TULSA WORLD

Passing the torch: Established wealth managers look to young workers to carry on

By Samuel Hardiman Tulsa World | Posted: Sunday, September 25, 2016 12:00 am

Two men sat at a posh conference room table in a similarly affluent office building in south Tulsa. About five feet in distance and almost six decades of life separated them, but they were talking about the same thing: fear.

They weren't talking about fear in the way cops or firefighters do. This was a different type of fear, a fear of financial products and financial planning.

Sid Shupack and Matt Redmond are two pieces of the small shop that is First State Investment Advisors. In front of the conference room there's a whiteboard that would rival any fantasy football fanatic's draft board.

Redmond is 26. Shupack is 81. They're not related, but Redmond calls Shupack a "father figure" and mentor. Shupack intends to slowly sell his decades-old investment business to Redmond as he eases into retirement.

The situation at First State isn't an isolated circumstance. Three floors under the red stucco roof of 2200 Utica Place are the new offices of Fredric E. Russell Investment Management. Russell, the owner, doesn't plan on retiring any time soon. When he does, his two young employees, Qian Zhang and Ying Qi, will run the business.

Both immigrated to the U.S. from China and have put down roots in Tulsa. Russell describes himself as "loquacious." Zhang and Qi are, at least in public, reserved.

Russell and Shupack credit their younger employees for allowing them to streamline their research and saving them time. Redmond, Zhang and Qi say they're grateful for the chance to own their businesses and learn from their grizzled mentors. When they're handed the reins, they'll manage existing yet aging client bases and face the challenge of recruiting new clients from generations that save less and trust the market less than their parents did.

Generation gap

Russell and Shupack have embraced technology more than some people their age. Still, they said their younger employees help them use technology that's available today to streamline their time-worn processes of evaluating stocks.

Shupack, during a recent visit to his offices, answered a phone call on his Apple Watch. Russell, 72, has been known to FaceTime his colleagues from the other room.

For Shupack, Redmond's ability to use Microsoft Excel and similar software to sort the different ratios and calculations has made evaluating stocks two-thirds easier, he reckons.

Russell said Zhang and Qi, both millennials, often troubleshoot for him when he struggles with the computer or a flash-drive. They're far from just rudimentary tech help to him, however. Both are adept at reading the annual reports of companies and looking for vagaries in the language — something that begs a question be asked of the company's investor relations department.

Qi noted the research and development spending of one company the group is looking to invest in was bigger than four or five of its largest competitors combined. That's one of the details that makes the company stick out.

While Qi and Zhang have an equal part of the research component of the job and managing existing clients, they believe they have room to grow in adding their own clients.

"Qian and I ... we're expats," Qi said. "I've been in the U.S. for five years and ... Qian has been here for nine years. We're still trying to build our own relationships."

Rare talent

Both Shupack and Russell rave about their young employees' intellect and ability to learn. Young talent in financial services is a sought-after commodity. Massive banks such as J.P. Morgan and others have revamped their hiring systems in recent years to attract more young talent.

Most big banks, hedge funds and other financial firms are headquartered in major cities. Larger institutions can offer higher pay and economies of scale, but Qi, Zhang and Redmond were seeking something else: responsibility.

"Prior to joining Sid, I had never seen any money managers that really did it right. He had a really reasonable and prudent approach," said Redmond. "I saw in joining I was going to get the training and the very close and intense learning experience that I wouldn't get somewhere else."

The young wealth managers attribute their ability to learn to their circumstances. Qi and Zhang came from a country where the academic environment is incredibly competitive. They looked at each other Tuesday across Russell's office, searching for the words to describe the work ethic and desire that are intrinsic to them and a way of life.

"Our motivation," said Zhang. "We have a lot of curiosity. We always try to be the best."

Said Qi: "Growing up in China, the resources are so limited. It's not everyone gets a trophy. It's you get a trophy or you're behind the row."

Shupack said Redmond is the smartest guy he's ever run into besides George Kaiser, calling him a "rare talent" that he's happy to have come across.

The talent that Russell and Shupack have found may face an uphill battle when they actually take over the business, not in retaining existing clients but in recruiting new ones.

Younger people are less trustful of the stock market. Fewer Americans, according to a Gallup poll, are investors in 2016 than in decades. A poll commissioned this year by investing app Stash showed that about 4 in 5 millennials aren't investing in the stock market.

Redmond sees the trends, too. He said it's difficult to talk to people about their fear of their finances because they don't trust the system.

"It seems like younger people my age don't have as much trust in the markets or in American companies as much as people did," he said.

Fredric E. Russell, the founder, chief executive and chief investment strategist at Fredric E. Russell Investment Management Co., works with his two employees, Ying Qi and Qian Zhang, in Tulsa. JESSIE WARDARSKI/Tulsa World