

## BAM-3135 Capstone Project

### Case 2

#### **Introduction and Business Opportunity**

Albert Frederick Smitherson IV has been the President and CEO of Smitherson Capital Investment Firm ("Smith-Cap") for 36 years following in the footsteps of his father, Albert III, and his grandfather Albert II. Smith-Cap has been in operations for 138 years and is considered an institution for "old money" to be invested with. The majority of their client meetings happen at their downtown offices that were modelled after a country club with mahogany paneling and brown leather high back chairs. Smith-Cap has 65 Investment Advisors that they refer to as Account Managers. The vast majority of them are white males in their late 50's to service their customers across the country.

Smith-Cap enjoys their reputation of being selective on who they hire and who they will have as clients. That approach may have worked as recently as 20 years ago but with changing times so have the demographics of wealth management and the firm is now viewed as dated and "old-fashioned" for today's progressive marketplace.

Smith-Cap has been slow to acknowledge that they are running into some very fundamental customer issues. Exhibit 1 demonstrates the main issues:

- 1) The average age of their investors is 73 years. Upon their death most assets are inherited by family members that have an existing relationship with a different financial firm so the money is transferred out to that firm, this is confirmed by the drop in money managed figure;
- 2) The average age of their Investment Advisors is 57.4 years, and primarily white males. Today's generation is seeking diversity, especially younger investors that have a desire to do business with peers.

Current CEO Albert IV is approaching 70 years of age. He has decided it's time to start slowing down and transferring some of his responsibilities to his daughter, Helen Smitherson-Roy, aged 49. In mid-2020, Helen was named President of Smith-Cap and was given 33% of her father's voting stock. Albert IV remains as CEO and now controls 41% of the firm's voting stock. The remainder of the voting stock is divided up amongst 27 family members. Helen's son, Ryan Roy, is a recent graduate of the prestigious Ryerson University with his Business Administration degree majoring in Marketing. Helen respects her son's vision and his ability to apply his marketing research expertise to define the needed Business Digital Transformation project to keep Smith-Cap relevant within the contemporary marketplace. Ryan is a key influencer to both his mother and to a certain extent his grandfather.

#### **BUSINESS OPPORTUNITY**

Helen Smitherson-Roy has appointed her son Ryan to lead a Business and Digital Transformation project to make recommendations to the Smith-Cap Board of Directors on how "the firm" can remain relevant and successful in a new era.

Ryan has contacted the Ryerson Business Career Hub and posted an on-line Job Posting for a member of the graduating class of the Project Management program to seek the relevant skills to undertake this project. After a research paper submission and 2 interviews you have been selected as the new Project Manager reporting in to Ryan Roy. You have a strong background in social media and were an instructor on maximizing social media in today's competitive marketplaces for small business entrepreneurs. It was at this seminar that Ryan had approached you about the role.

Today, Smith-Cap employs limited formal marketing expenditures. They like the “mystic” that they have created to gain new clients through referrals of existing clients without television or magazine ads. Clients receive quarterly statements and an annual report as forms of communication on the status of their investments. In 2018, the company made a big concession from the pressure of their clients and implemented an on-line portal to allow clients to sign-in and see real-time valuation of their accounts; and submit trades without the need to do the transaction directly through their advisor. This was seen as revolutionary for Smith-Cap. So Ryan and his mother are concerned about how fast progress can be realized in this company but are hopeful that Albert IV sees heavy technology spend as being necessary to the firm's survival.

**Exhibit 1: Smitherson Capital Investment Firm Trends**

Year	Client Details				Advisor Details	
	Number of Client	Avg Age of Client	Total Book of Business	Annual Revenue Earned	Average Advisor Age	Average Annual Commission
2020	1,985	79.5	\$ 981 M	\$ 49.05 M	56.7 yrs	\$ 89.4 K
2015	2,113	80.3	\$ 998 M	\$ 49.9 M	55.9	\$ 92.7 K
2010	2,457	77.8	\$ 1.129 B	\$ 67.74 M	57.3	\$ 93.5 K
2005	2,519	77.2	\$ 1.568 B	\$ 85.44 M	56.9	\$ 97.9 K
2000	2,784	78.8	\$ 1.895 B	\$ 97.3 M	55.9	\$ 102.6 K
1995	2,644	79.1	\$ 1.836 B	\$ 92.1 M	58.2	\$108.4 K
1990	2,589	74.8	\$1.805 B	\$ 89.7 M	56.2	\$101.6 K
1985	2,413	76.3	\$ 1.435 B	\$ 79.2 M	57.1	\$ 98.4 K

**Action Item:** You are part of the BA team assigned to this project. You are responsible to use this Case Study for all Project Deliverables including the end of term Presentation where you will present to the Company's Board of Director's your comprehensive understanding of the project and its challenges.

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