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M&A Is Sweeping Wealth Management. Why This $5 Billion Firm Isn't Interested.

Gregg George, a founder of Crescent Grove Advisors, says the firm is doubling down on its organic-only growth strategy.

By Steve Garmhausen

If you ask Crescent Grove Advisors' Gregg George to name a trend in the wealth management industry that he is following, he will instead point to one that he is ignoring: the mergers and acquisitions wave. "Our priority is to grow organically," says George, who helped found the business a decade ago, "so acquisitions, from the buy side or sell side, are not top of mind."

It's easy to see why a firm would want to acquire Lake Forest, Ill.-based Crescent Grove. Formed by Goldman Sachs veterans, the business has amassed $5 billion of assets purely through organic growth. Speaking with Barron's Advisor, George says Crescent Grove plans to stay the course and even double down on organic growth. He reveals why the firm recently formed an alternative investment arm and how it's using artificial intelligence to research funds more efficiently. And he explains why Crescent Grove's "grab a shovel" mentality is more important than ever.

ILLUSTRATION BY KATE COPELAND

What inspired you to get into the financial industry in the first place? I graduated from Boston College and went on to law school with the intention of being in a courtroom. And then as I was proceeding through law school, I realized it would take six or seven years until I was first chair. So I concluded that I needed to pivot, and I went and got a master's of law degree in tax. In 1996 I was recruited to work for Ayco [which would be acquired by Goldman Sachs in 2003], a firm that focused on providing advice to C-suite executives at Fortune 500 companies.

Using my problem-solving skills from law school and the technical capabilities I had to work with families for long periods was really something that I found intriguing.

In 2015 you and three other Ayco alumni founded Crescent Grove. What was the impetus for that? We had been at different organizations, but you never really controlled your own fate. There's always a broader agenda across the organization, and rightly so. But you usually don't have the autonomy to do all the things you want to do, whether it's adding employees or technology, or you name it. Corporate has a lot of children in the various business lines to feed. I was then 46 years old, and we had four boys. It seemed like the right time and place, not only for me personally, but for my other founders, Dave Keevins, Nick Kochanski, and Mitch Prosk. More important, it was the right time for our clients. They needed to know that the health and sustainability of the business were first and foremost in every decision we made. Once we decided to launch the business, we needed to find a good partner. When we reached out to clients, they would say, "You're moving and so I'm in." Over 90% came with us to the new organization. And the next question would be, "What happens to my assets?" We ended up using Fidelity as a custodian, and that has been a great partnership. The vision was to continue providing high-end wealth management. From an investment standpoint, it was to continue to build out our platform and leverage the relationships we had cultivated for over 30 years, to bring something unique to the client base.

How do you feel that your vision for the company has evolved over 10 years? Originally our efforts were focused on the family office side of the business, and that has typically $10 million and up of investible assets. We realized over time that the need in that space is very detailed and complex, and the way you deliver that service is unique. At the same time, we would get a lot of calls from people saying "Hey, I'm not at that level, but I have heard good things about you folks and would like to join the $2 million to $10 million space." So we needed to evolve and solve for that.

We now have solved the family office service part, which drills into taxes, investments, alternative investments, estate planning and what have you, and my colleague Bob Peterson handles that $1 million to $10 million space in what we refer to as our Portfolio Advisory Services business. In addition, in 2023 we launched Barrett Upton Capital Partners. Private-equity firms don't want to have 30 or 40 or 50 different relationships with each of your clients. Barrett Upton Capital Partners focuses on bringing alternative solutions to our client base. And in April of this year, with an eye toward the next 10 years, we added our first chief business development officer, Adam Lieb, who is a veteran of BNY Wealth Management and Fidelity Family Office Services. But our overriding goals have always been to preserve the culture of the group.

What do Barrett Upton's services look like to clients? Our family office-type clients each have unique portfolios. Mine will range from having between 20% and 30% in alternatives, for example. So how do you get a broad allocation to alternatives? Typically, minimums are $5 million or so. Because clients were clamoring for exposure but the private-equity firms we would invest with weren't interested in a $250,000 or $500,000 or $1 million ticket, we created through Barrett Upton a vehicle whereby we could go to private-equity shops and say, "We'd like to allocate X to your upcoming fund." And they'd say, "Great." So now clients who don't need $5 million in one strategy can put a lower amount in that strategy. We've launched two funds so far, and they've been well received.

What would you call your biggest business problem right now? I think the overriding theme is to not lose sight of who we are as we get bigger. The "grab a shovel" mentality is one that permeates the organization. Do I know how to send a UPS package? I do, because I need to know how. Everybody at the organization is willing to grab a shovel when they're called up. They need to think, how can I help? How can I be better? How can I put tools in my toolbox in terms of knowledge? And I think the key is to keep a collegial environment. Look, you absolutely need decision makers, people to drive the business, to set the firm on a particular path. But you also need people to not only feel able but be able to impact the business. And that will capture their hearts and minds, and then they'll see a path for themselves. And it all results in clients getting top-of-the-line service.

How important has it been to work with partners you've known for a very long time? I've known one of my colleagues since I was 13 years old. At age 56, we can finish one another's sentences. I've known Dave Keevins my entire professional career. I've known Nick Kochanski his entire professional career. Same with Mitch Prosk. So we have something that has incredibly strong here, and we all are rowing in the same direction. We all know what we're trying to achieve.

Have you thought about succession? I think a big differentiator for us is the people that we bring in. I've got four boys, two of them at Duke University. I want them to find jobs where they can have a path. Not, hey, come here for two years and then go find something else. We've initiated an intern program called Engage—E, N, G, A, G, E—where we'll take a student in the summer of their junior year. This year, we're bringing in five of them. They get to ride the bike, and we all get to know one another. They're trusting of us, and we're trusting of them, and we show them a path to having a career in the wealth management business. The succession plan is to keep doing this as long as we possibly can, because we're really enjoying it, but to bring young people up through the system. We've gone from 16 to 36 employees in 10 years.

What is a trend in wealth management that you are following with interest? How about a trend I'm not following? And that is the roll-up trend and specifically the acquisition of our group. Independence is important to us. I appreciate those who've done mergers, whether it has been because of succession needs or the economics of it. The number of folks who have launched independent practices out of wirehouses and elsewhere has been mind-numbing, and the M&A has gone at a lightning pace. I've been through those transactions, and while on the surface they may seem like they're going to work, there are a lot of challenges, and the devil is in the details. Our priority is to grow organically—hence the hire of Adam Lieb as chief business development officer—so acquisitions, from the buy side or sell side, are not top of mind."

How do you see technology shaping the future of advisor-client relationships? Technology is always evolving, and we need to obviously know what's out there and how to use it. On the AI front, while it's early innings, we've used it, for example, from a due diligence standpoint. We're not using AI to select which private-equity fund to invest in. But let's say we're going through 15 decks in the due diligence process, and we have the same question for all these decks. We use technology to streamline that process, to get us to the right page so that we can compare answers on an apples-to-apples basis. And we will continue to use it in other ways over time. It's probably the second inning for all of us with AI. We've got to be smart about it, and most of all, we've got to leverage it to give advisors back time to spend with clients and focusing on high-value tasks.

What have you learned about leadership that might be helpful to folks reading this interview? You can't ask others to do something you're unwilling to do yourself. You have to lead by example. I probably saw that the most during Covid. That was something none of us had ever faced, and a whole organization was looking to its leaders. So strategizing, explaining to people how we're going to get to the other side, and leading by example were all important qualities from a leadership standpoint. I've coached enough teams to know that all the kids want to hold up the trophy during the good times. It's in the hard times when you see people's true colors. When you're going through difficulty, you have to get people focused, rally them, and let them know that you're going to end up on the other side. At the beginning of the pandemic I shared a quote that Churchill made during the Second World War, which was, "If you're going through hell, keep going." And we did; it was the only path forward. We came out of it not only intact but stronger than we were going into it. Our clients got a steady hand through a difficult time.

What have you learned about maintaining work-life balance? Interestingly, two of our kids are in college, and then my wife and I took a little break, and the others are in fourth and sixth grade. So we've raised kids in different decades. I try to be in the moment. When I'm at a Duke basketball game, I'm in the moment. If I'm at a lacrosse game for one of the younger kids, I'm in the moment there. And I think that has the best that you can do. There are only 24 hours in a day, and the only person who can delegate those 24 hours is me. So I end up back-burnering some stuff that I wanted to do. On a personal level that may mean I sleep less, because my priorities need to remain the same: family and clients and colleagues. Because if you're not in the moment for each of those constituents, you're really doing them a disservice, and frankly, you're doing yourself a disservice.

Thanks, Gregg.