ADVISOR PRACTICE MANAGEMENT | ADVISOR Q&A

Lori Van Dusen: How I Set Up My Wealth Managment Firm to Succeed Without Me

BARRON'S

By **Steve Garmhausen**

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Barron's Hall of Fame advisor Lori Van Dusen, the founder and CEO of $2 billion-asset LVW Advisors, can say something that many founders of wealth management firms can't: "I feel confident that LVW as a firm can exist without me."

Speaking with Barron's Advisor, the 37-year wealth management veteran shares the steps she has taken to build redundancy into her Pittsford, N.Y.-based business, which serves wealthy families and small to midsize institutions. She explains how a journaling project in the wake of her husband's unexpected death turned into a published memoir that Van Dusen hopes will help others. And turning to the markets, she details what she calls "super interesting" opportunities in the private sphere.

Illustration by Kate Copeland

How did you get into the wealth management business? After I got my master of education from Harvard, I still didn't know what I wanted to do. I'd thought I was going to be a college president or something like that, but I'd realized that wasn't really what I wanted. I ended up at Shearson Lehman Brothers in 1987, and I started in a training class in the World Trade Center. There were maybe 300 people in the class, and I was one of two women.

My reason for ending up there had a lot to do with my grandfather, who was my father figure growing up. He came from nothing but loved the stock market. He was an entrepreneur and small-business man and we were raised with modest means. But he was a wonderful role model: a kind, ambitious person who loved to learn. I remember him, over lunch on a Saturday afternoon when I was 7 years old, showing me annual reports of companies he wanted to invest in.

And when I really didn't know what I was going to do, I just remembered that experience and his love of the market. And I thought, you know what, I'm going to try to go to Wall Street. So I researched it and ended up at Shearson Lehman Brothers because they had the best training program, and I didn't know anything. I didn't have a finance background, and I had no real experience. Within three years I was one of the top people in the training program, and a few years later, one of the top advisors in the firm.

By 2004 you were a managing director with Citigroup Smith Barney. By 2008, you had decided to go independent. Did you feel like a pioneer? I went independent on Aug. 31, 2008, right before the Great Financial Crisis. [The crisis came to a head in September 2008, when the U.S. government let investment bank Lehman Brothers go bankrupt.] I had a practice of about 5½ billion dollars: mostly institutions, colleges, universities, secondary schools, health systems, that kind of thing. I never knew I was doing anything pioneering or anything. But I've always wanted to fight for the client and the greater good, and be a change agent. I wanted to be able to solve clients' problems in a way that's integrated and holistic and all the things that people talk about now. So I ended up leaving, and all the clients followed us. I didn't realize that what I was doing was going to be so difficult.

Right, you first joined Convergent Wealth Advisors as executive director, but that turned out to not be a good fit, and three years later you started your own firm. Along the way you fended off a lawsuit from Citigroup. But it was too much for many of your clients. Can you talk about that and how it changed the business? I would have done the same from a fiduciary perspective based on all of the things that happened, including that lawsuit. So we lost a lot of that business, and I learned through loss and failure how to build a better business. I had to rebuild the client base. We had been giving sophisticated investment advice to institutions for years; we knew how to do what a lot of people didn't. So I figured, gosh, if I was able to grow a $5.5 billion dollar practice at what was Smith Barney, I should be able to do this for multigenerational families. We're focused now on small to midsize institutions and multigenerational families. So the business is completely different from what it was when I left to go independent.

When you look at the market right now, what catches your eye? This is a really different period than any I've lived through. We're really not sure what the Fed's going to do, although they have tried to telegraph it. If we don't get a rate cut in June, I think there's a fair amount of risk in beta, or just the general markets. However, I also think there's some incredible opportunities.

Some of the current challenges present some great opportunities for us, because our depth has always been in alternatives—private equity, credit, different structures than most people were raised on. Our people, and myself certainly, were raised in the institutional investing arena, where you have to analyze things differently and source them differently, for a more sophisticated client base.

I think our strategy in credit is interesting because the way we access it emphasizes acquiring equity in companies or assets through distress. We use managers that take a control position. And that control position allows for follow-on investment opportunities. If you're senior and not very levered, there's some super interesting stuff going on right now.

Everybody's talking about commercial real estate, but the market is navigating through a period of a lot of complexity and a lot of uncertainty. We know what's happened in the macroeconomic environment, so you have this asset repricing and you have the regional banks not really available. So there are all kinds of investment opportunities around that, and if you're in the right structures in credit, I think it's really interesting.

We have a pretty active pipeline in credit. One of the funds we use has a 32-year history, and it's the kind of firm that that's all they do. And we've had a lot of success with them in all kinds of markets. We feel these kinds of investments give us a lot of downside protection because we're focusing on investing in senior instruments and we have collateral protection. If you have those two things, you're in good shape from a risk standpoint.

What's your take on the public markets? It's a stockpickers' environment, especially in small-caps and things like that because we're seeing more divergence between companies based on fundamentals. We've had a lot of people making money just on beta in a narrow group of stocks. But I think the market is going to be broader, and fundamentals are going to matter more as we move from this tightening cycle to wherever we're ending up. I think it's a little bit of uncharted territory to have a soft landing. I've never experienced one. And if that's what this is, I think it's probably a good environment for stock-picking, and also for credit, because there's still a lot of distress that hasn't come to the surface, even if it is a soft landing.

You recently wrote and published a memoir, *Running with Grace: A Wall Street Insider's Path to True Leadership, a Purposeful Life, and Joy in the Face of Adversity.* What led you to do that? It started as a journaling exercise after the sudden loss of my husband, in 2020. It ended up being something that I saw had a greater purpose and could really help people, whether they were women navigating Wall Street or just somebody trying to get their head around what to do after they have had a personal or business failure or loss, who wanted to be inspired to move through another day.

I'm very thankful it's gotten a lot of critical acclaim and people have read it and commented publicly on it. It felt like a philanthropic endeavor, I just felt compelled to do it. It's a very personal and vulnerable story in places, but I just felt that it would have a greater purpose.

What was the process of writing it like, and what was most surprising? It's hard to write a book, but I had a really good editor in my younger son, and then I turned it over to a professional to finish editing it. And then there are a lot of other steps to get it published. The most unexpected thing about writing my book was how healing it was, and how obvious it became that I wasn't writing the book for me. I was actually writing it for other people who are navigating business and personal challenges and uncertainties, all of the things that I've been through.

What do you spend most of your work time doing? I spend most of my time on strategy, on the investment side, on business development, and on interacting with clients anytime they need me to.

So higher-level stuff essentially. I set out to create a firm that could operate without me and also one that has a next generation. If you're advising multigenerational wealth, your team of advisors has to look like the client. So I've spent a lot of time mentoring people and investing in the firm along with Joe Zappia [a principal who is LVW's co-chief investment officer and chief compliance officer] to deliver what our clients need across generations. Day by day, I do not do anything. Seriously, I really don't. And I think that's the way it should be. Most founders and changemaker-like people or entrepreneurs probably aren't the people to operate the business or bring it to the next level.

Do you think you've made yourself expendable? I feel confident that LVW as a firm can exist without me. But to do that you have to be strategic, you have to be willing to invest in the business, and you have to spend a lot of time mentoring people.

Is it important to you that LVW stay independent, even after you're gone? I don't have a plan to retire. I don't even know what that means, honestly. I have a lot of interests. I am involved in a lot of organizations and philanthropic endeavors. It's possible that I have another book in me. So there are a lot of things that I like to do outside of wealth management, and having built a firm that I think can exist without me allows me to do those things as well.

How long will you keep the CEO title? As long as my next generation feels I can make an impact in the business and the industry. At this point I've written a book, I'm kind of known in the industry, and I'm doing things philanthropically that use my skill sets. LVW is a great platform to do both things. Someday I will step out, but the business does run without me, as evidenced by the fact that after my husband died suddenly and I lost my mother last year, I was basically out of the business for at least two years, and it ran without me.

I saw somewhere that you trained as an opera singer when you were young. Is that true? Yes. I went to a public school with a great music program, and at age 12 or 13 they saw that I could sing. So I was mentored by the head of the program. Later I got into the Eastman School of Music's preparatory program, and I went there every day after school through my senior year in high school.

So this is what I wanted to do. I was ready to enter the Eastman School of Music. But my primary vocal professor, a famous opera singer who I really respected, basically said, “Lori, you have a beautiful voice, but sopranos are a dime a dozen. And I just don’t think you’re good enough to make a career out of this unless you want to be a music teacher.” It rocked my world, but deep down, I knew she was probably right. But I think where I’ve ended up in finance actually has a lot to do with music, and the discipline and composure that you have to have.

Thanks, Lori.