

Episode 93

Head to Head: A conversation with Jeff Erdmann, Merrill Private Wealth Management

Jeff Erdmann:

It's about connecting with people and finding a connection point, allowing them to talk about themselves. My rule number one is I never want to speak more than 30% of the time in a conversation. Finding what matters to them, letting them talk about it and having a deep impactful conversation. And then obviously taking a complex situation and simplifying it for them and then giving them an outcome.

Kirsten Pickens:

Welcome to Head to Head, a podcast by FS Investments, where we get personal with the people of financial services. I'm Kirsten Pickens—

Ryan Robertson:

—and I'm Ryan Robertson. We are the co-heads of distribution at FS Investments, and together, we sit down with some of the brightest minds, innovative thinkers and thought leaders in the financial services industry.

Kirsten Pickens:

Today we're excited to welcome Jeff Erdmann, Founding Partner and Managing Director of the Erdmann Group at Merrill Lynch Private Wealth Management. Jeff is the number one advisor in the U.S. on the 2023 Forbes Top Wealth Advisors list – having been ranked number one now eight years in a row. He's also been ranked on the Barron's Top 100 Financial Advisors list since its inception in 2004. So how does the number one advisor in the country close business? From a borrowed suit to managing over 12 billion in assets under management, Jeff shares his lessons from almost 40 years of record setting leadership in financial services.

Ryan Robertson:

In this episode, Jeff talks about how childhood dyslexia helped him launch a multi-billion dollar practice, why he hires partners instead of “employees” and how he balances family, mentorship, career and philanthropy. So, let's get started. We're excited for you to hear our conversation today.

Kirsten Pickens:

Jeff, welcome to Head to Head. Thank you so much for being here. Ryan and I are honored to be able to sit down and have a conversation with you. So, thank you.

Jeff Erdmann:

Glad to be here. My pleasure.

Kirsten Pickens:

Absolutely. As the number one financial advisor in the country for the last eight years, a lot of the industry has heard from you. They've heard your story, they've been inspired by you, you've mentored thousands, but it all had to start somewhere, right? And so when I think back to some of the articles that have been written about you, I love the Barron's article that was written in 2009 titled "From a borrowed suit to \$8.3B." Now, I know you're a lot higher number than that today, but let's go there. How did it all start for you?

Jeff Erdmann:

Well, I had two gifts when I started. One is I did start the industry with a PhD. I was poor, hungry, and driven or desperate. You can put a desperate or a driven on the D, whichever you want. And I think another advantage I've had in life, which I always love to talk about, is I was terribly dyslexic as a kid. And for a large part of my life, I thought everyone was smarter than me. And what I've learned in my thirties and forties with three dyslexic boys is that dyslexia has nothing to do with how smart you are. But the gift it gave me is, I think what dyslexics do really well is (a) they park their ego at the door and (b) they figure out and surround themselves by people that have skill sets that they don't. And I feel really comfortable around people that do things better than I do, and hopefully I'm complimenting what they do in a different way. So, that helped me a lot. And I think starting in a strange city, not knowing a soul at age 22, was an advantage because I really did feel as though I had my PhD and it was a dog fight. And back then in the 1980s, our business was about numbers. It was a game, it was a contest. It wasn't nearly as sophisticated as we are today.

Ryan Robertson:

So at what age did you recognize or were you diagnosed with dyslexia and how do you work through that or how did you work through that to become successful?

Jeff Erdmann:

Well, first of all, dyslexia is a tagline everyone likes to give on themselves in the last 10 or 15 years. But look, I had to real trouble in school as a young kid, and again, I was very fortunate to come from a great family and my parents really believed in education. And so what we know today is it's very easy to navigate if we just retrain our brain on how we decode. So look, everyone's got a chip on their shoulder, and that just happened to be mine, and it's been really positive for me.

Kirsten Pickens:

But you always knew what you wanted to do, is that right? I was reading your article about when you played lacrosse in college and there was a nice story written about you from I think some of your classmates saying how you were destined for Wall Street. You knew what you wanted to do. Is that accurate?

Jeff Erdmann:

Well, I had to figure out the hard way. So, I was a hustler as a kid and had different businesses. I started camps for kids and painting businesses like everyone else.

Kirsten Pickens:

In college?

Jeff Erdmann:

In high school.

Kirsten Pickens:

In high school!

Jeff Erdmann:

And then I remember sitting down with my uncle who was a top headhunter in New York City, and again, we didn't have the internet obviously, and his secretary typed out... I was trying to get a summer internship for my sophomore year in high school, and we typed out letters to Procter & Gamble, Clairol, all the great sales marketing programs out there and I think we sent 38 letters. I think we got 15 responses. They were all no thanks, and no one else bothered to respond. And I called my parents' stockbroker at Paine Webber and said, "I hear they have things called cold callers." And I mean, I was desperate. I needed a job. I'm like, "I need a job now." And I cold called the branch manager of the Park Avenue office at Paine Webber and I kept bugging him for day after day after day. And he finally said, "God, you are a pain in the butt kid. Come on in, I'll talk to you." And I went into the interview, he had suspenders on, slicked back gray hair and he was like the quintessential Wall Street guy. This is in 1983. I said, "sir, look,

thank you for taking the time to see me. I need to tell you something first. I'm not like a great math whizz or great Wall Street guy." But I said, "I really think I'm a good connector with people." He looked at me and he said, "kid, let me give you some advice. Your lead statement to me on Wall Street that you're not good with numbers is not really a great marketing statement." But he said, "but I like you and I believe you." And believe it or not, he set up a deal and he gave me the New York City phone, which was this thick, and he put me in the back closet of the Park Avenue office and he paid me 50 cents per lead. I was cold calling on Hubbard Real Estate Limited Partnerships in New York City. And if someone said, "sure, send me a brochure", I got 50 cents.

Ryan Robertson:
Wow, and that was in '83?

Jeff Erdmann:
That was in summer of '83 or '82. Well, let me tell you something. Any idiot can say, "Hey, can I just send you something?" So after the first week you realized even at 50 cents I was being overpaid because I cleaned out all the brochures in the office and then I got a raise to \$6 an hour. But that's how I got started in the business.

Kirsten Pickens:
That's awesome. Good story.

Ryan Robertson:
We launched this podcast for lots of reasons, but one of the reasons, main reasons is we really wanted to shine a light. We've been doing this for a long time. We've traveled the country for 25 years, talked to great financial advisors like yourself and we really just wanted to shine a light to the best of the best to hear what makes them tick or what gives them insight. So there'll be a lot of people listening to this that are probably really young and wanting to think about being an advisor. Can you just continue and talk a little bit about 1983 and how the business was then as compared to what it's like today? What are the differences that exist today versus what it was like then?

Jeff Erdmann:
The model back then was you get in early at 7:45 in the morning and you listen to the morning call. Every Wall Street firm had a morning call and at Merrill Lynch there was a big round table down on Wall Street, a guy named Chuck Seti ran it. He had all the analysts there every morning and our business model was, we had access to information every morning that the public didn't. Because there wasn't CNBC, there wasn't the internet, there was the Wall Street Journal, the New York Times. And so we would listen to analysts. And example I'd give is, I remember one morning, Lucy Painter was the analyst on Baxter Travenol, and I come in, I'm a young kid, and she says, "Baxter Travenol is coming out with a new syringe. It's going to add 30% profitability, stocks at \$23 a share. We think it's worth \$30." That's step one. Okay, I have information. Step two, go to my desk, get out the phone book and start calling complete strangers I don't know and tell them that I have a good idea that will make them money. Step number three is, they say yes, hopefully, and then I say, "great, let me write the ticket." I have to run down the hall and put it in, and then they call it down and hopefully I'll get a confirmation back in the next hour. And then I'll need to come out to your house and pick up a check or if you come by the office. And by the way, that's a \$282 commission for the \$500 shares. And so back then it was access to information others didn't have. That's completely wiped off the table now because information's a free commodity. It was calling complete strangers you don't know and selling them something which is completely unprofessional and inappropriate today. And number three, charging a fat commission for that process. So the business has completely changed. Now it's so much more about deep relationships, understanding what matters in people's lives, giving them outcomes to the important things in their lives, like educating their children, deferring taxes, getting better performance and being a family steward for them.

Kirsten Pickens:
So let's actually pivot then to the incredible team that you've built, the longstanding team that

you've had with you and maybe your approach to leadership. And then we can dive into your team too, because leadership is such a broad word. Broad topic, and you have very, very clear vision when it comes to leadership and it works because no one ever voluntarily left your team. So can you talk about that and talk about how it's worked and why?

Jeff Erdmann:

Well, at 10,000 feet, I think one of the biggest missing voids in our society today is leadership and people aren't talking about it enough. And we can start in Washington at the top of the pyramid, and we can go down to fifth grade classrooms or sports coaches or CEOs or financial advisors. Being a good leader, I'm not telling you I'm a good leader or I'm not a good leader, I will tell you I work really hard at it and I study it. I'm building a leadership school at my high school right now and I have a summer program for inner city kids on leadership. And every time I'm around those folks, it just hopefully helps me be a better leader. My definition of leadership is really simple, the ability to get full potential out of the people you surround yourself with. So we ask everyone on our team to really think about four things. Number one, we all need to be leaders and we need to empower the people around us. Number two, we need to be culture builders. We all know the cliché 'culture eats process for breakfast.' If we don't lead into a great culture that everyone believes in, we're not going to have a great business. Third is mentorship. I think mentorship went out the window during COVID and I call myself a millennial baby boomer. I need and want to be mentored by 15 year olds, by 80 year olds, by 20 year olds, you name it. And of course, I love to mentor back and you can't mentor from your beach house or your ski chalet. We need to be together to do that properly. And the fourth thing is ownership, in that I believe that if you are on a true team and a good culture, you ultimately have equity and ownership in the business. And once you've been on our team for two years, it's been this way for decades, the lion's share of your W-2 income comes from the sharing of the revenue from the business. And so if you have a team of leaders, culture builders, mentors and owners, I think the whole purpose of this is that our families that we cover have the best possible outcome.

Ryan Robertson:

So you're talking about leadership skills. The other thing that's interesting about your team is everybody on your team, and you alluded to this a second ago, you consider a partner. What makes a good partner? So when you bring somebody onto the team, what are you looking for? What characteristics make a good partner for your group?

Jeff Erdmann:

Yeah, so three things about being a partner. Number one on our team, part of our culture is we don't have employees, we have partners. We don't have clients or customers; we have families that we take care of. And we don't have any bosses, we have mentors. Those are sort of the three pillars of who we are. What I always look for is what I call confident humility. You know, if someone lacks humility, I got no time for that. No interest, but you have to have confidence. You know, I call intellectual humility and confident humility is a really, really important thing. Work ethic, I was explained to anyone that's interviewing for our team is if you're someone that wants to come in at nine and leave at five and take an hour lunch, that's cool, but you would not be comfortable in this environment and this is not the place for you because we really are all owners and we all consider ourselves entrepreneurs, and that's just not how owners and entrepreneurs operate. This is a part of your life if you're on this team.

Kirsten Pickens:

24/7.

Ryan Robertson:

24/7. Kinetic energy, there's just a lot of energy.

Kirsten Pickens:

So what do you think, Jeff? I'm just curious, in the last few years, I guess COVID post has changed in bringing new members onto the team or building things out, keeping them there. Has anything changed that you have noticed?

Jeff Erdmann:

Yeah, very much so. I used to always say to management, I need an administrative partner. We don't have administrative assistants, we have administrative partners. I need administrative partners with 20 year of experience who's been at Merrill Lynch, knows the systems. What I've learned in the last five or six years is that we are hiring more young people who are super smart, obviously they're tech savvy and having them mentored by someone that's been in our system for a longer time. And it's really added a lot to our culture and they're wonderful. And with those people, we've given them a clear path. No one's hiring to work for me or because... they want to follow a vision and a path for the business and they want to know what their potential is in there. So we have more hybrid jobs today. So some of the younger administrative partners have another important job on the team so that they see that there's a path along the way. And I think some of our most interesting hires in the last five years have had no industry experience. We have four unbelievable partners. They happen to be women, they happen to be in their mid to late forties to early fifties, and they have a maturity, a presence, a work ethic. I call them the adults in the room, and they're just extraordinary. One of them is running our media and HR, one of them is doing business development with me, two others are doing as administrative partners, but it's awesome. Love it.

Kirsten Pickens:

Really quick, I want to go back to 24/7 mentality of the team that has worked for all of these decades and talk about what you always talk about, your three families: your blood family, your Merrill Lynch family, and then you all service your clients. Can you dive into that a little bit because that clearly defines your culture.

Jeff Erdmann:

So it's where we have a cog wheel that we have cogs on it that talks about how we start the business. And the first, a cog on the flywheel is our three families. And everyone on our team will clearly articulate, no different than the two of you, the most important people in our lives are our children and our spouses and our parents and brothers and sisters. We're not wired that way. Something went wrong along the way, but that's number one. What's unique about our team is team number two, we honor that and everyone on the team is part of our family and treated like family. And when you have those two families working in sync, we're here to work for family number three, which are the families who we are stewards of their wealth and their planning, but that's our first cog on our flywheel.

Ryan Robertson:

So you've been doing this a long time and you've managed this huge team. Kirsten and I are co-heads of distribution at FS. We've got some terrific managers that report up to us, but ultimately we're responsible for about 115 or so people at FS. What advice would you give us as you think about managing big groups of people?

Jeff Erdmann:

You lead by example, you have humility, and I think most important, you always lead what matters to the person you're talking about. And I know you both personally and I know you're that way, but it pains me when I hear a leader say, "Hey, our company goal is this or our company did that." That's not inspiring to someone who you're leading individually. Everyone wants a path, as I said, I hope I'm inspiring, but they're not here because of Jeff. They're here because we've created a path and we've created a model that we can all go down together and grow and be more prosperous. And it goes back to the leadership piece that if the three of us can do that for the people that we surround ourselves with, I'm big on one plus one equals four or one plus one equals five. That's what we're trying to do.

Kirsten Pickens:

Well, not to disagree with you, but you are inspiring because I've listened to you for decades also on panels. And everyone in the room that I'm sitting next to in the back has just got their mouth dropped thinking they're just inspired by the words that come out of your mouth. So you set that vision for your team.

Jeff Erdmann:
Thank you.

Kirsten Pickens:
And it is inspiring and that's why leadership is so important that you lead by example.

Ryan Robertson:
I think a lot of young people who want to get into this business or a lot of young financial advisors may listen to this podcast and hear you speak. And I think one of the questions that they'll ask themselves is, as considered one of, if not the top financial advisor in the country, and you keep talking about your families, how do you prospect at your level? You mentioned a second ago your marketing plan. People are going to want to know how you get to multiple billions of dollars of AUM and management. How do you do that?

Jeff Erdmann:
Well, first the younger FA that's watching, it's about connecting with people and finding a connection point, allowing them to talk about themselves. My rule number one is I never want to speak more than 30% of the time in a conversation. Finding what matters to them, letting them talk about it and having a deep impactful conversation. And then obviously taking a complex situation and simplifying it for them and then giving them an outcome. And usually that's through financial planning and asset management and so on. As far as prospecting. Now, I'm not embarrassed to say I love networking and being around people who are entrepreneurs. So there's always on any team, there's like, do we need to keep growing or why we do this? I love growing because every time I meet with someone new, they're in a different business. I mean, I sat next to the guy last night at that conference about space. I don't know a lot about what's going on there with this. So now I got a whole new project and I got his card and I'm going to stay in touch with him. Every new client, I met with someone last week in the south who just sold their refrigeration company for hundreds of millions of dollars. And I went out to his farm and I was like, this is the coolest guy I've ever met and he had a better pickup truck than I have. So I really want to hang out with him.

Ryan Robertson:
And in those situations, and I don't mean to get really specific, but again, do you ask for the business or how do you ask for the business? Or do you feel like that connection just ultimately organically creates business?

Jeff Erdmann:
So when I answer a question like that, I want to say that everyone has their own style. My style is a little bit more awe, shucks. I would rather talk to someone, learn from them, listen to them, identify what matters to them, and then somehow lead them down a path that they say, "this team might be able to help me do something." Some of my peers who I look up to have a style of how do I win your business? This is what we charge and this is how we operate, and you need to have X amount of money to work with us. That is completely opposite from the way I do it. It doesn't mean one's better than the other. One of my mentors in the business is a military background and he has crushed it, but it's a different style and I don't want to be him. I don't think he wants to be me, but it's whatever's right for you.

Kirsten Pickens:
Yeah, it's for each person. I've heard you mention that you don't lead with markets or investments. You lead with what matters to families.

Jeff Erdmann:
Well, the reason for that is I can't control this stock market. I can't control interest rates. And so if you lead a conversation with a client about something you can't control, you're training that person to rate you on something you can't control. So I would rather talk to them about how we can save them money through creative estate planning or how we can reduce the risk or how we can help fund their mother-in-law's retirement house, whatever matters to that family. That's what we want to focus on.

Kirsten Pickens:

Yeah, that's great. Speaking of family, but a different family, let's talk about your mom. There's something that you said to me years ago that you may not know stuck with me, but it inspired me. You said, "Kirsten, how are things going? How is it traveling as much as you do with having three kids? I want you to know they're going to look up to you one day like I do to my mom. I grew up with a working mom who was," I don't know if I should swear but "badass and your kids are going to really appreciate you one day." And that stuck with me. And one of the reasons that we launched this podcast is in addition to what Ryan said is to try to create more interest in the industry for diverse talent, for women. And I think a lot of moms listening or young women maybe wanting to get in this industry would really like to hear your comment to that question.

Jeff Erdmann:

Well, first of all, it's the greatest opportunity in the business right now. I keep hearing different statistics, but I think only 15% of financial advisors or 17% or something like that are female. We also know that 70% of the wealth in this country by 2030 will be controlled by women. That's just natural demographics of my generation of baby boomers. Men don't live as long as women. Historically, men are older than wives, that's the general parameter. And so the math is very compelling that if you are a woman and looking for a career path, this would be top of my list to get into. I would also tell you as a male, for me to show up to a meeting with three guys that look like me with white shirts and Brooks Brothers suits. I mean, what an embarrassment, an incredible embarrassment to myself and to my business. So I mean, come on, wake up. And as far as working moms go, yeah, my mom worked my whole life and at night she was amazing for us and she did the homework and stuff, but then she'd go into the... we had this dining room with all her stuff laid out, and she ended up being the executive editor of the Reader's Digest, and she's been my mentor all through, and I know what an incredibly successful career you've had. I know you've got great kids. And again, that's a gift. That's a gift for your kids to be able to see that, but it's a balancing act.

Kirsten Pickens:

It is, yeah.

Jeff Erdmann:

Yeah. It's a balancing act just like it is for a dad too. In all fairness, in all fairness, we've all got to share on who does the homework at night and who's driving who to school or the doctor's appointments. But I think it's a gift. It's not a disadvantage. It's not a disadvantage for the kids. It's not a disadvantage for mom or dad. It's a gift.

Kirsten Pickens:

Yeah, that's great.

Ryan Robertson:

You've been very forthcoming about your career journey. Something that stands out though about you is your commitment to your community. You've served on boards of directors for Open Doors, held roles with organizations like Network for Teaching Entrepreneurship and also co-founded The Lost Boys, which I believe you did with your son. Why is that important to you? Why is community important to you?

Jeff Erdmann:

Well, my first class of college, 1981, imagine that first class you walk into, you all have a memory of your first class. I walked in, it was Psych 101, and on the chalkboard it said, "giving is a selfish act." And I probably had a hoodie on, I was a dumb jock. And I'm sitting in the background, I'm like, "giving is a selfish act." And I roll my eyes and I thought about it. I was like, "oh, it's kind of cool." And what I've learned is that the stuff you just said I'm doing, I'm doing it for a couple reasons. One is it is selfish because it makes you feel good and it's very fulfilling to give back. It's also a responsibility. If you've been as fortunate as I have been and lucky to have end up here at age 61 doing this stuff, it's also a responsibility. But I would say it's also a lot of fun. You talk about The Lost Boys. Oh my God. To sit there, I have 30 to 35 kids that come out to our place in Colorado in the summer. All their parents are from South Sudan, they grew up in

South Sudan. They're now living in the inner city of Phoenix, Arizona. And they come out there and learn how to ride horses and minibikes and catch their first trout. And we sit around every night around the fire and their fathers tell stories of what it was like when North Sudan invaded South Sudan in the 1980s, and their parents were killed and their siblings were killed. And they ran for six months through different countries and ended up, a few of them got sent to the United States, and that's how they all got here. But yeah, okay, sure. I'm paying for it, it's my place and I'm organizing it, but are you kidding me? How lucky am I that I get to know these kids and be inspired by them and share it with my children?

Ryan Robertson:
Wow, that's great.

Kirsten Pickens:
I love that. It also goes back to what we just said. Everything's a balance. You have so much energy. Where does it all come from? I'm just curious how you balance, because one of my favorite quotes, I say it all the time is, "there is no such thing as work-life balance." The old work-life choice by Jack Welch. Love that quote because it's so true. Something's going to give if you do something else, it's just the way it is. But between being number one in the country, having a huge team, managing it the way you do, all of the community work and the philanthropic work that you do, giving back to the community, how do you balance it? Where does all this energy come from? Any tricks that you can teach us?

Jeff Erdmann:
No, I know you have it too. Look, it's fun. It's fun, and it's just part of who we are. I was walking in here talking to my kid who was frustrated on a test he had yesterday, and he's got practice in two hours and all this stuff. I mean, that's fun to talk about that. And then you go from there, I get here, I'm sitting with you guys and having fun. So it's kind of why I don't want to stop. There's no right model, but to me, the idea of sitting around on Sunday night wondering who I'm playing golf with or what beach I'm sitting on Wednesday, or who I'm having cocktails with on Friday is I'm still going to do all that stuff, but it can't be my main job. And so a friend of mine, Sader didn't want to retire, he said, "I love work. I love my family. I love hunting and fishing and golf, but I love any one of them enough that I want to do them full time." I want to be, as time goes on, to be able to do that. And on the work front, I think I'm kind of gone a little bit on my team, a little more from player to coach, but I'm still playing as hard as anyone.

Ryan Robertson:
So this one will be a little bit out of order, but you were a college athlete, correct? And you have sons that were college athletes. How did your athletic career help you in your business career?

Jeff Erdmann:
I do think that there's all different types of discipline kids get. I wasn't a musician. I look at someone that plays a violin or the guitar, and I'm like in awe, because I don't have that skillset. It's no different than being an athlete. I think that people who had a passion as a child that incorporated a lot of discipline is going to be a huge advantage. So if I were a young kid interviewing at age 21 for a job, I want to be able to have a story about something along the way. It could have been in sixth grade or 12th grade or your junior year in college, but where you had to juggle more than one thing other than drinking beer and taking quizzes. And I look for that when we hire people, and it really is noticeable. We just hired a young fellow who's great academic background, but he's a professional lacrosse player. He had a great career and it's really been interesting to see him in his first few months. He's managing people around him because he's been a teammate his whole life. He's got great work ethic. And so, you know the jury's out. He just started, but at first I'm looking at him going, I get the team piece. He grew up on teams his whole life and that's very powerful.

Kirsten Pickens:
Teams was very powerful to be able to bring into this industry. They just have a characteristic and a work ethic. It feels like that really works well. I know we kind of already hit this, but I just kind of want to go back to it just to reemphasize, because again, I mean what we interview, we

probably interview sometimes 20 to 30 candidates coming out of college a month, and very few of those candidates are women or diverse. And I think of my own daughters that don't want to come in this industry, and it bothers me. They're so naturally relationship oriented, and you say it all the time, it's all about the relationship. Obviously investments is table stakes, but this industry is about building relationships and having connection points. And I just want to reemphasize that for anyone that's listening on trying to get more talent into this industry, get your thoughts on that and also why you think there's not more coming in and more youth?

Jeff Erdmann:

Well, we're talking about wealth management. I will tell you on Wall Street and New York City, what I see the kids, because of my children's friends, the lion's share of people getting hired in big jobs that from my perspective in investment banking and sales and trading and private equity are women, which is awesome.

Kirsten Pickens:

That is awesome.

Jeff Erdmann:

And we're definitely seeing that. In wealth management, I'm not sure that's the same. I think wealth management is trying to figure out how they do that, but the fact of the matter is, a large percentage in the next 10 years, the average financial advisor to the best of my knowledge is about 64 years old. So at some point in the next 10 years, that sector's gone. And so I'm really pleased at this conference today, I keep hearing all these sessions on succession planning. You've all heard me talk about that for a long time and frankly, I think there's very, very, very, very few of my peers who have any succession plan. And I think it's the biggest opportunity for team building. And so again, if I were a woman getting out of college, I would be incredibly intrigued by wealth management.

Kirsten Pickens:

Yeah, I'm glad you made that distinction because you're right. In fact, even the few that we do get that come in through interviews, they say even through business school, they know about investment banking. They don't necessarily know about wealth management, asset management. So when you think about our industry or female wholesalers, they're few and far between.

Jeff Erdmann:

Which doesn't make, again, we just need to get out and make him aware. Now, when I started in the eighties, being a retail broker was, you talk about the bottom of the barrel. You either want, if you really were ahead of the times, you were going after private equity, which was this strange business, no one knew anything about below. That was the core job was being an investment banker at Merrill Lynch or Goldman Sachs or JP Morgan. That's always been the plum job. And then it was sales and trading. And then if you couldn't get that or commercial banking, and then if you couldn't get that, it was, okay, well, I'll just be a retail broker and cold call for a living. I will tell you that today, all my friends who are major investment bankers who had big sales and trading jobs, every one of them look at my job and say, "wow, what a cool career you got." Because here we are and we own something. Our success is completely up to how well we run that business, and we get to empower people and inspire them and most importantly, have deep relationships with all these really interesting families that are totally cool and interesting to know.

Ryan Robertson:

You brought the word up, so I'll elaborate on it. You're a young man, young guy and you love the business. When will it be the time for you to say, I'm done? What is your succession plan? Or when would that moment come?

Jeff Erdmann:

You're calling me a young guy?

Ryan Robertson:

Yeah, you're a young man. High energy, you love the business, it feels like you could do this a long time.

Jeff Erdmann:

Yeah absolutely. So again, I think going back to the word leadership, I think one of the most important qualities of leadership is clear communicator. And so I've communicated to my team and to my family and everyone else that there is a clear succession plan on our team. I can't give a definitive date that I'm going to retire in five years, seven years or 10 years. I think it's safe to say probably at the tail end of that, the way I feel right now, I'm in no hurry to do. I'm having too much fun so why do that? But I want everyone on the team to understand that there is a succession plan there. 25 years ago, I owned a hundred percent of our business. Today I own whatever it is, 69%, and there's a chance that goes down a bunch in the next several months, which costs me a lot of money. But it's a really great message to send to the young people on my team and to do that. And that's why my peers, a lot of peers don't give equity away. I can say this, and I don't like to talk about numbers, but I owned a hundred percent of the business 25 years ago. I now own less than 70%. Yet my personal production as we get paid in our businesses compounded out at about 18.5% or 18.4% per year since 1986. So the model, I don't know a great founder of a great public company, whether it be Microsoft or any of that, that the founder owns a hundred percent of the business today. And so I really believe that when you share that equity and you empower people, I always, going from entitlement to empowerment, we empower everyone around us to think like an owner, act like an owner and be an owner. We're going to have a better outcome for everyone.

Kirsten Pickens:

Yeah, it absolutely is. And this has been a fantastic conversation, so thank you. But we have one more question for you because we like to end every podcast with the same question, which is if you could give one piece of advice to your 20 year old self, what would it be?

Jeff Erdmann:

Be physically fit, mentally sharp and always be open for business.

Kirsten Pickens:

There you go. That's awesome.

Ryan Robertson:

Simple and to the point. Jeff, thank you so much for your time. Really appreciate it.

Jeff Erdmann:

Okay. Appreciate you guys. You are doing great stuff. Thanks for including me.

Kirsten Pickens:

Thanks so much.

Ryan Robertson:

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Kirsten Pickens:

For more on this episode, visit www.fsinvestments.com/head-to-head. This episode was edited and engineered by Aaron Sherman. Special thanks to show coordinator Lara Coleman. Thanks for listening.