dramatically different from the coach role I’ve played with wealth management advisors over the years—I’m

mentoring younger people about how to establish and deepen relationships. In this case, the relationships are with industry professionals, rather than end clients, as we’re looking for other ways to distribute some of our investment solutions. So I’ve been spending a lot of time helping them open doors, based on connections I’ve made over the last 25 years in this business. And even though B2B relationships aren’t as personal, it’s still important to be able to articulate how we can help them and what makes us different from others they may be talking to, so I’m leveraging the same skill set.

KD: Absolutely. I notice that you mentioned differentiation, and I’m curious to hear more of your thoughts on that.

FP: Sure, that’s a good segue because I think challenging times like we’ve been facing over the past few months are when RMB really shines. I mean, when the market was going straight up for 11 years, it was hard for anybody to differentiate. Generally, when investments are performing well, clients are happy—or at least satisfied—with their advisor. But when things get really hard, advisors have more opportunity to add value. This is a classic example of a time when I don’t see how robo-advisors can compete—automated algorithms can’t address clients’ emotions, and emotions are a big factor when times are tough.

I think back to the financial crisis in ’08-’09—which was different in a lot of ways from the downturn we experienced this year, of course—and it was an 18- to 24-month slog when the markets were taking a beating. We had clients who were fearful and really feeling the pain from that, and we were on the phone with them a lot. Sometimes we’d call to talk about a new opportunity, but other times we’d just call to check in and see how they were doing. I think it really made a difference. As difficult as that time was, it strengthened our relationships because we genuinely cared. And I believe our clients are having that same experience now, and hopefully we’re able to provide them with comfort and some sense of security. »

KD: I hope so, too. As you mentioned, the circumstances now are different in a lot of ways—so much of what’s been happening with the economy and in our day-to-day lives is unprecedented. What are some thoughts you might want to share with our clients during this time?

FP: Yes, I think that the coronavirus pandemic has been a game changer in a lot of ways. It will impact the way that people do business and the way we interact. All of our clients are having their own unique experiences with it, depending on how it’s impacted their families, what stage they’re at in their lives, what industry they work in, and so on. But I think tailoring our approach, our advice, and our recommendations based on each client’s circumstances is something we do genuinely well. So I’m confident we are up to the task.

Also, when I look back over the past few months, Kate, I’m really proud about the way that our team at RMB has been able to work at home. It’s actually much more complicated than just having a computer and a phone, but thankfully we have technologies in place like DocuSign, WebEx, and other systems that allow us to do what we need to do for our clients. We’re in a highly regulated

industry and there are complexities in our business—I think about trading related to the different asset classes and investment vehicles we manage—and it’s complicated. But for all our employees in their different roles to be able to carry on and get the job done from home, while maintaining a high level of productivity, has been extraordinary to me. When you consider that alongside all the emotions we’ve all been feeling about our own lives during this crisis, I think it’s really amazing.

KD: I hear you. This time hasn’t been easy on anyone, but I also know you’re an optimist—are there any “silver linings” you see?

FP: Definitely. I’d say I’m as optimistic as anybody, and I still find myself crying almost daily. But those tears aren’t always coming from a place of sadness or despair. I’ve been moved by seeing all the interesting ways people around the world are coming together. I’ve been excited to see how this has taken some of the sharp edges off business-focused discussions—people are more willing to be open, personal, empathetic. We’re all human, and we’re allowing ourselves to show it. I think that’s a good thing. ■

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