

Trust and Transparency

An Interview with John W. Thiel,
Head of Merrill Lynch Wealth Management

EDITORS' NOTE John Thiel began his career with Merrill Lynch in 1989 as a financial advisor in Tampa, Florida and later served as a Global Private Client Advisory Division Regional Director in two Chicago-area offices. He joined the Private Banking and Investment Group in 2000 and launched its private wealth management business in the Pacific West Region. He was named the head of the group in 2006 and ultimately head of all of Merrill Lynch Wealth Management. Prior to joining Merrill Lynch, Thiel had a distinguished career in the public accounting and insurance industries. His extensive background also includes tax and estate planning along with financial operating experience as a CPA with KPMG.



John W. Thiel

COMPANY BRIEF Merrill Lynch Wealth Management (wealthmanagement.ml.com) is a leading provider of comprehensive wealth management and investment services for individuals and businesses globally. With nearly 14,000 financial advisors and \$2 trillion in client balances, it is among the largest businesses of its kind in the world. Within Merrill Lynch Wealth Management, the Private Banking and Investment Group provides tailored solutions to ultra-affluent clients, offering both the intimacy of a boutique and the resources of a premier global financial services company. These clients are served by more than 170 Private Wealth Advisor teams, along with experts in areas such as investment management, concentrated stock management, and intergenerational wealth transfer strategies. Merrill Lynch Wealth Management is part of Bank of America Corporation.

What is the secret to the success at the firm and how will you continue this?

We understand the importance of trust and the dynamic between a client and an advisor, and have for a long time. While this dynamic evolves, the core of that relationship is understanding what the client is trying to accomplish and then delivering against their goals.

Trust is the foundation of the relationship, so an open and honest dialogue and transparency are so important. Our making a must of transparency of fees, our evaluation of the risks they're taking to achieve their outcomes, and then the actual outcome are all critical. Outcomes, which

had been defined for a long time by how we did versus a benchmark, are now about whether their goal is feasible. Are they going to do what they want to with their wealth? The industry traditionally hasn't done a good job of this. We're very focused on it today.

Did your people understand this concept early on?

They get it, but may have tried to do it with bootstraps and legal pads, and we have invested systemically in the technology to allow them to deliver this with a click at any time. They can re-

view their clients' progress toward their goals and whether they are on track or not.

What is your client profile?

We define a priority client as someone who has \$250,000 or more of assets to invest.

Coming out of the economic crisis, is it well understood what the Merrill Lynch brand stands for?

We are very focused on our purpose to make our clients' financial lives better. We know that our clients are very happy with us, but we have some work to do with prospects, which reflects how the industry is viewed post-crisis.

We're working really hard at prospect favorability – for people to understand what we do and how we do it.

Our being a part of Bank of America is critical to serving our clients. If we closely engage with our clients to understand all of their life priorities, such as family, leisure, health, work, etc, we see that what they are trying to accomplish with their money is very broad. The bank gives us a breadth of capability, particularly on the lending side, which clients' value. Having the bank as our parent and supporting our brand is a strong positive.

How important to the culture is understanding your purpose?

What we do for clients is noble. If you think about an advisory relationship, the client comes to the relationship with an outcome in mind. They're delegating an enormous responsibility to an advisor, and this fundamentally takes a lot of trust.

Our thesis is that the more we tie the results of the relationship to what they came to us for, the higher level of comfort the client will have, which allows them to literally sleep at night. If we do the things that they want us to do to fulfill their goals, and layer on transparency so that, at all times, they know what is happening, what is working, and what they're paying, we get a much deeper relationship than we have ever had before.

How critical is it that your diverse client base is mirrored by your workforce?

It's very important that our advisor force represents more of what the population looks like. This is something we are very focused on. Merrill Lynch has long had the leading advisor training program and our outreach to people considering a career in wealth management has diversity top of mind. We also are very conscious of the need to recruit talent from a broad range of backgrounds and experiences.

We are also seeing a renewed interest in a career in wealth management among the millennial generation. A career as an advisor appeals to their desires to be entrepreneurial, to have flexibility and work-life balance, and to make an impact in people's lives. ●

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We have segments in addition to this. We have the \$250,000 to \$1 million, which is the affluent segment; \$1 to \$10 million are the high-net-worth; and \$10-plus million are the ultra-net-worth. We have an institutional segment, which often results in private wealth management but starts as a corporate client.

The reason we look at them discretely is they have different needs. Complexity goes up typically when wealth goes up, and the kinds of things they're worried about expand. Although fundamentally we do the same thing for those clients – we manage their wealth and we point it towards goals – the way we do it and the issues they face are different. We want to be relevant to each of those clients.