

Thought Leaders

An Interview with Bob McCann, Chief Executive Officer, UBS Group Americas

EDITORS' NOTE Bob McCann is also a member of UBS's Group Executive Board. In his current post, McCann continues to strengthen UBS's leading Wealth Management Americas (WMA) franchise. Since he took the helm as CEO of WMA in October 2009, his turnaround strategy has stemmed asset outflows and returned the division to consistent profitability. Prior to joining UBS, McCann had a 26-year career at Merrill Lynch, during which he held a variety of leadership positions throughout the firm, including Vice Chairman of Merrill Lynch & Co., Inc., President of Global Wealth Management, Head of Global Securities Research and Economics, Chief Operating Officer of Global Markets & Investment Banking, and Head of Global Equity Trading & Markets. He sits on the board of trustees of the Catholic Charities of the Archdiocese of New York, and is active in a number of other organizations that seek to educate and develop young talent including Bethany College, the American Ireland Fund, No Greater Sacrifice, and the Billie Jean King Leadership Initiative.



Bob McCann

COMPANY BRIEF With a 150-year history and a network of offices in over 50 countries on five continents, UBS (UBS.com) has extensive experience managing the wealth of high-net-worth and ultra-high-net-worth individuals. Their global strategy is centered on strengthening UBS's leading global Wealth Management franchise, while integrating and finding synergies among the Investment Bank and Global Asset Management divisions to deliver outstanding solutions for their clients. The UBS Wealth Management Americas approach is based on the trusted relationship of their Financial Advisors with their clients. Their experienced Advisors are committed to understanding clients' needs and delivering insightful, informed advice to help them realize their financial goals.

Is true economic recovery taking place?

Yes, I think the economy is improving. It's on a path to recovery. There's slow and steady growth in the U.S. From an investment perspective, for our wealth management clients at UBS, we still like risk assets. We

continue to be overweight U.S. equities, as well as being overweight credit products.

Does unemployment need to be looked at differently going forward?

Yes, due to the depth of the financial crisis and its impact on the economy, companies today in a host of industries are cautious about adding large numbers of jobs and the costs associated with that. Because of this, while the employment situation is improving, it is not improving as much as either government or business lead-

ers would like. In addition, there is the matter of the long-term unemployed and how policy makers consider this group of people in setting monetary policy.

At UBS, we continue to look for talented people to add to our organization. We have made the decision that, while we have a Swiss parent, we are a New York company and our 1285 Avenue of the Americas building is our U.S. headquarters. In addition, we are building out our Nashville Business Solutions Center as a nearshore hub.

Will you continue to maintain your New York focus?

Yes. By the end of this year, our Investment Bank will be under one roof at 1285 Avenue of the Americas. It will also be home to the world's largest wealth management office. In addition, three Group Executive Board members have their offices here.

What excited you about joining UBS?

When I resigned from Bank of America in 2009, it gave me an opportunity to look at my career in a new way. A friend advised me to meet people in the private equity space and to consider entrepreneurial ventures. While I found that exploration to be interesting, in the end, I decided that I wanted to try to continue to make a contribution in a complex, global organization.

Another friend knew Ossi Grubel (former CEO, UBS) and arranged for us to meet. Ossi made it clear that if he gave me this job, he would really let me do it.

I had competed against UBS and Paine Webber in many different businesses, and I knew there were good people here and, despite the challenges, it was a strong brand.

So, in coming to UBS, I knew that the ingredients were here to do something

special. Yes, we had challenges to overcome and we're still not quite where we need to be, but our more than 150-year legacy has given the firm a considerable advantage in the marketplace. I often say that you couldn't replicate the global wealth management business at UBS if you had unlimited time and unlimited capital.

Did the people welcome the change early on?

Yes, they understood the need for change. There were very good financial advisors here who had tenure and capability, and were encouraging me to work quickly.

I brought in a few people I had worked with over the course of 25 years. I was trying to be sensitive about balancing the need for change with the organization's capability to absorb that change. Between Thanksgiving and Christmas of 2009, a couple of very thoughtful people in the organization encouraged me to continue to develop talent within the firm. They also told me not to be too sensitive about recruiting people I had worked with previously. They said "just get good people – we don't care where they're from." So people were encouraging, as opposed to threatening or slowing me down.

Is it difficult to show differentiation in this space?

You can show differentiation. I got into wealth management in 2003 and until then, I had not spent a lot of time thinking about brand, because when you're in trading or the investment bank, that job is all you can focus on.

I've come to truly appreciate people and organizations who build great brands, because it takes an enormous amount of time and energy to get right.

We have a great brand at UBS. In five years, we've improved our company and our brand, but we have the opportunity to do even better. Under Sergio's (Ermotti, Group Chief Executive Officer) leadership, we've put wealth management at the core of the company, and that message is being driven through the entire company and is having a positive influence on our client relationships. It's differentiating UBS in the marketplace, with clients, and with current and potential employees. I'm hearing this from our wealth management clients as well as our industry participants. They see us focus on wealth management, and they see us deliver

resources and global perspective they don't get at other firms.

What is the profile of your wealth management clients?

In the U.S., it is our goal to be the firm of choice for high-net-worth and ultra-high-net-worth clients and the financial advisors who serve them. Our focus is on the clients with \$10 million and above. We will remain at our current level of about 7,000 financial advisors. This size allows us to remain relevant and close to our clients. We are in the advice business; we are not a manufacturer of product.

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**We're in
a business that
defines itself by
its quality of
thought.**
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We are becoming the place where advisors are trained and expected to deliver holistic wealth management advice to our clients.

In hiring advisors, is it as much about the culture fit as anything?

Cultural fit is very important. I look for someone who is both serious and sophisticated; someone who understands that our business isn't about trying "to beat the market," but rather about providing advice to a family to help improve the quality of their lives. Investment products are important, but they are the bricks and mortar of a financial plan. Our best advisors have the ability to identify, develop, and sustain relationships with very successful people, and give those people the advice and guidance they need in every aspect of their financial lives.

This is also a big responsibility.

Yes, it is. We have a responsibility to our clients, and it is one that we take very seriously at UBS.

The great thing for UBS is that with \$1 trillion under management in the U.S. and another CHF 1 trillion outside the U.S., the greatest asset management companies and private equity firms want to work with us, and we focus on bringing their very best ideas to bear for our clients.

What role does innovation play at UBS?

It starts with how you train and develop the people in your organization. Our innovation centers on the creation and delivery of both intellectual capital and technology that we deliver to our clients through our financial advisors. When we do our best work, our advisors take all that UBS Group has to offer globally and tailor that to the particular needs of their clients, whether that's in investing, lending, estate planning, or philanthropy. We have to personalize what our company is capable of and make it meaningful for the individual client.

Even with that scale, can you remain client-centric?

Yes. I think we have struck the right balance with our size. We are large enough to be relevant, and the best investment managers in the world want to work with UBS. At the same time, we are at a size that allows our management and our financial advisors the time to really focus on our clients and their needs.

How close is the coordination between the investment bank and the asset management?

We're making very good progress. While wealth management is at the core of our company, if we aspire to be the world's greatest wealth management firm, we need to have a successful investment bank and asset management business. They are our eyes and ears in the market, and they inform the perspective and advice we're offering wealth management clients. We need to have people who are working directly in the markets to provide the best advice to our clients.

This allows us to provide a truly global view to our wealth management clients and I find, whether a client lives in Chicago, New York, London, Zurich, or Singapore, they are citizens of the world and need wealth management advice that includes a global perspective.

How close is the coordination from region to region?

The best example I can give is our Chief Investment Office. It's a global operation with close regional coordination, which publishes a monthly UBS House View for our UBS wealth management clients globally. It's a great publication. I keep the current issue in my briefcase and discuss it with clients as well as my financial advisor.

This company is engaged in other important issues. Would you touch on those issues?

At UBS, we are committed to twin pillars of education and entrepreneurship. For instance, our UBS NextGen Leaders program was recently launched as an education initiative, and it's focused on helping young people from disadvantaged communities succeed in college and beyond.

I also wanted the company to be identified as a thought leader when I got here. I want to help people think through the important issues of the day. So we do client events with Presidents Clinton and George W.

Bush, as I was interested in bringing our clients together to hear from two former presidents on the issues facing our country today.

Our Elevating Entrepreneurs program was an outgrowth of our relationship with the two presidents. Elevating Entrepreneurs is a way for our company to be involved in the communities, contribute to a sustainable economic recovery, and create jobs. By bringing together our best people and their most successful clients, we're providing high-impact mentoring to entrepreneurs who had some success but have not yet reached their full potential. Since we launched in 2011, we've worked with a range of interesting and successful entrepreneurs, and we've helped create and retain more than 1,300 jobs.

It also becomes a rallying point within the company. All of these efforts, from Elevating Entrepreneurs and NextGen Leaders to our conversations with the Presidents, energize our people and strengthen our most important client relationships. The biggest challenge we have is the huge demand from employees and clients around these opportunities, which speaks to the quality of our people and our client relationships.

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that we take very
seriously at
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In all of our efforts, our goal is to be a leader in the communities in which we live and work. It's not just good for business, it's the right thing to do.

How do you focus your diversity efforts?

We're in a business that defines itself by its quality of thought. We need all the talented people we can possibly get. I need to create a culture that, no matter what your background is, you feel that if you come to UBS and you do your part, you can have a long and successful career. I consider that part of my role to be the most important one that I have. ●