

# The 'Little' Firm that could: Sowell Management, Local Hidden Treasure, Among Top RIAs in the Nation

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As financial company headquarters go, Sowell Management's digs, while nothing to sneeze at, is far from a towering glass-and-steel edifice befitting Gordon Gekko of Wall Street fame. Tucked into an office park just yonder of Maumelle, the single-story building is custom-built but to a passerby might serve one of a thousand utilitarian purposes. Inside, the open, functional space seats its occupants comfortably if not lavishly, right down to senior management offices. Family photos dot desks and scenes from Arkansas' outdoors hang on the wall.

It's the kind of place that suits Bill Sowell, CEO and company founder, to a tee.

Sowell carries himself with an easy and palpable warmth that makes visitor and client alike feel right at home. As he shows off the facility, he notes with particular pride the nearby bike trail and common areas where employees can gather — of late, at appropriate social distance — because he believes happy people are the heartbeat of any company. Here and there, he greets a co-worker in passing, and everyone gets the first-name treatment. Ten minutes in, it's like you've known him your whole life.

"I think what's fun about this industry to me is I love helping people. I have a passion to help people," he said. "I could tell you stories that would bring me to tears, but I'm not going to tell it because I don't want to cry."

A pause lets a warm smile spread across his face.

"This business really hasn't changed; it's just grown a lot."

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# BIG TIME

## THE 'LITTLE' FIRM THAT COULD

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THE NCAA AND NIL 22

SARACEN'S GRAND OPENING 52

AMP'S LEGAL ELITE 36

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If understatement were capital, Bill Sowell could wipe out the national debt after one interview. It doesn't take much research to discover he's a pioneer in the fee-only financial planning space, the architect of one of the most successful companies in the state and one of the most respected figures in his industry. Yet it is probably fair to say, relatively few in the office park outside — let alone the state at large — know of the sleeping corporate giant in their midst, in large part because Sowell prefers to let the company's mission and performance do much of the talking.

In just under two decades, Sowell Management has grown to offices in 35 states and today

manages more than \$3.5 billion in affiliated assets serving clients in all 50 states, Washington, D.C., and Puerto Rico. In September, Barron's included the company on its list of the 100 Best Registered Independent Advisor (RIA) Firms for the first time, debuting at No. 87 on the prestigious roster.

"To work with a client and help them achieve their goals and ultimately see them reach their goals and what it's done for their lives, it's a huge responsibility," Sowell said. "I don't care how much money somebody has. If all somebody has is \$50,000, that \$50,000 is no less important to them than somebody with \$50 million."

Sowell got into the game in 1990 after building and selling his own travel agency setting up corporate clients with sport-centered trips. He turned next to financial planning, leveraging his contacts from the travel business. But young and fresh though he was, one thing always nagged at him during those early years: the compensation system that was common in the financial services industry, a commingling of client fees and commissions for selling certain products.

"I never liked that [commission system]," Sowell said. "Even though my clients trusted me, I would never call somebody and say, 'I really think we ought to sell Procter & Gamble and buy whatever else. Oh, and by the way, I'm going to get paid when I sell it and I'm going to get paid when I buy it.' I always felt like there was an inherent conflict of interest in that.

"The fee-based business, the more I thought about it, it's like, if I'm compensated based on managing your relationship and I'm always doing the right thing for my clients, they'll stay clients, and I'm going to stay fairly compensated for it. There's no incentive for me to buy or sell anything unless it's truly in their best interest. It just made more sense to me."

Learning the finer points of the fee-based system from mentor and friend Allan Mendel, a longtime bank trust executive who founded Mendel Capital Management in Little Rock in 1990, Sowell struck out on his own in 1995. The two would form a partnership, Mendall-Sowell Capital Management, two years later.

"That was very early on," he said. "At that point in time, nobody even really knew what the fee-

based space was. Once some advisors saw what I was doing, more and more advisors were coming on. So, I was not only helping them convert assets to fee-only but I was managing assets for them, including managing my own client base. Ultimately, it finally hit a point where I had to make a decision."

Bill Sowell and Erin Taylor, director of marketing and communications.

The outcome of that decision was to buy out Mendell and form Sowell Management with his wife, Cindy, in 2001. As a registered investment advisory firm, the company acted as a fiduciary and operated solely on the fee-based structure. Four short years later, the company reached \$100 million in assets and moved from state-registered to SEC status, attracting advisors in droves, including the likes of longtime California-based financial planner Daryl Seaton.

"What was very different to me, and very apparent, was these were people that truly cared," Seaton said of Sowell. "It's very rare to find that. Usually, they just want you to become a consumer of the goods and services. Care is somewhere in there but only to the level that's necessary. But I really felt that warmth [at Sowell Management]."

"I'll be honest with you; it's a little bit of a surprise from California to find this quality of a financial services company in Arkansas. When I was building my own practice with the support of Sowell, I would always say in the introduction, 'We are aligned with our sister firm, Sowell Management, in all places, Little Rock, Arkansas.' And every single time they would chuckle, right? Because it is surprising in lots of different ways, but to me it was just a special connection to the people at the heart of that."

Seaton went all-in with Sowell Management earlier this year, taking over as chief operating officer to help take the company to the next level in its development.

"[Bill's] the visionary. My job as the integrator is to really make all this come together," Seaton said. "Growth is something that we are focused on in every sense of the word, not only in terms of adding to our advisors and varying the offerings more so that we can work across that, but one of the visions is to add an insurance agency. It's something that our advisors ask for all the time. It's an important piece of planning, and we have the opportunity to really do it from our fiduciary

lens. So, that's a huge part of the vision in terms of what we can offer moving forward."

Sowell Management has also been a vanguard in the use of technology, both to work more efficiently and to help their advisors do the same. In an industry notoriously slow to enter the digital realm, the company's embrace of these tools has put it in a class by itself.

"I don't really see that much of a change in the interpersonal relationship between a financial advisor and their client, but technology provides them a real advantage from an efficiency standpoint," Sowell said. "One of the practices that we acquired was in California and virtually every one of the clients was retired. And it's a pretty good-sized book of business. That was our first real test, to manage a client book that's 1,700 miles away, and we have retained 100 percent of that business. Actually, we've grown it.

"We've been able to use technology to do that, and what was interesting to me was that all of these retired clients were receptive to the distance and the technology. But we also were out there; we're out there two times a year meeting with those clients face-to-face. So, it's really a combination."

Central to the Sowell Management system is its core values, which virtually every employee here can recite by rote. Cindy Sowell said more than just pithy phrases, the core values dictate everything from ethical behavior to respect among co-workers to hiring.

"I think everybody really likes our core values here," she said. "We definitely hire and fire based on them; whenever we do an interview, they should know our core values before they even come in. And we try to live by them every day; if someone's not a good fit and doesn't live by them, they don't usually last very long here.

"A really big one for us is, 'We are a family.' We've always got people's backs and we're always there in the good times and the bad times. We actually closed down the office one time when we had a death in our family so everybody could attend the service."

Guided by these inviolate principles, Sowell Management thrived where other firms went astray, be it through sheer greed or desperation in difficult times.

"When Bill started the firm, the tech bubble burst was upon us," Seaton said. "And then the '08 credit crisis happened. We've weathered all of that because of the solid nature of the firm. That's really what we want moving forward is to be able to weather and navigate, because there will certainly be other challenges that we face as a country. Even COVID, when the market crashed by over 30 percent, to be able to navigate that without missing a beat and have that solid decision-making and leadership, especially in the registered investment advisory world, I think speaks volumes."

Through the windows of the conference room, one can see some of the 30-plus employees who feed their families via this firm. Hundreds more advisors affiliated with Sowell Management nationwide do the same and by extension, many multiples of individual consumers who put their hard-earned money — and futures — directly and indirectly into the company's hands. It's something company leadership never takes for granted.

"When I look at that client base, we've got people from ultra-high net worth clients that are very, very wealthy all the way down to people that are making \$50 a month deposits into accounts. It varies advisor to advisor," Sowell said, his gaze fixed on the people at their desks. "We have about \$2.5 billion that are assets under our RIA, and the remaining of the assets are through other RIAs that are affiliated with us that utilize all of our services.

"To think in North Little Rock, Arkansas, to be sitting here and be responsible for \$3.5 billion and within a couple more years we should be sitting at \$10 billion? I think it's a pretty phenomenal story to be sitting here in this position."