

The formula that works: Inside the acquisition that put Canaccord on the UK map

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'In a month, you don't quite know, six months in you're still learning, and in a year, we can say we are really happy,' is how David Esfandi, CEO of Canaccord Genuity Wealth Management, describes the 12 months since the acquisition of Hargreave Hale.

Four years ago, when he first took on the role of CEO, the company had bases in the Channel Islands and London, with £11 billion in assets under management. Now, it has grown to manage just short of £25 billion, with a national presence in the UK across 10 offices.

Esfandi (pictured) says the biggest challenge, as the company has grown, has been becoming a firm that is big enough to matter, but still small enough to care.

Canaccord announced the acquisition of Hargreave Hale last July, in a deal worth £79.5 million, and Esfandi emphasises the fact that it has been complementary rather than duplicative.

'They are bringing to us a national footprint, fund managers and small cap specialists. We have asked Hargreave Hale to create their own small cap committee, so they are bringing their expertise to us at a time where so many of us have very similar performances that it's hard to differentiate. This is a bit of a no brainer,' he said.

Meanwhile, Canaccord is bringing its brand, marketing capability, systems and 'a sense of heavy engagement from the management'.

Hargreave Hale's management team has also moved across, with joint managing directors

Stuart Brookes and Lee Finlayson put in charge of finance and operations in the UK and named deputy head of front office, respectively.

Chairman Giles Hargreave became head of fund management.

'There is a formula we know that works, and it's finding really good talent, and that is hard work,' Esfandi stated.



The blueprint

He says he is most proud of how the company developed what he calls an 'organic engine' of growth over the past four years.

'I didn't want to embark on positions if we didn't have our systems integrated and we had our culture right. We had very good organic growth and that was the acid test to say we can be more ambitious.'

He believes that Canaccord's model of making significant acquisitions every four or five years is a good blueprint for the business.

'It has to be something exceptional to do another transformational acquisition. Let's not get carried away, our focus now is organic, but we would look at bolt-on buys for a national footprint and that's one of our areas of focus. We are also open for business on inorganic team lift outs.'

The company's financial planning hub is currently in London, with planners travelling to regional offices as needed. However, in time, the firm's hiring policy could be focused on this area to provide support to the investment managers and clients in the regions, he said.

Esfandi added that the company focuses on three things: investment performance, client experience and employee satisfaction.

'If we don't get all three right I don't think we're going to win in this industry,' he added.

'You have to differentiate on the investment side. We have a real one-stop shop for wealth management and I think we do everything within that really well.'

Systems changes

Referring back to his time at Ashcourt Rowan, where he had to integrate four separate back office systems, Esfandi says he has a lot of experience in this area. 'The very first thing I did at Canaccord was also to integrate Avaloq. It's so important for the business.'

He added: 'When you become big enough it allows you to invest in systems and people. When in a smaller wealth manager it is more challenging. We invested £10 million in our systems.'

It is also important, he said, to match compliance requirements with commercial needs. As an example, he says the team has developed a tool that gives clients an automatic three month heads up before their suitability review is due. Though simple, it is effective, he believes.

'I think that in the wealth management space we have chronic underinvestment in systems. I said that four years ago and I don't think much has changed.

'We are able to do exciting things now. We are putting a front end onto both Hargreave Hale and Canaccord over the summer, so all our clients will have a new online valuation tool, a much more funky ability to see how their performance is and much more securely, we will be able to push messages out to clients and banks.

'If you get it from your bank, why don't you get it from your wealth manager?' ●

