

Capital exchange



MARTIN WISE TELLS
GRAHAM BUCK HOW A
CAREER WITH MERRILL LYNCH
ON BOTH SIDES OF THE
ATLANTIC HAS SHOWED
HIM THE IMPORTANCE OF
RELATIONSHIP NETWORKS.

For companies looking at how they can operate most effectively in a period of sluggish growth, a major opportunity lies in maximising the potential of their relationship capital.

Indeed, relationship capital is every bit as important as their financial capital, suggests Martin Wise, co-founder and chief executive of Relationship Capital Partners (RCP), a firm which aims to help clients leverage their relationship networks.

Relationship capital is generally understood to be a mark of an organisation's reputation. For Wise, it refers to the hidden assets that reside in an organisation's relationship networks. The most important relationship networks are those between the organisation and its customers, but there are numerous other valuable network connections. They include prospects, investors, alumni and other third parties such as partners, suppliers and regulators. In a dynamic and interconnected world, these relationship networks often overlap.

"It's through revealing relationship networks that people can identify where an organisation's best connections, interests and opportunities lie," adds Wise. "It enables individuals to collaborate and work with their colleagues to leverage their connections for business development and relationship management purposes. Oftentimes, colleagues may have better connections to a key client or prospect than those individuals with designated coverage responsibility for the relationship.

"Being able to identify your relationship networks and relationship capital is particularly important in a period of organisational and market volatility, with its dislocations and disruptions. The business world is driven by relationships and, when you hire new people, discovering who they know also helps to integrate them within your organisation."

His firm has certainly seen at first hand the volatility created by the credit crunch and the ensuing financial downturn. After more than two decades at Merrill Lynch, Wise left in 2008 to set up RCP with a partner. The firm, based close to New York, has developed an impressive client list over the past three years which includes major global investment banks and private equity firms.

"Our clients are generally in high-value, high-margin relationship-intensive businesses, many of them in financial services," he adds. "We work with clients to understand their business priorities, identify how – and which – relationships can help achieve those goals, and to then create solutions for them to reveal who has the best relationships with the people or organisations they want to connect with. We also

help identify other information and intelligence that will help clients to leverage these relationships. We analyse all the details, then devise solutions, applications and data services to this end."

Wise has lived in the US for more than a decade, as what was originally planned as a two-year posting to New York by Merrill Lynch has become more permanent.

His career began in London when he joined the technology division of Esso in the early 1980s and he quickly gained an introduction to treasury. It came about when there was a rotation of personnel between the two teams.

"I'd expressed interest in finance, and treasury 'borrowed' me for what was intended to be a two-year period," he recalls. "So within four years of joining Esso my work had changed to a mixture of cash management, financial planning and analysis."

He became an early member of the ACT at this time, fulfilling a wish to become a member of the wider treasurer community.

After six years at Esso, he was hired by Merrill Lynch. His move took place early in October 1987, only weeks before the stock market crash of Black Monday.

"It was an event that turned out to be to my advantage as efficiencies and cash management came very much to the fore," says Wise. "I joined as a member of the financial planning and analysis team within the treasury office, but instead I was asked to revamp the bank's cash management infrastructure. So my career changed within weeks of joining, and it was definitely a seminal moment. It gave me the opportunity to get close up to the cash management structure of a major global bank and to understand which parts of it were working well and which weren't."

He then ran the planning and analysis group within the treasury team. At the same time he became the bank's first employee to complete the executive MBA programme at the London Business School, earning a distinction.

By now, Wise says a discernible pattern was emerging thanks to the changing business world, which would create a new opportunity. The early 1990s saw his work split evenly between treasury planning and analysis, with increasing time taken up by regulatory capital reporting and capital management.

"A new era was emerging in the aftermath of Big Bang and the first European Capital Adequacy Directive," he says. "So in addition to Merrill Lynch's own compliance and reporting, I participated in discussions with regulators on how the regime should be shaped."



As the 1990s progressed, Merrill Lynch enjoyed a period of rapid growth, opening new offices and completing many acquisitions. Wise moved to more of a financial control role, running the bank's business unit finance team before becoming director of its European operations group, focusing on trade support, client services, settlement and clearing for European businesses.

"By now the single European currency was on our radar. While some were sceptical that the euro would get off the ground, I was asked to head a project to prepare us for its introduction," he says. "Having got to grips with the implications of the new currency for our operations, I was asked to take this message on the road. This involved globe-trotting for six months, warning clients that the euro was coming and advising what they should do to be ready."

An additional role came in chairing the securities industry's working group on preparing for the euro, which involved working closely with the Bank of England and the Financial Services Authority.

In 1998, Wise was visiting a client in Japan when he was invited to join the bank's head office in New York on a two-year posting. After consulting his family, he accepted the post.

"For the first time I had valuable experience in working outside my home territory, which put my previous work into context," he says. "Up until then I'd been based in what was the regional office of a US giant. So working at its global head office not only added context but also helped me to develop an international sensitivity."

Four months before he was scheduled to return to London, Stan O'Neal, then the bank's CFO but in line to become its next president, asked Wise if he would be interesting in branching out into investor relations. Thanks to his treasury background he had already gained some knowledge of the work, so a period of four years as head of investor relations followed.

"This was a very challenging period, but a rewarding one. It spanned the bursting of the tech bubble, the 9/11 terrorist attacks, O'Neal's accession to the role of CEO, huge corporate restructuring, the Enron scandal and Eliot Spitzer's attacks on Wall Street research," he adds.

"Over this time I was restructuring the investor relations team and employing technology and new tools to interact better with both our investors and analysts. My role wasn't only to communicate, but also to allow financial and market accountability to feed back into the organisation."

Wise describes his career development over the next few years as "a progression of strategic and client development roles". It included stints as head

of global strategy and planning, leading negotiations to set up Merrill's wealth management joint venture in Japan with MUFG; and as head of global client coverage, which included responsibility for global philanthropy as chairman of the Merrill Lynch Foundation.

In addition to these tasks, he effectively took on the role of chief of staff to the chief executive. And when O'Neal stepped down as CEO in 2007, he assisted his successor John Thain.

Wise decided to leave the bank in 2008, after more than 20 years at Merrill. "It was a chance to spend some time with my family before our daughters left for college and also to think about pursuing a more entrepreneurial career and developing my boardroom expertise," he explains.

The formation later that year of RCP was the result. "It built on my experience with financial institutions and corporate clients; helping them to build solutions, develop relationship intelligence, identify their relationship networks, and show where connections can be leveraged to help in client acquisition, relationship management and business development. The key capability is for people to have a systematic approach in developing their relationship networks and relationship capital."

At the same time, he has been developing his boardroom credentials by taking up the post of chairman at King Worldwide, an integrated financial communications and stakeholder management firm. Not only has this role enabled him to use his previous experience in both investor relations and financial services, but "it

also reconnects me back into the treasurer's life and the most important issues they are tackling".

He's also chairman of Family Promise, a non-profit organisation that provides shelter, meals and support services to homeless families across the US, and US chairman of the Carbon Disclosure Project, a UK-based not-for-profit body working to support a programme by which corporations report their carbon emissions and attempt to reduce them.

"It's another lens through which I connect to treasury through an investor relations perspective," says Wise. "The tools and technology available to communicate information have changed and evolved. But the underlying essence of the role is to treat relations with investors as though they were clients, and to have a fact-based analytical relationship with the investment community. After all, it's all about people." And ultimately, in whatever the organisation, ensuring that its relationship networks realise their full potential.

Graham Buck is a reporter on The Treasurer. editor@treasurers.org

Quick-fire quotes

WORDS YOU MOST OFTEN SAY TO YOUR BUSINESS PARTNER? Who do we know at...?

WORDS YOU MOST OFTEN SAY TO YOUR TEAM? What do you need to solve this new networking challenge for our client?

DOES A DOUBLE DIP RECESSION OR GROWTH LIE AHEAD? Extended period of slow growth.

WHAT ADVICE WOULD YOU OFFER TREASURERS? Strive to bring a practical treasurer's perspective to all aspects of business, financial and risk management.

IF YOU WERE A TREASURER TODAY, WOULD YOU OPT FOR DEBT OR EQUITY? Debt.

AND FIXED OR FLOATING INTEREST RATE? Fixed.

BIGGEST SUCCESS IN YOUR CAREER? Creating a way for companies to systematically connect the dots to leverage their relationship networks.

ACHIEVEMENT YOU ARE MOST PROUD OF? Seeing our daughters progress through university and into the real world.

MOST VALUABLE PART OF THE ACT MEMBERSHIP? The relationships with great financial practitioners.

REASON FOR NOT ATTENDING ACT CONFERENCE/ EVENTS? Too few of them are in NYC!

PIECE OF TECHNOLOGY THAT IS ALWAYS WITH YOU? Blackberry, iPad and MacBook – I'm addicted to them all.