

## FEATURES/REGISTERED INVESTMENT ADVISORS

# 'I want hungry people who are willing to do the right thing'

*Handpicked early for the top job, CEO Richard R. Hough 'grew up' at Silvercrest - now he's leading the public RIA's multifaceted growth story.*

BY JAMES BURTON

Richard R. Hough III takes pride in Silvercrest Asset Management Group's unusual position as a publicly traded RIA. The CEO and chairman clearly prefers to be a shepherd, not a sheep.

"I can't think of another firm that looks like us," he says.

Outside money brings outside scrutiny, of course. Hough is unfazed, though, and welcomes investors telling him what they think. Other CEOs might balk at this prospect, but the reality, he insists, is that most of the feedback he receives is constructive and from smart people who, like Hough and the other partners, have skin in the game.

Whether you are answering to shareholders or private equity, everyone wants a return. Naturally, that requires accountability and leadership.

"The presumption behind [being public] is that the market is short-term oriented and it's going to force you to make decisions that are too focused on today, rather than tomorrow. But in my experience, it's about the kind of leadership you are giving to the market," Hough says.

The firm is clear about its long-



**Richard R. Hough III, Chairman & CEO of Silvercrest Asset Management Group.**

term strategic plans, some of which take a significant amount of time to bear fruit, he says. "We never focus on quarter to quarter. I give no guidance about the next quarter, let alone year. When you do that, investors know what they're getting, and you can have a meaningful dialogue [with them]."

Hough comes across as someone who's not only comfortable in his

own skin but also comfortable in his surroundings. That's not surprising. In 2006, he became the youngest partner at the firm and was groomed for the top job by then-CEO Mof-fett Cochran, who sadly passed away in 2013 after a long battle with pancreatic cancer, the same year Silvercrest went public.

Cochran was revered after leading the founding group, a collection

of people formerly at Donaldson Lufkin & Jenrette who were unhappy after being bought by Credit Suisse. Hough “grew up” at the firm, learned diligently, and, by adding top advisor talent and developing different arms of the business, grew the firm, predominantly organically, to the point where it now oversees more than \$31 billion in AUM.

Hough proudly gave *InvestmentNews* a potted history of Silvercrest, pointing out it was one of the earliest pure-play commercial family offices serving only wealthy families. Unlike some, it was not founded to support only one family. Instead, it was set up to be a profitable business serving multiple families.

From day one, it offered all the functions of a big bank or wirehouse bar the trading or investment banking. Fast-forward 23 years, and many competitors have become wealth management centers for wealthy families, offering ancillary services like financial planning, bill paying, and estate work, in addition to money management or wealth management. Silvercrest, though, was early to the idea of having a big, sophisticated, professional team that split these duties. Hough calls it being “institutionally robust.”

There are other ways the CEO believes the firm separates itself from competitors. As a hybrid model, it has its own asset management capabilities in addition to using an open-architecture model, while it also manages institutional assets, which represent 30 percent of its AUM and have played a big part in the firm’s overall growth over the past decade.

Being public, and therefore more transparent, has given confidence to institutions and consultants.

Personally, Hough points to two key deals he instigated while at Silvercrest that have been pivotal to its growth. The first was the acquisition of Ten-Sixty Asset Management, which brought in due diligence and selection, risk management, and asset allocation expertise. Hough made it Silvercrest’s internal investment policy and strategy group.

“It really raised the bar for what we’re doing,” he says.

This also created the platform for its outsourced chief investment officer, or OCIO, initiative, which has grown from nothing to \$1.5 billion.

The second deal was a merger, completed six months before the pandemic, with a small-cap growth equity manager called Cortina in Milwaukee. “Not only was it a home run culturally, which I’m proud about and we got super-high talent, but the team performed really well and it was accretive to shareholders right away,” Hough says.

Hough is quick to point out, however, that the firm’s growth has been underpinned by the principles and culture first set out by Cochran. This, more than anything, informs the type of advisors and professionals it hires. The CEO fosters a collegial atmosphere where doing the right thing for clients should come before anything else, even at the expense of the firm or themselves.

“I want hungry people who are entrepreneurial driven, have a passion for the investment business, are highly ethical and willing to do the right

thing,” Hough says. “This also means a professional who’s going to take responsibility and doesn’t need a lot of hand-holding or guidance, who can work in a flat organization. There’s not a huge hierarchy here.”

Hough has been at Silvercrest 20 years and, as he points out, folks tend to stick around. Out of a staff of about 152 people, 21 have been at the firm 20 years, 48 have been there 15, and 68 have been there 10. The culture, he adds, is energizing.

“It’s not marketing – we really mean it,” he says.

So what’s next for a growing firm with such solid foundations? Hough is candid enough not to totally rule out a sale or merger, mainly because he is led primarily by a fiduciary duty to partners, shareholders, and clients. He makes it clear, however, that there’s a lot of growth left in the tank.

“We’ve more than doubled the company since I became CEO, and I expect us to do that again, perhaps even at a faster rate than we did,” he says. “Part of that equation as well is what’s best for our clients, and that can’t be lost in the mix. I do feel in our industry that sometimes people lose sight of their fiduciary responsibility to their clients, which is not just the advice we give but it’s also about being true to your word about the type of firm clients join and experience.”

**Name:** Richard R. Hough III

**Position:** Chairman & CEO

**Company:** Silvercrest Asset Management Group

**Founded:** 2002

**AUM:** More than \$31 billion