

Transcript of David Fisher's interview on Capital Club Radio, recorded on 09-11-17

00:06 Announcer: Broadcasting live from the Pro Business Channel studios in Atlanta, Georgia, it's time for Capital Club Radio, brought to you by FLOCK Specialty Finance. Please welcome your host, Chairman and CEO, Michael Flock.

00:25 Michael Flock: Good afternoon, and welcome to Capital Club Radio. Today, we're delighted to speak with David Fisher, the Co-Founder and Chief Investment Officer of SignatureFD, one of the leading wealth management firms here in Atlanta. David started his career at the accounting firm, Frazier Deeter, in 1993, when he specialized in audit and attestation services. As Chief Investment Officer, his primary responsibility today, is to lead the firm's Investment Committee, and to develop the long-term vision, policy, and strategy for SignatureFD's Investment Team. He's a recognized expert, and speaks frequently at conferences, and quoted often in the Atlanta Journal-Constitution, the Financial Advisor magazine, and Practical Accountant. But in the spirit of full disclosure, we at FLOCK Finance have known David for several years, as he is one of our leading Equity Investors and on our Board of Directors. So David, let's get started. How did you get into wealth management? I mean, did you have... You didn't have dreams as a kid, did you, of managing lots of money, or did you? What did you want to do when you were a kid?

01:39 David Fisher: Well, first off, Michael, let me just say thank you for having me on the radio program today. It's been a pleasure to get to know you and your full team at FLOCK the last several years, and I'm honored to be able to share my story today. So, from a career perspective, I grew up in the late '80s, went to college at University of Alabama. And during school, we had a little recession in the early 1990s. And so, my parents were very clear, that I had four years to get out of school, and find a job. And so, Accounting seemed to be the best degree that I could come out, right out of school, and get a decent paying job from day one.

02:20 MF: So, you got out of school, day one, you had a job, SignatureFD in Accounting. So why, and I think it was what, three or four years after that, you got into wealth management? You, and I think, one or two others, created a business plan to migrate, transition to wealth management from SignatureFD. What motivated you to do that? What inspired you to do that, when you had all these, you know, companies out there, who were obviously good prospects for accounting firms?

02:51 DF: Yeah, and I'll touch on this story in just a second, about how we started. At the time, it was called F&D Advisors. Today, it's SignatureFD. But as far as why that was a career path that made sense to me, it really was a focus issue. After just a couple years in business, I realized that you either need to focus on corporate work, or individual, or at least, that made sense to me. And I really enjoyed the challenges that came with working with families, and helping them understand, and achieve their personal financial goals. And so that was what kinda led us down the path that we started on.

03:32 DF: But back up to that story about how we got started in the business and it's a little... If anyone's seen the Jerry Maguire movie, it's a little Jerry Maguire-esque. Doug Liptak, who's one of the Co-Founders with me, we both were at a conference out in Dallas, Texas, and we skipped the conference. Don't tell my old CPA partners, but we skipped the conference and spent two days putting together, really, a business plan, a mission statement around what we thought was a way to get into the wealth management business via a CPA firm environment. We wrote that paper up. We came back from our conference. And again, like Jerry Maguire, we slid it in the boxes of the partners at the CPA firm. And we took off Friday afternoon, and went home, and wanted to see what was going happen. And remember,

that we were 24 years old at the time, and so obviously, we didn't have a lot of leverage from a business perspective, but we did think it was a dream worth pursuing.

04:46 MF: And so how did you get from the plan to the reality?

04:50 DF: Yeah, and then, so that took, obviously, some time, because of where we were from a career perspective and what background information, background knowledge that we had. So, we spent about three years... This is where it deviates a little bit from Jerry Maguire. Instead of getting fired like Tom Cruise did in the movie, our partners actually embraced the idea. They put together a committee with us to think through how best to approach this. And we spent several, two years, really, understanding the details of what it would take to get a business started. At the same time, we started introducing the idea to some of our clients. And then, in 1997, is when we formally started what's become SignatureFD.

05:42 MF: And so, were some of your first prospects, naturally, then, some of the individuals in these companies, where you were doing the accounting, and CPA work?

05:51 DF: Yeah, the idea that we had in starting the business, was really, that there was a broad set of services that would really be required to make a family successful, when it comes to their financial plans. CPA firms have a component of that, which is, obviously, tax-related. But we felt there was other portions of the mix that needed to be handled, which is investments, risk management, cash flow planning, retirement planning. And so that was where we started spending our time, and the energy was to build that credibility from a firm perspective, and we did start marketing it, originally, to the families of Frazier & Deeter, and the partners that had that experience, and credibility, from a market perspective. And so, they were the champions to help us get started.

06:41 MF: But it sounds like then, that what drove you, or one of the drivers, was the desire to work with individuals versus companies, and to help them, I guess, grow their net worth. And it sounds like part of you thought it was, maybe more fun, also. Is that right?

06:57 DF: Well, I think it was really just a focus issue. The way I look at it, is that you have to really be an expert in the area that you want to pursue. And so, as a long-term area of expertise, that was what seemed the most challenging, but also the most interesting. And others may have different opinions, but to me, it was the most rewarding part, was working directly with families, and seeing the response that they had, when you helped them with challenges, or to try to take advantage of the opportunities that they have.

07:30 MF: Right, so leveraging your financial and tax expertise, and helping families, I guess, some of whom might have been a part of these companies you were working with, as well, correct?

07:39 DF: Yes, and that was the great... And Frazier & Deeter is still an affiliate with us, and a good strategic partner. But they've always had a focus on working with closely-held businesses. And certainly, that is a great source of new clients for a firm like ours.

07:56 MF: For financial planning, certainly. On the Capital Club Radio Show, we like to draw connections between the personal lives and the professional lives. And when I think of David Fisher, I also think of someone who is passionate about the Boy Scouts, and you were a Boy Scout. In fact, I think you were an Eagle Scout, which is the ultimate, I guess, in the hierarchy of the Boy Scout culture. Can you tell our listeners a little bit how you got into Boy Scouts, and some of the principles that you live by in Boy

Scouts? And are there any connections with what you do for people at SignatureFD, and the clients of SignatureFD?

08:36 DF: Yeah, certainly, there's a connection between the leadership skills that you learn in scouting, even though they're maybe subtle when you're a youth. They definitely come back to help you out as you get older. I have been involved... I have a 14-year-old son who's in ninth grade this year and it's been my passion to work with him. He loves the outdoors, and so that's where the original interest on his part came from. And I've taken the last couple of years to really take an active role in that. I've been Scoutmaster of our home troop for the last couple years and spent a lot of time on that. So, the question is, "What is the value of that, from a leadership perspective?"

09:23 DF: And I was at a breakfast recently, and a prominent Atlanta businessperson said that, "The purpose of scouting is really to mass produce the next generation's leaders." And I think that's really what it's about. I tell the kids, the scouts that I work with all the time, that, "We're going to focus on making it fun, but when they're not paying attention, we're going to teach them leadership skills." And so that really comes back to what we talk about in scouting, and just the environment of allowing them to work with their peers in a safe environment, kind of work through what can appear to be big challenges, when you're 12, 13, 14 years old, but how to work together as a team, and get things done.

10:13 DF: And Rex Tillerson is another famous person, currently serving the country as the Secretary of State, and he was the President of the Boy Scouts of America for a couple of years, while he was also the CEO at Exxon. And I've seen him speak on several occasions. And he challenges anyone to look at the Scout Oath, and the Scout Law, and try to find something in there that's missing from a leadership training perspective. He said he spent hours and hours trying to think of anything that he would add to the Scout Oath, and the Scout Law, and has not found anything that was missing in those.

10:58 MF: So, could you comment on a few of those principles in the Scout Oath, in the Scout Law, that kind of drive the goals of the Boy Scouts? And are there any parallels with some of those principles, that you used to found, and today, to lead SignatureFD?

11:15 DF: Yeah, so I think the simplest one is to just repeat the Scout Law, which says, "The Scout is Trustworthy, Loyal, Helpful, Friendly, Courteous, Kind, Obedient, Cheerful, Thrifty, Brave, Clean, and Reverent." And all of those points of the Scout Law, really match up with what we believe at SignatureFD, and what most people would believe from a leadership perspective, encompasses the key criteria.

11:49 MF: Well, certainly trust, as a financial advisor, that's essential. Loyalty, being loyal to, I suppose, both your clients and your employees. And speaking of culture, David, I realized in studying up on some of the recent history of SignatureFD, that SignatureFD was recognized for this by Charles Schwab, and I think it was last year, that SignatureFD was awarded the Best-in-Business IMPACT Award by Charles Schwab, which I think has, I think I was told has something like 5,000 businesses that are part of the circle, and they all compete for this award, and that they acknowledge that SignatureFD's efforts to empower people, and to create a culture, to not just make money, but also to have employees and customers live a great life. And they said that SignatureFD has established client communities, such as SignatureWOMEN, and SignatureEXEC, to bring together clients, to meet, learn, grow, and have fun. Can you elaborate on this? Because I think there is a connection here between the culture, and what you learned in Boy Scouts, and now, how you're leading SignatureFD, and so much, that you get recognized by Charles Schwab.

13:21 DF: Yeah, well, first, Michael, thank you for recognizing that. We definitely were very appreciative of that award last year. I think mostly, it recognizes our entire team. You can't win something like that without having a fantastic team of people that are engaged every single day, and trying to serve your clients, and make a difference in the world. The attributes that Schwab looks for, and the winner for that award, really boiled down to firm culture, management, techniques, and technology, and how, really, just best practices from an industry perspective. And so clearly, out of several thousand clients, as you mentioned, we were very proud to win that. I think how it plays into our future, and, really, the intentionality of what we've been working on with our team, and from our service offering for clients, is a couple-fold. One, we really believe that there is a distinction or a competitive advantage, if you will, in the industry today, of trying to attract young talent.

14:40 DF: Financial services, financial planning is a relatively new industry and career track. And because of the growth, and the retirement of the baby boom generation, and the changes in the financial world, it's putting a lot of pressure on families, and individuals, to plan for their own future. And so, we really think there's going to be almost a shortage of talent. So, we've tried to intentionally create a very strong culture internally, to make sure that we can be one of the most attractive places to work, if you're up and coming in this profession. Secondly, from a client perspective and a client-facing, I think the most significant difference that we've tried to make, is that we really believe that wealth is much more than just about money. Wealth encompasses your other resources, which is your time, your energy, your connections, your talents. And so, we do try to take a comprehensive, and all-encompassing view of a family, and the individuals in that family, and how they can best create a life that is going to make a material impact to those around them.

16:02 MF: So, you might say, it's more than a transaction.

16:05 DF: That would be the FLOCK Finance way of looking at it. Yes, absolutely.

16:09 MF: Yeah, it's not just the money.

16:11 DF: Yeah, and that goes back to one of our embedded beliefs, is that, really, the financial industry, from a consumer standpoint, in many ways, is a broken industry today. There's constant new products and ideas being generated, but they're complicated. The average person has no ability to understand and comprehend how those might make a difference for themselves. Obviously, the industry sales practices are not always where we would want them to be, from a consumer perspective. And so, we believe fully that clients need an advocate in that process, and finding a way to navigate through the complexity of that, and match that up with, really, what they're trying to accomplish, because there's a focus on the immediate financial product, but there's very little focus on what someone's long-term goals are, and how they can best be achieved.

17:11 MF: So that's how you, the advocate for the client can navigate through the, I guess, the various markets and asset classes that you encourage them to invest in, is that...

17:23 DF: Yeah, one of the things that we say, is that, "Trying to simplify someone's financial life." Because if you get distracted by the complexities, then you lose sight of the big picture, which is really what you're trying to accomplish, and finding... We talk about ourselves as being a financial design firm, and the idea of design is really to take complexity and simplify it down, and take complex situations and look at them in a new way, and that's really what our job is for clients.

17:57 MF: Well, exactly. And in reviewing your website, yeah, you call it the Financial Design for Life, and you characterize it with three things: Deep expertise, innovative approach, and comprehensive service offerings. That combined, create a personalized financial design to, I guess, is another way of saying, as you simplify the complexities through this design, and I guess that becomes a plan. Is that an annual plan for each client?

18:23 DF: It really never stops.

18:25 MF: Five years or...

18:26 DF: The situations can change overnight for someone and their plans have to adjust, but otherwise, things may go status quo for a number of years. But we do, we spend significant time with our clients, both face to face, interchanging telephone and email. And in most cases, we have a very detailed relationship with them, as far as helping think through all the different financial decisions.

18:54 MF: And so how do you measure, or evaluate your success on a client by client basis? How do you know that this culture, this stuff that seems soft to a lot of people, but important. How do you measure whether or not that has had an impact on client satisfaction?

19:10 DF: Well, there's certainly the quantitative side of it and that's an important part of it. Obviously, managing clients' wealth has return goals and objectives with it, and that drives their ability to make decisions in the future, protecting them from a risk management perspective, making sure that they don't have unforeseen liabilities. But the softer side of it, is really around, the word I typically use, is an 'empathetic' relationship with the client.

19:43 DF: So, a quick story, one of our Senior Client Care Associates was working with a client, and their grandchild was off to college. There was a payment that was supposed to go to the college, that got missed somehow in the system. The grandparents, who were the ones supporting this, were off on a cruise, and the parents were unable to do anything, because it was not an account that they managed. And it would have been very easy, and most firms probably would have tried to push back onto the... It was a 529 plan... Tried to push back to get that to be the solution. In our case, my team member stepped up, took charge of it, and was able to push it through from our perspective, and get all the fees waived, so that we didn't have to bother a client that was on vacation, and the child was able to start school on Monday. And so that's just taking things to an extra step, and when I say 'empathy,' putting yourselves in the shoes of all those parties involved, and recognizing what needed to get done, and making sure that that happened.

20:58 MF: That's a good example of going for the macro to the micro then, actually fulfilling a client's need on a very specific transaction, which was important to the family.

21:08 DF: Yes. And where your question about, "Where does the reward from that come from?" There is the quantifiable aspects of a relationship, but the authentic thank yous from a client, when something like that comes to fruition. In that case, the client sent a nice note, and I think, a restaurant gift card, to our Client Care Associate, recognizing what they had done, to help make sure that that was accomplished, while they were out-of-pocket.

21:43 MF: Now, we've been talking about a lot of great things that SignatureFD has achieved in its, gosh, now, 20-year history, but we all know that the markets, financial planning never goes perfectly smoothly, and we've had a few recessions in the last 20 years, and in fact, some people are saying we're headed for another one. Because the last one was in 2008. We're now '17, that's nine years. Could you tell our listeners a little bit about how you've dealt with some of the adversity along the way, meaning the adversity in financial planning and the markets? You're managing billions. I think you told me you have \$3 billion under management right now. So how do you deal with that? Like in '08, we had a huge crash then, and there's some people saying now, '17, '18, it's time for maybe some kind of a pull back. How do you deal with that?

22:36 DF: Certainly, cycles come and go, and so there's, in this business, there's no way to avoid difficult times in the markets. I think the primary responsibility on a financial advisor, at that point, is to help their clients manage their emotional needs. Clearly, in 2008, 2009, that was a larger than normal crisis. It was precipitated by a lot of financial market pressures, and so it was, hopefully, worse than what we typically have, but the way we address that, is to sit down with clients, and refocus on long-term plans. And so, when you put together a financial plan, you have to account for the ups and downs of the market, and the economy. That's just part of it. And so, when we did that exercise with, literally, every client in late 2008, early 2009, we were able to show the vast majority of them that their plans were not altered by that event.

23:50 MF: Just delayed maybe, or?

23:51 DF: They might be delayed. It might just be a function of, if they were spending a little too much, it gave them an opportunity to kinda reassess and get back in line. Yes, if they were going retire in 2009, maybe they delayed it a year or two. But the emotional aspect of that, is recognizing that markets are volatile and that you have to continue on a plan, once you've set that course. And so through that process in 2010, 2011, most clients recovered back to the levels that they had before the financial crisis. That's how things tend to happen, is that they are painful, but it's only those that make a mid-course bad decision that are permanently impacted. Others will get back to where they were relatively soon. And so that will happen again, it's impossible to know. We can't market time. We don't believe that there's any way to accurately assess the future. The future, by definition, is uncertain, but by nature, it is truthful that the markets have done well for the last several years, the economy has done well. And eventually, those things usually turn, based on policies by the government, policies by the Federal Reserve, or just a lack of demand at any given point. So, I don't know when that's going happen. We'll be watching news intently as anybody, so that we can help clients through.

25:23 MF: What's your outlook for '18, because '17's almost over, so what are you telling your clients about the economic outlook and investment opportunities for next year?

25:33 DF: I think if you look at the markets right now, that you can certainly assess how things are going right now, and where the near-term is likely to go. The big change that's happened over the last, call it 12 months, is that we really have entered a synchronized global recovery story, which has not played out since the financial crisis. So, since the financial crisis, you've had differing markets that have been doing okay, but they were not all in sync with each other. And so, as of about this time last year, the four major regions in the world: Japan, China, Europe, and the US all began a synchronized recovery. And so that has added some durability to where we are right now.

26:16 MF: In certainty.

26:17 DF: Yeah, and that can reinforce itself, that can create positive surprises, which we've seen recently, especially in Europe and Japan, but how long that persists, and when policy, like I said, central bank policies have a history of being the things that trigger a downturn. How long does that go? We don't know. But for the near-term future, things do look relatively stable.

26:45 MF: So, really, then, is it the economic cycles and potential recessions? Are those the biggest obstacles to success for SignatureFD, or is it something more specific, relative to the markets and asset classes that you're in today? What are the challenges that you face going forward? If it's not something macro, is it something local, something related to your asset strategy, or a failure on your strategy to differentiate yourselves through talent and expertise? What keeps you up at night?

27:21 DF: Well, I would say, from a leadership perspective, the hardest thing is knowing that when times get tough, you have to work even harder, keeping your team motivated, at the same time, that our companies in our industry, our revenues are tied to the market. So, at the same time, you're having to work harder and dig a little deeper, it's also the same time that your revenues are taking some kind of a hit. And so that, from a leadership perspective, is obviously a challenge to keep everybody motivated, and going in the right direction. But we can't do anything about that. Those are uncontrollable and they happen from time to time. I think the biggest challenge to any business in our space, is to not lose track of what they're about, and what their culture is, and what the expectations of their people, we have of...

28:18 MF: 'Their,' meaning the clients?

28:19 DF: Yes, their attention to detail in working with the clients, that word 'empathy' again. We have four core values at our firm and we talk about them all the time: Growth, gratitude, greatness, and generosity. And we really believe in those, and we look at everything through the lens of those core values, and believe that that's what makes a difference. And so, I would say, the biggest challenge is losing sight of what's important, and success can breed complacency, and those things are very delicate. You're either improving, and growing, or you're going in the other direction. I firmly believe that, and you're not usually standing still, and so you have to constantly push to continue to try to grow.

29:12 MF: So keeping focused on the fundamentals, focused on the Financial Design for Life in these times of uncertainty, particularly when, I guess, you'd say, every eight, or nine, 10 years, we've got some kind of pullback, or recession. Does that summarize, pretty much, what you just said?

29:32 DF: Yeah, absolutely. It's just like anything else in life. You have to prepare for the difficult times, so that when they come, you have the strength to get through them. But enjoy the times, when they're good, because that's what gives you the energy to get through more difficult times.

29:50 MF: Right. And so, how does your investment in FLOCK Finance, all our debt buyers, and our originators of subprime performing loans, how does that asset class, in our relationship, fit into your plan, and your view of the business for your clients?

30:10 DF: First, we appreciate all the time and energy that you gave to us over those many years, while we were...

30:16 MF: Four years, that was a long selling cycle.

30:21 DF: You gave me a hard time on that all the time, of how long we talked, before we actually started to get serious about investing together. But we've been amply rewarded and appreciate all that your team's done for us to date. The industry, for many investors, can have a reputation of being a difficult one, and so that was certainly part of our time, and energy, that we wanted to make sure that we understood the industry, but clearly, the rates return that are available in the space that you operate in are attractive. Investors, today, very much appreciate cash flow. It's very difficult to find cash flow generating investment ideas in this environment, with interest rates being as low as they are, so that's an attractive attribute.

31:16 DF: And I think we spent a good bit of time, as you know, before investing with FLOCK, looking at some other alternatives in this space. And really, for us, what it boiled down to, is we never found other fully diversified strategies. The approach that you all take at FLOCK, of investing across, with many different customers, in many different asset classes across time, in dozens, if not more portfolios, gives us a diversification advantage. And so that was one of the major attractions to us. And then, secondly, the space has been going through an evolution, especially since the financial crisis, and regulatory changes, and whatnot. And our belief that you all had the approach to understand that, and to navigate that, and to focus on customers, that were intentional about trying to do things the right way, in a space that can have some questionable practices.

32:25 MF: Well, thank you, David. Well, our time is almost up, do you have any final words for our listeners today on what you've learned, both in terms of how you built SignatureFD, and perhaps, secondarily, your work in the Boy Scouts? It seems like there are some connections here, in terms of the principles of leadership and principles for building a great company like SignatureFD. Could you, make some final comments on that?

32:51 DF: Well, yeah, thank you, Michael. At the end of the day, I've got two kids right now, 14 and 19 years old, and so, you obviously have a lot of time to reflect on lessons that you want to try to teach them, and I think that the core message that I always give them, is to be responsible for yourself. No one's going to look after your future like you will. Be resourceful, use the talents that you have, and try to make sure that you make the most of those, whether that... Financially is great, but you want to make an impact in this life, while you're here. And then leadership, my son who's 14 right now, I tell him, "You're either a leader or you're not a leader," and so you're either a leader, or you're a follower. And leaders are the ones that make a difference, and so it's not always comfortable. Sometimes you have to do things that are uncomfortable and you have to stretch yourself a little bit, but that's how you make an impact in the world, is to be a leader.

34:03 MF: Boy, I couldn't say it any better. And on that note, I'd like to thank you, David, for your time this afternoon, the stories of your business, and personal life, the importance of leadership, of not just the Boy Scouts, but at SignatureFD. And I think what I take away from this conversation, is the Four Gs, the Four Gs of SignatureFD: Growth, gratitude, greatness, and generosity. That's, I think, the four ingredients for the success that you've had so far, and that you will have in the future. Thank you again for your investment in FLOCK and your time this afternoon.

34:34 DF: Thank you, Michael. I really appreciate the opportunity today, and thank you for your friendship, and business relationship, and here's to many more years in the future.

34:41 MF: Alright, thank you.

34:42 DF: Thank you.

34:44 Announcer: Thank you for joining Michael Flock and his guests on the Capital Club Radio Show. For more information on future interviews, please visit us at FlockFinance.com. This program is brought to you by FLOCK Specialty Finance, where clients are provided knowledge, and insights, to help them grow their business in complex and risky markets. FLOCK is more than a transaction.