

Finding the Clarity, Courage, & Confidence to Leverage Top Talent

How one CEO is transforming a 90-year-old family office into a high-performing, multi-family office with increased profitability, streamlined processes and happier employees.

Over the past 15 years, Pitcairn has been undergoing a metamorphosis from a single-family office with a pure service culture to a multi-family, open architecture platform with a profit, growth and service culture. For the past four years, Pitcairn's CEO has focused on maximizing talent.

When Pitcairn's President of the Wealth Management Group Leslie Voth was promoted to President and Chief Operating Officer in 2008, then CEO of the family-owned firm in October 2012, she knew change was in store. She believed if the 90-year-old firm were to thrive, they'd have to continue to shift from a company that manages one family's wealth to a company capable of handling that task for many family-owned firms.

The 22-year veteran and the first female to head up the firm also realized cultural change was imperative. "I wanted to preserve the unique parts of our culture that made Pitcairn a special place to work," she recalls. "At the same time, we needed to be more consistently high performing and we had to make sure that working at the firm would remain appealing to the next generation."

Voth also realized that they needed to increase accountability and profitability, streamline processes, and attract and retain next-generation talent by empowering multi-generational teams.

The Plan

Voth's vision had begun taking shape five years earlier, when she began restructuring. In 2007, a year before the market crash, she'd decided to strategically reposition their investment deliverables. She helped the board see that it was necessary to let a whole group of investment professionals go, and the firm moved to an open architecture investment structure. Financially, that insight proved prophetic, as Pitcairn's clients now outperform the market.

"We were fundamentally shifting from a service culture to a profit culture," summarizes Voth. "I was torn because there were big consequences to some of my decisions, yet doing nothing and turning a blind eye to the issues we faced didn't feel like a good option. I knew we had to elevate 'talent' to the status of other core business functions and I had to ask myself: 'Do I have the guts to do what I know needs to be done?'"

Siloed, top-down thinking was no longer working. "I knew that hierarchal leadership would be our undoing. We needed to figure out how to collaborate in new ways, so we invited perspectives from various departments and people. It was essential that we include high achievers, regardless of their place in the corporate hierarchy. Most importantly, we held the team accountable to drive the change they wanted to see."

Talent Timeline at Pitcairn

2011

- Form Talent Maximization team to focus on strategic talent projects
- Invest in performance management technology to align compensation with achievement
- First three retirements

2013

- Implement training and development initiatives for emerging leaders
- Two more retirements

2010

- Welcomed new voices and perspectives to strategic planning process (expanded group of six executives to include an additional nine managers from different areas within the firm)
- Values exercise with employees, board, and family council
- Identified succession as our primary risk to business continuity

2012

- Leadership transition in Chairman and CEO role
- Rethink compensation philosophy; revise compensation structures to incentivize growth and development, profitability, and shareholder value
- Launch new performance review and goal-setting process
- Four more retirements

2014

- Continue to focus on 100% client retention
- Emphasize continuous learning and knowledge transfer
- Continue to invest in formal education and professional development
- Four more retirements

Pitcairn's top executives had aged, and 25% of their team would reach age 65 between 2011 and 2015, including some senior executives. "Change was on the way — whether we wanted to acknowledge it or not," said Voth.

In 2010, Voth had met Noreen Buchner, principal of The Corporate Greenhouse, in New York City at a conference. Voth saw Buchner's strategic thinking skills in action and thought she'd make a superb thinking partner. She wanted someone to further develop her vision of a stronger Pitcairn as well as the talent strategy she knew would be key to success.

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— Leslie Voth

Developing and implementing a coherent talent plan are two different things, and Voth knew “it was important for me to find someone I could work with outside of our family office...someone who was not predisposed to think of things a certain way,” she says now. “When I know I’m lacking in a particular expertise, like the move to open architecture, I seek experts and ask for advice both inside and outside the firm in order to gain perspective,” she says today. “It’s important to me to maintain objectivity because, like other family offices, we can be insular. What I took away from those meetings is that if we could combine what we do for families in terms of helping them think about wealth transfer across multiple generations (tax, trust, legal) with a more sophisticated, current approach to investments, we’d really have something unique to offer multi-generation families. Of course, I got lots of internal resistance and skepticism because we had operated that way for many years. I knew it was important to ask for the support of two key family members to help me engage the board of directors.”

She also hired Buchner, who enjoyed watching the journey as this dynamic CEO drove change culturally, personally and professionally. “Leslie has big aspirations for herself and the team of talented people who support her,” shares Buchner. “It’s been exciting and challenging to have a front row seat to the emotional highs and lows associated with driving these changes forward.”

Buchner credits Voth with having the courage, energy, and determination to figure out what changes needed to be made, finding ways to make those changes within the firm’s culture and, most importantly, with making those changes stick. “She cares so deeply about the firm, the family, and shareholders. Her focus and her determination to make the firm sustainable is what drives her,” says Buchner.

At the beginning of their work together, Voth shared her vision for the firm and Buchner was her sounding board. Buchner recorded everything the CEO said using visual facilitation, so that Voth could streamline her thinking as well as refine her message. Visual facilitation uses large-scale imagery

to lead groups and individuals towards goals. The method is often used in meetings, seminars, workshops, and conferences to support group and organizational learning. The two executives met monthly and mapped out what to tackle first. The graphic depiction helped Voth polish both her plan and her message.

Voth used her considerable soft skills, including warmth, transparency, and her ability to draw people together to gather facts and begin the process of driving change. "From the beginning, I was incredibly transparent, and that can make people very uncomfortable in an environment where knowledge is closely held," she explains. "I don't have to have all the answers or be the smartest person in the room. I made a conscious decision to share lots of information about what was working and what was not — not only with executives, but with people in the firm that I thought had key insights. I asked questions and sought multiple opinions and perspectives. I knew this was

Business & Talent Planning Go Hand in Hand



an important part of building momentum for doing what had to be done if we were going to be successful over the long term. I name the issues, gather data needed to influence board members and others, and then assert 'this is what we need to do.' It can be nerve-racking at times, but we can't change what we don't acknowledge to ourselves when something isn't working as well as it can be."

Since talent is the biggest expense in any family office, smart talent decisions often compel positive ripple effects that improve the company as a whole. "I've always believed the value of any family business lies in its people," stresses Voth. "As the business environment becomes more complex, finding the clarity, courage, and confidence to actively leverage your top talent is critical."

So Buchner worked with Voth and her team to develop a comprehensive business plan with a talent plan at its core that would enable Pitcairn to be more nimble and profitable over time; that encouraged top talent to be actively engaged, so that they'd be motivated to solve the firm's thorniest business problems and advance their own professional goals at the same time; and that ensured continuity from one generation to the next.

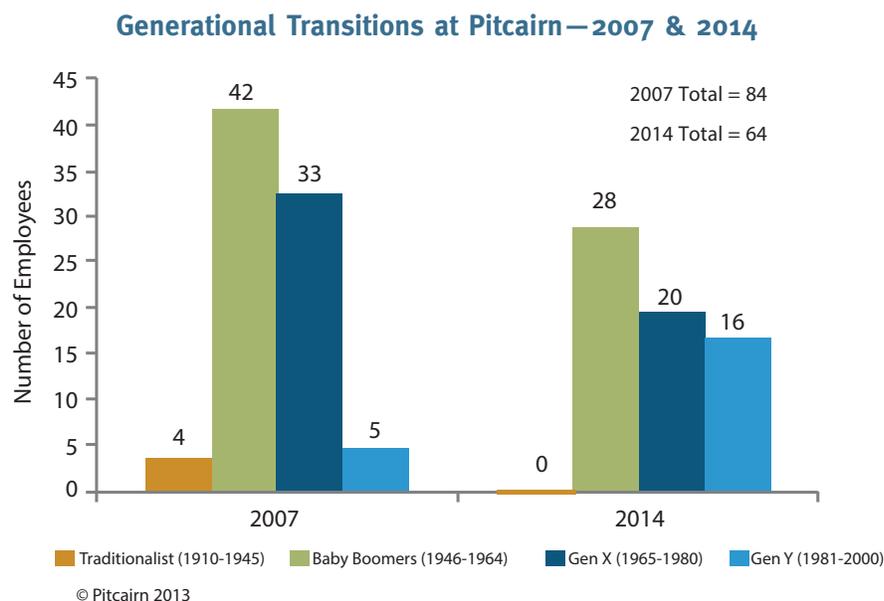
“I’ve always believed the value of any family business lies in its people.”

— Leslie Voth

“When we presented this bold talent strategy to the Compensation Committee, I was extremely nervous,” recalls Voth. “How would they react? My team had worked on the analysis for months and put together a very thoughtful presentation that was deeply rooted in market research and analytics. When we got to the end, they said ‘Run, Don’t Walk!’

Voth remembers feeling relief, “like I could exhale for a minute,” she recalls. “But the hard work was just beginning.” She’d shadowed the former CEO, gotten buy-in on a strategic plan from the board and many of the firm’s employees. It was time to execute those plans.

“It was important for me to sell the plan internally, so I met with all the senior leaders over lunch or dinner. In order to effect smooth transitions for those retiring over the next few years, I had to understand what they wanted for themselves and for the firm. I also had to make sure we were developing leaders to succeed them,” she remembers.



Since 2011, they've completed 13 transitions. As with any client-facing organization, the goal is to retain clients during periods of change. The firm drew from their talent pool and promoted from within, while at the same time, they were able to maintain 100% of their client relationships. Another important achievement was that Pitcairn's compensation and benefits as a percentage of revenue had greatly improved from 71% in 2011 to 61% in 2014 and is projected to continue to lower over time.

Voth knew that more individual accountability was key to a successful talent strategy. "We needed people to have real skin in the game, and we needed to develop a system of compensation and feedback that rewards high achievement."

Values Exercise Is Basis for Core Competencies



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In 2012, Voth invited a group of managers and leaders across the organization to rebuild the firm's performance management process from the ground up. They selected software, made recommendations and decisions collaboratively, and leveraged insights into what would make their culture and their teams stronger. "The quality of our decisions around performance feedback, coaching and mentoring employees and compensation are better than they've ever been," she says now.

Buchner points out that what started as a project to improve performance dramatically shifted Pitcairn's entire paradigm. "They embraced and empowered high performers and people in the middle of the organization who had untapped potential. They're grooming the next generation of leaders," says Buchner.

Q & A with Leslie Voth

Q: How did you get people to trust your vision for the firm was the correct one? And to trust in you?

A: "Years ago I lacked deep functional expertise in a particular discipline (tax, legal, investments), so people believed I wasn't smart enough to be CEO. I wasn't a threat to anyone. This allowed me to build alliances and a foundation of credibility and trust. I drew on my communication skills to talk about the state of the company. I wanted to share what I was grappling with personally. I put the scenarios out there asking 'If we don't do this now, what will we be faced with in three years? Five years?' I think about the most critical issues we need to tackle, I build awareness and generate support by trusting people enough to tell them the truth."

Q: What were your biggest challenges in a business sense? In a human sense?

A: "We've always hired incredibly bright people in client services — tax and legal roles for example," says Voth. "We have deep subject matter expertise throughout the firm. It can be especially challenging to lead highly intelligent individuals whose management style is significantly different than yours. I told them I needed them to be honest with me if I was about to misstep. Open communication was critical."

Q: How are you feeling today about how far you've come? And what's next?

A: "These are exciting times to be leading the business. We've come a long way. Not only are we meeting our goals, we are exceeding them. And there's still much to be done. I constantly have to remind myself to stop....and reflect on how far we've come. What's next? Collaboration is the key to success when working with multi-generational families of wealth. It's a distinguishing characteristic of our firm and something I'm passionate about cultivating at Pitcairn."

Key "Take-aways" about Pace of Change & Talent

- Business planning and talent planning are equally important and interdependent
- This a continual process, not a one-time exercise
- Be patient – Openly acknowledge the pace of change and the organization's emotional climate
- Find a catalyst and block out time to develop your talent strategy
- Invite a thinking partner to help you clarify your vision, develop metrics, etc.

About Our Leaders



Leslie Voth is President and CEO of Pitcairn, a global leader in the family office marketplace. Leslie's industry experience and insights have contributed to the success of the firm and its clients, recently pioneering the creation of multi-disciplinary teams to collaboratively meet the increasingly complex needs of the firm's clients. Read more about Leslie at www.pitcairn.com/who-we-are/meet-the-team/leslie-c-voth/.



Noreen Buchner, MA OMD is Principal of The Corporate Greenhouse. Noreen assesses corporate culture, designs and facilitates leadership development coaching programs, conducts strategic planning sessions, and leads team-building initiatives. She helps clients figure out how to get more work done and create a corporate culture people want to be a part of. Learn more about Noreen at <http://thecorporategreenhouse.com/about/noreen/>.

About Our Firms

Pitcairn

Pitcairn is one of the world's leading family offices. We are dedicated to helping families sustain and grow their substantial, often complex financial assets and supporting the unique heritage of our clients across multiple generations. Pitcairn works with families and single family offices filling one need or providing comprehensive solutions. Since our founding as a family office in 1923, we have successfully transitioned wealth across generations of families through a combination of effective planning, strong investment results, thoughtful governance, and a commitment to education. Headquartered in Philadelphia, Pitcairn also has offices in New York and Washington, DC as well as a network of resources around the world. You can learn more about our family office services as well as find additional articles, news, and events on our website at www.pitcairn.com.

The Corporate Greenhouse

At The Corporate Greenhouse, we understand that alignment isn't easy to achieve or maintain; it's difficult, nuanced work to manage the complex relationships, loyalties, ambitions, fears about personal security and organizational cultural realities that come with change. When managed well, however, the important work gets done and people collaborate to achieve mutual success. That's what our organization and our involvement is all about and what makes our work worth doing. Learn more about our firm at www.thecorporategreenhouse.com.

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