
Blackmont Capital: Building Business

This Canadian wealth management firm focuses on helping its investment advisors build their own businesses

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When Bruce Kagan joined Blackmont Capital two and a half years ago, the firm had roughly 200 investment advisors handling \$5.5 billion in client assets. Today, 175 investment advisors manage \$9.5 billion. "Roughly 65 individuals with an average business of \$17 million left the organization, while 40 individuals joined with an average business in excess of \$80 million," Kagan said.



The CEO credits the shift to an increased effort over the past two years to find talented investment advisors and capital markets professionals, predominantly from bank-owned brokerage firms.

It's no secret that the recent acquisition of Blackmont Capital by CI Financial Income Fund is making it even easier to find talent. A Canadian-owned wealth management company with approximately \$96.5 billion in fee-earning assets as of September 30, 2007, CI purchased Blackmont Capital earlier this year with the acquisition of its parent company, Rockwater Capital Corp.

Although several other companies made public bids, the chemistry between Blackmont and CI was right. "CI is a great fit for us because it is already entrenched in the wealth management industry through a financial planning business. It also brought a tremendous amount of stability and credibility to the table, thanks to its size," said Kagan, adding that 36% of CI is owned by Sun Life, one of Canada's leading insurance companies. "Our clients are comforted knowing their capital is safe."

CI found Blackmont attractive because of its highly successful wealth management division, which helps individuals achieve their long-term financial goals and objectives, and its capital markets division, which serves retail and institutional clients. At the time of the acquisition, CI had operations in similar, but not identical, niches. "Their strengths complement ours."

Kagan noted that CI allows Blackmont tremendous latitude to run its business while providing unparalleled support. "We have an executive committee at CI and at Blackmont. If we make any major decisions or investments, we always involve our partners," he said.

Support system

Although it is backed by a large firm, Blackmont remains a small company compared to its primary competition (bank-owned brokerage firms), and that's just the way Kagan wants it. "First and foremost, we are a brokerage firm. At the bank-owned brokerage firms, brokers are simply another avenue for distribution—our investment advisors are our only channel. Because of that, we spend a tremendous amount of time helping our advisors build their businesses," said Kagan.

And that starts with the right training and career development opportunities. In addition to fully reimbursing employees for receiving industry certifications, Blackmont offers its branch managers and branch administrators professional development through external trainers. Next year, the company will launch a program for its investment advisors, their assistants, and head office employees.

“We have identified certain areas where we think our people need to focus, but we ask for their feedback because sometimes they want training in areas we’ve overlooked,” Kagan said.

Blackmont Capital also has a boutique marketing group that works with advisors one-on-one to develop tailored marketing programs. For instance, it creates brochures, PowerPoint presentations, scripts, Web sites, mailers, and other customized marketing pieces according to an advisor’s specifications. In addition, the marketing group assists advisory groups (three or more individuals who wish to form their own small practice within Blackmont) with logo and brand development.

The marketing group at Blackmont consists of three individuals and a host of freelance designers and writers. Its clients (Blackmont advisors) are responsible for printing fees, as well as some design and writing fees, but the account management services are free of charge.

“We don’t want to tell our advisors how to grow their businesses, so we provide them not only with standard marketing pieces, but also customized solutions. They know their customers and their businesses best,” said Kagan, noting that the marketing group works with about 90% of the company’s advisors and manages at least 80 projects on any given day.

“New recruits are always looking to get to the next level, so they run out and hire a freelance writer or Web site designer, but they often learn the hard way that not many people have the ability to bring all the pieces together. That is what our marketing group does best,” said Kagan.

Stoking the fire

As if their own ambitions aren’t enough, in addition to commission, Blackmont offers its advisors a well-rounded bonus program based on deferred equity. Senior-level employees also receive a portion of their bonus payment in deferred equity, so as the company grows, so does their investment.

The Blackmont Elite, an advisor recognition program, further stokes the entrepreneurial fire. As part of Blackmont’s 2007 advisor compensation plan, 15 advisors will be named to the Blackmont Elite at the end of the year. In addition to achieving stellar annual gross production, nominees must consistently demonstrate sound business judgment and high ethical standards. Those given elite status will be rewarded with a trip to the Four Seasons Resort in Scottsdale, Ariz. in February 2008.

“We are supporting our investment advisors and capital markets professionals any way we can because at the end of the day, this business doesn’t belong to Blackmont Capital or CI—it belongs to them,” Kagan concluded.

Corporate Spotlight

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