

Diverging fortunes

While advisors with Macquarie, Wood Gundy and ScotiaMcLeod are more pleased with their firms, Canaccord and Nesbitt require some work

BY RUDY MEZZETTA

THREE FIRMS SURVEYED FOR *Investment Executive's* 2011 Brokerage Report Card took notable steps forward this year, posting significantly improved ratings in a number of categories when compared with last year's results. In contrast, two firms took modest steps backward, posting lower ratings in a notable number of areas.

Advisors with Toronto-based **Macquarie Private Wealth Inc.** gave their firm significantly higher ratings in 16 categories, resulting in an overall *IE* rating of 8.8 — the top mark among the national independent brokerages in the survey and a 0.6-point improvement vs last year. (An increase or decrease of half a point or more in a given category vs the previous year's survey is considered to be significant.)

Macquarie advisors raved about the "firm's corporate culture," which they described as being supportive of the entrepreneurial advisor, as well as the "firm's strategic focus" and the "firm's delivery on promises."

"The work environment is great," says a Macquarie advisor in Ontario. "I like the strength of the firm and the accessibility to all levels of management."

Macquarie advisors also seem to be pleased with the "quality of equities research," the "quality of the firm's product offering," access

to "IPOs and new issues," as well as the firm's international reach. "We have great exposure to the global market," says a Macquarie advisor in Ontario.

That's been a major theme at the firm since Macquarie entered the Canadian wealth-management business in late 2009, when its parent firm, Australia-based Macquarie Group, purchased Blackmont Capital Inc.'s retail brokerage arm from Toronto-based CI Financial Corp. The transition, led by longtime Blackmont CEO Bruce Kagan, went smoothly. Now, however, the firm will begin a new chapter, Kagan having announced in early April that he was leaving the brokerage.

Australian Earl Evans, who had relocated to Toronto in 2010 to serve as Macquarie's president, has since been named as the firm's CEO and head. Evans attributes Macquarie's success to its client-specific focus: "Every day, we come to work asking ourselves, 'How can we give the client a better experience, a better offering and better service?' That is what we live and die by."

Toronto-based **CIBC Wood Gundy** saw its ratings increase by a half-point or more in 17 categories this year, indicating the firm is continuing to move in a positive direction after several years in which it fell behind its peers.

In addition, Wood Gundy's overall *IE* rating rose to 8.1 this year, up from 7.7 last year — and well above the 6.7 *IE* rating it received in 2008.

Wood Gundy advisors gave their firm higher ratings in "firm's stability," strategic focus, corporate culture and "firm's image with the public." Specifically, they praised the direction the firm has taken under Monique Gravel, who took over as its managing director and head in late 2009.

"Under Monique Gravel, things have improved," says a Wood Gundy advisor in British Columbia. "It's a culture that now fosters cohesion and teamwork."

Wood Gundy advisors also gave improved ratings in two general areas in which the firm has struggled recently: support services and technology. In fact, both areas have received renewed focus from the firm's new management.

"If I make my investment advisors more productive," Gravel says, "they're able to give a better level of service to their clients."

But while Wood Gundy saw many improved ratings this year, the firm still falls short of the overall average in many categories, indicating more work lies ahead. Putting an emphasis on communication and listening to the rank and file will be key to the firm's success, Gravel says: "What helps most is

being responsive, so that's what we're doing."

Advisors with **ScotiaMcLeod Inc.**, another Toronto-based bank-owned brokerage, also appear to be happy with the direction in which their firm is heading, giving it improved ratings of half a point or more in 16 categories, including strategic focus, corporate culture and its delivery on promises.

Advisors praised the firm specifically for its commitment to advisor independence. "There's freedom to run your business as you see fit," says a ScotiaMcLeod advisor in Ontario, "and in the best interests of clients."

Advisors gave the firm higher ratings of half a point or more in "availability of fixed-income products," "pricing of fixed-income products" and in various research and support services categories.

"Our vision for helping investment advisors be leaders and win primary relationships with affluent and high net-worth clients has really got a lot of meat on it right now," says Hamish Angus, head of ScotiaMcLeod, who adds that the firm is investing in all types of support and training for advisors.

On the downside, some ScotiaMcLeod advisors felt that while the firm has benefited from the positive image and media campaigns of the parent bank, the brokerage itself was doing little to communicate its strengths to the public. "We have a good story to tell," says a ScotiaMcLeod advisor in Ontario, "but it's not being told."

In addition, although ScotiaMcLeod advisors gave the firm kudos for continuing to put resources into fixing its long-standing technology problems, the issue remains a recurring point of complaint. (See story on page C14.)

Advisors with Vancouver-based **Canaccord Financial Ltd.** remain pleased with their firm, particularly its commitment to advisor independence, but nevertheless rated the firm lower by half a point or more in 10 categories.

A recurring complaint was the firm's lack of branding, as advisors gave the firm a 4.5 rating in the "firm's consumer advertising" category, down from an already low 5.0 last year and well below the importance rating of 7.5 its advisors gave the category.

Many advisors maintained that Canaccord would benefit from a national campaign. "We're supposed to be the No. 1 independent," says a Canaccord advisor in Ontario, "so let's show it."

Advisors also gave poor reviews to Canaccord's "support for financial planning" — specifically, its planning software. "It's not user-friendly," says an advisor in B.C.

John Rothwell, Canaccord's executive vice president and director, and president of Canaccord Wealth Management, says his firm is committed to providing the right support to advisors — and to keeping the lines of communication open: "We take great pride in creating a culture of transparency."

Toronto-based **BMO Nesbitt Burns Inc.**, which ranked second among the bank-owned brokerages in terms of the *IE* rating, nevertheless fell back by half a point or more in eight categories.

Nesbitt advisors gave their firm a rating of 7.5 in the public image category, down by 0.8 of a point from last year. Much like their counterparts at ScotiaMcLeod, they complain that the firm relies too heavily on the parent bank's branding, leaving the brokerage with little to no profile of its own.

Says a Nesbitt advisor in Ontario: "Most people don't even know what BMO Nesbitt Burns is." **IE**