

# Joe Montgomery: Building a \$13-Billion Practice

By [John Kimelman](#) Dec. 20, 2019 12:00 pm ET



Kate Copeland

JOE MONTGOMERY DESCRIBES HIS MANAGEMENT style with a quote from his late mother. "My brother John was a fireman and EMT and my mother used to say that John does the work of 10 men and Joe will get 10 men to do the work for him."

Montgomery, Barron's 42nd-ranked advisor nationally, has built a \$13.6 billion practice by catering to both institutions and private wealth clients – all out of an office in Williamsburg, Va. Sitting down with Barron's Advisor, the [Wells Fargo](#) veteran -- who played center for the College of William & Mary under legendary football coach Lou Holtz -- discusses how he built a nationwide institutional consulting practice and how that work has reaped dividends for his high net-worth retail practice. On a personal note, he explains how he's managed to buck a problem that plagues middle-aged men.

**Q: Your team stands out in the financial-advice space because of the consulting work you do for institutions, from insurance companies to state and local governments, college endowments, and even churches. What exactly do you do for them?**

A: We help them hire key staffers, whether it's a chief financial officer or a chief investment officer, but we also help them write investment policies. We also help them prepare studies on various investment scenarios. We have been able to carry over the work that we've done for those institutions to our individual clients.

**Q: Has the nature of the work you do for institutions changed in recent years? Do clients want different things from you now?**

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A: Yeah, over the last 10 years, you have seen a search for yield as rates have come down. We see institutions being more open to looking at other investments where they didn't see the need previously when interest rates and yields were higher.

**Q: What are some yield-related asset categories that institutions are considering now that they might not have looked at a decade ago?**

A: They can gain access to certain types of private debt. And there are certain types of emerging market debt in local currency or that is dollar dominated.

**Q: Institutions have been backing away from hedge funds. Are you advising your two-legged clients to do the same, or no?**

A: Not really. The long-term benefits remain attractive and unlike a lot of the institutions, individuals are generally speaking underweight [hedge-fund strategies].

**Q: Has it been easy for you to create retail clients from some of the leaders of institutions that do you consulting for? It certainly seems like a natural progression.**

A: I see your point, but if you can't deliver these [institutional executives and board members] similar access to certain investments, then you as a financial advisor will have a bit of a challenge getting their business.

What is happening with the retail world is when somebody is on a board and they pull us out of a meeting and go "Hey, can you do that for individuals?" It wasn't always true that we could.

**Q: What's changed?**

A: Many asset classes that were restricted in size are now available in smaller denominations. Also the cost structures today are designed for objective selection.

**Q: What percentage of your retail base has come out of your relationship with the institutions that you serve?**

A: I'd say roughly 20%.

**Q: You've said there's never been a better opportunity for individual clients to invest as institutions do. Why? Because of liquid alternatives?**

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A: Not just that, but also because of the changes in cost structures and minimum sizes for most asset classes. Also, people have a growing awareness of the benefits of broader allocation. For many people, the complexity leads them to seek help with strategies for implementation.

**Q: What other services do you provide for retail clients aside from investment management?**

A: We plan as broadly as they will allow us. We do a lot of work with our clients on the liability side, with loans, not just the asset side. We are thinking holistically, and that can cover everything from long-term-care insurance to lending and philanthropy.

**Q: How do you succeed at getting a greater share of a client's wallet in a way that avoids coming across as if you're just trying to sell them a lot of products?**

A: Well, clients deal with you because they trust and like you. We've got to do all we can to earn that trust. It's all about thinking about [whether there is] a process solution before there is a product solution. The [advisor] who brought me in the business said it is only a good deal if it is a good deal for all parties. That was really good advice 44 years ago, and that's really good advice today.

**Q. How do you invest for your retail clients?**

A: We hire managers for individuals just like we do for institutions, it's just that they come in different forms. It may come through mutual funds, it may come through separately-managed accounts. Clients are going to see pie charts and lots of colors in those charts because we believe in diversification.

**Q: What do you say to clients who tell you they want to sell off stocks because they are frightened about the prospect of a progressive Democrat getting elected next year?**

A: Well I remember a client telling me in 2016 that he wanted to go to cash when it looked like [candidate] Trump might have a chance of winning. How did that work out? I hate to be simplistic, but being broadly allocated and well diversified and rebalancing, that's probably the answer whether you are talking politics [or] almost any kind of event that seems apocalyptic.

**Q: What are your thoughts about the growth stocks that have driven the stock market in recent years?**

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A: Well, growth stocks have gone up and value stocks have lagged, so if you believe in regression to the mean, logic says and history says there will be some shift there and they'll move closer together, or maybe even pass each other. So this gets back to the issue of where do you prune from what's been doing well and where do you add to the things that have been lagging.

**Q: What's the main business challenge your team is facing these days?**

A: There are a lot of things going on from a compliance standpoint and I don't mean I'm doing something wrong: If you [check my record](#), you'll find that I've been doing this for a long time and I've never had a complaint against me. I'm referring to the fact that everybody is scrutinizing everything so much. It doesn't have to be someone doing something criminal, you know, it's just making sure you're doing the right thing.

**Q: How do you get the most out of the advisors on your 13-person team?**

A: We work as a team, so what's been effective for us is that we have created our own policies and procedures. When we meet with clients, we document everything so that we know who is meeting with whom. On Monday we have a big meeting to talk about what's going on. On every other day of the week, we have stand-up huddle in the office so we know what's going on. I walk out here just like I did when I played football. I'll holler out "huddle up," everybody comes out of their office, we stand around as a group.

**Q: What is the single most important piece of advice that you would offer any first-year rookie advisor, not just at your firm but any firm?**

A: The advisor has to put themselves in a position so that the client, or a prospect, is viewing them as adding value. The price of what you charge is only an issue in the absence of value. I learned that a long, long time ago and it really bears out.

**Q: What do you do to unwind and to have fun?**

A: I work out basically most days of the week in one form or another. I have a personal trainer three times a week, I have a Peloton, a basic climber, and a simulated paddleboard setup. I also paddleboard in the summer. When I played football at William & Mary in the 1970s, I was around 251 pounds. Now I'm 217.

**Q: That's an impressive weight loss over your adult life. Most guys go in the other direction.**

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**Q: Do you have any regrets that you didn't play your trade as an advisor in a big financial center like New York or Chicago, that you have been doing it all in Williamsburg, Virginia since you got out of college?**

A: The cool thing about the world we live in today is location is close to being irrelevant. When I'm sitting in my office, I'm a half a mile from my house. I won't go on a public highway today. I'll go home at lunchtime and when the dog was alive I would take him out, I'd bring him back here to the office. Yet, from this office, I can literally compete nationally and internationally for clients.

**Q: Thanks, Joe.**

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