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the
CULTURE
issue

Alfred P. West Jr.
Founder, Chairman and CEO
SEI Investments Co.

BILLIONAIRE NEXT DOOR

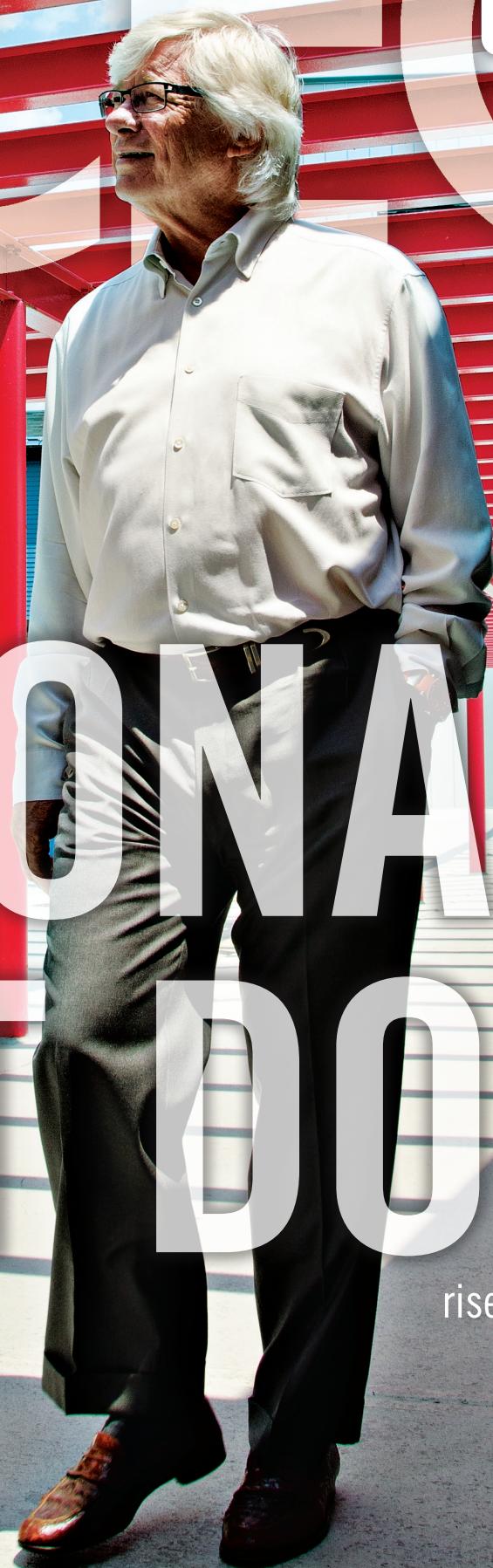
How an investments entrepreneur
created a culture of innovation
with no perks and no pretense

rise of the midnight email

Why work is taking over your life —
and what to do about it

mastering meetings
Creating corporate events with impact

triple bottom line
Why profit is only part of the picture



By Marjorie Preston
Photography by Mitro Hood and
courtesy of SEI Investments Co.

Meet the man with 2,500 employees,
6,600 clients and \$5.5 billion
in market capitalization –
but no office, no secretary and no parking spot

BILLIONAIRE NEXT DOOR

Alfred P. West Jr.
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BILLIONAIRE NEXT DOOR

Mitro Hood



If there's a place where art and commerce intersect, its epicenter is the suburban campus of SEI Investments Co.

Visitors to the global financial firm's headquarters, on 90 undulating acres in Oaks, PA, would be forgiven if they mistook the place for a giant gallery. Every nook, passage and hallway is crammed with art: startling, amusing, unorthodox and occasionally outrageous. Take *Mad Cow Motorcycle*, a Harley Davidson outfitted with a real bovine skeleton. Or *Shark Tank*, two life-size renderings of the predators, built of tire tread wrapped around steel armatures. One artist carved 1,000 New York City phone books into a circular chamber big enough to walk through; in the center, a small Buddha head, also carved out of phone books, rests on a table.

A so-called "Hot Hall" in the main building contains works that SEI employees have deemed too unsettling for common areas. Among them: a series of seemingly benign cartoons of a picnicking family. On closer inspection, the family is shown to be putting a German shepherd into a dumpster. Then there is a stunning series of photographs featuring models with Down syndrome dressed as medieval jesters. And in the foyer, a head-scratching mixed media sculpture called *Saw with Candles* is just that — a weathered metal saw blade, with the business end dripping candle wax. The art — some 1,200 pieces on display at SEI at any given time — is meant to inspire, provoke, defy expectations and occasionally rattle chains.

Interestingly, as an SEI employee points out, the disturbing dumpster series, viewed from right to left, actually shows the dog being rescued from the trash bin, not dumped.

YOU CAN CALL HIM AL

The man behind this unorthodox workplace is Alfred P. West Jr., SEI's founder, chairman and CEO. But you don't have to call him Mr. West or even "sir" — like everyone else, you can call him Al. At SEI, although job titles and business cards are sometimes used for clarity's sake, they are more honored in the breach than the observance. The guy at the top, a soft-spoken, bespectacled man with a shock of long, silver-white hair, also famously disdains corner offices, opulent conference rooms, executive johns and all manner of fancy but frivolous perks. No one wears a suit except for client visits or meetings. No one has a secretary. Reserved parking? Forget it. West himself prefers the "losers' lot," located at the far reaches of the sprawling campus. He parks there and hikes in through pastoral grounds that look more like a gentleman's farm than the home of a financial brain trust.

As for his own office — well, even SEI's shirtsleeved CEO doesn't have one. Given the egalitarian culture here, it's not surprising. Like all of the firm's financial consultants and thousands of other staff, the boss — whose net worth in 2008 exceeded \$1 billion, according to *Forbes* — sits among the rank-and-file on a vast, open floor, populated by row upon row of busy work stations.

The quirky environment "came from us wanting to encourage creativity and innovation," says West, who established SEI in 1968 and has since propelled it to one of the world's leading wealth technology and advisory firms. "Today, you need more than Edison in the lab. If you go onto a trading floor, it's open so people can communicate; they can share ideas. It was obvious this was a way to improve collaboration."

It was in 1990 that West envisioned the corporate counterculture that is now the

"The CEO doesn't work behind a closed door in meetings all day. Sitting with us on our floor feeds into Al's vision that we all should be constantly learning from one another."

Linsey Poletti, corporate marketing, SEI

hallmark of SEI. Laid up with a broken leg (the souvenir of an Aspen ski trip), West spent his recovery considering how he could foster greater collaboration among three determinedly separate corporate departments: SEI's core banking operation, its investment management division and a consulting unit acquired from Chicago investment bank A.G. Becker.

"They had grown into silos that were competing with each other for resources rather than working together," says West. "I tried for a couple of years to make it right, to the point of hiring an industrial psychologist to sit around the table with us and watch us interact. Nothing worked." Division leaders would "play nice in meetings," he recalls, "and then go right back to what they were doing, even colluding to hide their differences."

Three months later, when West returned to the workplace, he carried a sledgehammer. "I flattened the organization completely," he says, doing away with offices, cubicles, executive titles and administrative assistants. The new structure — as reflected in SEI's suburban Philadelphia campus, which opened in 1996 — was based around teams that were designed to morph and regroup as needed. As West told *Fast Company* magazine, "I disenfranchised the upper-level people and enfranchised the lower-level people." Two of three division chiefs promptly quit, and the third was fired. On making his exit, one of them said to West, "I understand what you're doing. I think it's the right thing to do. And I want no part of it."

While the goal was idealistic — "to take the company back to when it was young and new and everyone was pulling together" — the radical realignment was "traumatic" and met with resistance up and down the corporate chain. "Lawyers in our firm said, 'Well, I need a private space.' HR people thought it, too. ... It was shocking to everyone, and scary for me, too. As a large owner of shares, I probably wasn't as worried as some CEOs about being fired. But we didn't start to see results for about three years."

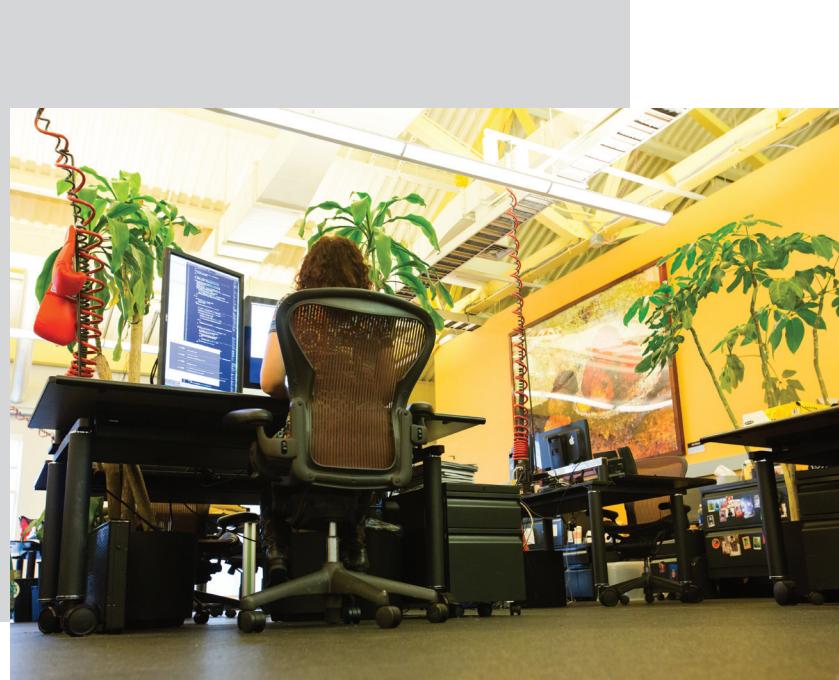
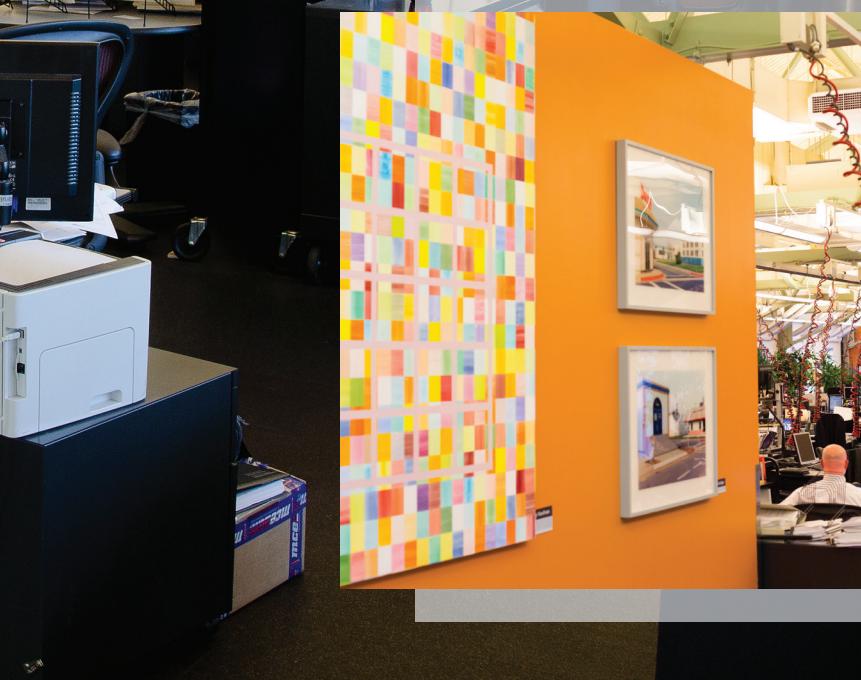
In a hidebound industry like financial services, SEI's boldly democratic model serves as a template for breaking down silos: informational, organizational and hierarchical. "First, be sure the change is tied to business strategy and how to better serve clients," says West. Then barricade the exit.

"You gotta change everything — the business strategy, the compensation plan, HR function, everything," he says. He cites the example of Spartan warrior Leonidas, who burned the bridges behind his troops so they could neither retreat nor surrender. "Once you put your stake in the ground, there's no going back."

16
offices



Wired to work: One of the most striking aspects of the SEI corporate campus is the network of coiled electrical cables descending from the ceiling. These “pythons,” along with the wheels on every workstation, enable workers to pick up and relocate their mobile desks so new teams can form as the job demands.



\$992 million in 2012 revenue

pick up and relocate their mobile desks at will — bag and baggage, computers and coffee mugs — so new teams can form as the job demands.

“It’s our way of saying, ‘We’re gonna change, so don’t get complacent in your thinking,’ says West.

From 2000 to 2005, the company was named one of *Fortune* magazine’s “100 Best Places to Work;” in 2012, *Pensions & Investments* named it one of the “Best Places to Work in Money Management;” and in June, *Computerworld* added SEI to its list of top workplaces for IT professionals. But this kinetic atmosphere isn’t for everyone, especially those who find safety in cubicles.

“When new hires come through, it’s amazing to see their reactions,” says Linsey Poletti of SEI’s corporate marketing department, who has been with the company for about two years. “You can tell they’re going to fit in if they’re intrigued. The CEO doesn’t work behind a closed door in meetings all day. Sitting with us on our floor feeds into Al’s vision that we all should be constantly learning from one another.”

While West insists on being regarded as one of the crowd, he is “a bit of a Walt Disney figure at SEI,” says Jeff Ladouceur, director of SEI Private Wealth Management. Ladouceur describes West as “charismatic, idealistic, a visionary. The company has grown quite a bit, but Al is extremely accessible and continues to work on product and project teams along with his normal day job as CEO. He’s still willing to sit down with somebody to grab a cup of coffee and help them help themselves. People talk about the culture here, but he embodies it and leads by example.”

SKY'S THE LIMIT

Like many kids who grew up during the Space Age, from the late 1950s to mid-1960s, Al West once dreamed of becoming a fighter pilot. It wasn’t an uncommon ambition for the time; this was the era of Sputnik and Mercury, of all-American adventurousness and a tense, neck-and-neck race between the U.S. and USSR, which competed to rule not just the world but the world beyond.

Growing up in Florida, in the shadow of Cape Canaveral, young Al West idolized World War II flying ace Chuck Yeager, the first man to break the sound barrier. Already an entrepreneur at 14 (West found customers for his lawn-cutting business through their bankers), he decided on a double-barreled career path: First, he would spend five years in the cockpit. Then he would launch his own business.

For a while, all went according to plan. West joined the Air Force ROTC program at Georgia Tech, earned his degree in aerospace engineering and worked summers for aviation giants Lockheed and Martin Marietta (later to merge as Lockheed Martin). He might well have earned his wings if not for a vision problem. West was 20/30 — not bad, but not exactly eagle-eyed — and not good enough for military flying. He was urged to consider a career in navigation, but riding shotgun wasn’t for the ambitious West.

“I flew on a Piper Super Cub, and you went 90 miles per hour at 3,000 feet,” he recalls. “It was boring. I wanted speed.”

West switched to Plan B. He earned his MBA at the University of Pennsylvania’s Wharton School of Business and started to work toward his doctorate. Then he and a fellow Ph.D. student recognized the business potential of computer training for the financial industry. In 1968, the pair dropped out to launch Simulated Environments Inc. (SEI), which offered computer-simulated training technology for bank loan officers. According to West, the business was so successful, it quickly bottomed out.

“SEI’s first business was a failure,” he says without irony. “We sold to the 55 top banks in the United States, everybody loved it and we made a lot of money. But we ran out of market. The smaller banks didn’t have enough money to invest, and there wasn’t enough recurring revenue. So we looked around and said, ‘OK, what are we going to do with all this money?’ That’s when we started the trust department,” a fully automated trust and investment accounting system and the first of its kind in the financial services industry. The system helped to revolutionize what historically had been a “paper-and-pencil” business.

By his own admission, West is a shy person, but he hit the road like a traveling salesman to peddle the new technology. The pitch was effective: within a few years, SEI’s program had infiltrated more than one-third of the U.S. trust business.

West says an investment consultant ideally should operate like a good general practitioner. “You know the parallel between wealth and health — there are a lot of them,” he says. “If you go to a surgeon, he’s going to want to cut it out, if you go to a psychiatrist, he’s going to want to talk it out, and if you go to an internist, he’s going to give you a pill.”

33
currencies of
transactions

off the wall

The West Collection turns heads and invites inquiry

In 2011, sculptor Billie Grace Lynn, associate professor of art at the University of Miami, won the coveted West Prize, given each year to an artist whose “challenging and inventive work” often is confounding and even controversial.

Lynn’s entry, *Mad Cow Motorcycle* more than fit the bill. The prototype — now on display at SEI headquarters — is a Harley Davidson tricked out with an actual cow skeleton, with bleached bones, cowbell, cupholder and udder-shaped helmet. The \$25,000 grand prize enabled Lynn to create a street-legal version of the bike that runs on biodiesel fuel.

The artist made a memorable entrance at the awards ceremony, riding *Mad Cow* through the buildings of SEI, then roaring through the campus parking lot. She got a hearty ovation, but her work proved unsettling to a group of consultants visiting the corporate campus.

“It did not occur to us beforehand, but some of the consultants were from India,” says Lee Stoetzel, director of the West Collection. “They felt it was offensive, as cows are sacred animals in India.”

Lynn met the guests for lunch and explained that her work — inspired by the shooting death of a cow in labor — was intended to protest commercial cattle farming and entreat people to eat less meat. Controversy gave way to conciliation.

One of the largest private art collections in the country, the West Collection was launched in 1996 by Al West and his daughter Paige, owner of Mixed Greens Gallery in New York and author of *The Art of Buying Art*.

The collection “acts as a metaphor for new ideas,” says Stoetzel. “From a collector’s viewpoint, there is a ton of risk because these artists are not household names, and few will go on to appreciate or ever be famous. But that didn’t matter to Al. He was interested in work that is interesting, challenging and dynamic.”

Typically, at any given time, about 1,200 pieces of art are on display at SEI, from provocative works like *Mad Cow* to whimsical takes on the old masters. Devorah Sperber’s *After Vermeer* is constructed from more than 5,000 spools of thread hanging on stainless steel chains. The installation, meant to be seen through a “viewing sphere,” takes Vermeer’s *Girl with a Pearl Earring* and literally stands her on her head. Chris Jordan’s *Cans Seurat* uses scores of tiny inkjet images to recreate the French post-impressionist Georges-Pierre Seurat’s famed *A Sunday on La Grande Jatte*. Look closely, and the images are of soda cans: Orange Crush, 7-Up, Pepsi, and A&W Root Beer.

In 2011, Al West and Paige West earned the Founder’s Award from Philadelphia’s Fleisher Art Memorial. According to Fleisher, the annual West Prize “has electrified the art world” and “brought great recognition to a new generation of young artists.”

SEI headquarters are even open to art tours (by prearrangement only, due to banking regulations).

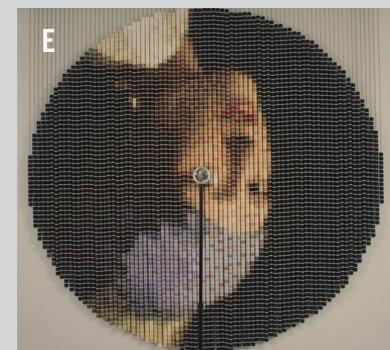
“My daughter believes art is for everybody,” says Al West. “It doesn’t just belong in a museum or a hoity-toity gallery where you ask a simple question and they make you feel like an idiot. We thought, ‘Let’s hang some edgy stuff and make people think.’ It’s just grown, and now it’s part of our DNA.”

“He’s a very unassuming person, very understated, and if people didn’t tell you he’s the CEO, you wouldn’t know it. But don’t interpret that as a lack of passion about his objective.”

Wayne Withrow, executive vice president,
SEI Advisor Network



Where art and commerce intersect: About 1,200 works from Al West’s private art collection, The West Collection, are on display at SEI headquarters at any given time. **A.** *Cakes* by Sharon Core, 2003; **B.** *Shark Tank* by Yong Ho Ji, 2008; **C.** *Meeting Room* by Long-bin Chen, 2008; **D.** *Untitled (Saw with Candles)* by Donald Lipski, 1999; **E.** *After Vermeer 2* by Devorah Sperber, 2006; **F.** *Mad Cow Motorcycle* by Billie Grace Lynn, 2008.



That’s what the financial industry was all about, everybody selling different products. No one took the holistic view of the individual or the corporation.”

SEI set out to change that, offering comprehensive, transparent investment solutions through five core businesses that serve private banks, financial advisors, institutional investors, investment managers, and those lucky 1 percenters: super-wealthy, ultra-high-net-worth families and individuals.

The company matched modern investment portfolio theory to new asset allocation models in the 1980s, developed a wealth management operating platform in the 1990s, and instituted the SEI Wealth Platform in the 2000s.

“We kind of are everywhere,” says West.

RISKY BUSINESS

How to succeed in the business of investing? Determine your destination, understand your risk tolerance, and work backward from there. When investors are uneasy — and unease has been epidemic in the marketplace these past half-dozen years — it’s important for them to know in advance how much pressure they can take before they fold.

“The best way to walk that tight wire is to first know what your goal is, what you’re really trying to do, and then decide on a course,” says West. “If you just go in trying to maximize your income, it can create volatility that you can’t stand; a lot of people invest in a risky portfolio that will do well over the long term, but they get to the point where they’ve lost 40 or 50 percent, which happened in 2008, and they bail and put it into cash. Then the market comes back and they miss that. And getting whipsawed is absolutely the worst thing.”

During the financial crisis, investors needed a double dose of nerve to ride out the storm, says Ladouceur. “Most people lose money by pulling out when the market is going down, and putting it back when the news channels say ‘happy days’ again. Clearly, people were nervous; some people lost close to half their wealth” during the recession, Ladouceur says. “For most people, unless this was going to last more than four years, they knew they didn’t have to take money out of their growth portfolio because they had the liquidity to sustain them during a rough patch. We didn’t believe the world was coming to an end. That allowed more of our clients not to cash out during the down slope.”

When it comes to the Great Recession, says West, there’s enough blame to go around: at the top levels of government, in the banking industry, on Wall Street — and among the millions of ordinary Americans who thought they were on an endless loop, funhouse ride to prosperity.

BILLIONAIRE NEXT DOOR

"Everybody participated," he says. "The government started with easy money, trying to keep the dollar competitive with Chinese currency. The banks, which used to lend money to somebody for a mortgage and then keep the mortgage, started selling them downstream to Ginnie Mae and Freddie Mac, so what did they care whether or not it was a good risk? And then you had the rating agencies that created these structured investment vehicles and rated them triple A. The [adjustable-rate mortgages] were the final killer, because people would say, 'Look, it's only 2 percent.' But then it moved up to 5 percent."

2,500 employees

A few years before the hammer hit, SEI experienced its own reversal of fortune. According to RIABiz.com, a website for registered investment advisors (RIAs), in 2003 the company told advisors with less than \$3 million invested with SEI that they would have to up their asset commitments or find the door. About half of them balked, prompting a mass exodus. SEI lost a few hundred of its smallest RIAs, and the remaining big-ticket advisors failed to make up the difference.

West was undeterred by the misstep. "Failure is OK," he says. "Nobody likes to fail, but what we try to say is, 'Fail fast.' Then you can correct your course."

West tapped Wayne Withrow, former executive vice president of the company's Investment Manager Services, to take over the Advisor Network and revive SEI's vital Turnkey Asset Management Program. The advisors returned.

"Al can take very bold steps in trying to anticipate where he thinks the industry is going to go, and he doesn't always require 100 percent proof that he's right," Withrow observes. "We were trying to take the industry someplace, it didn't work and we changed it."

That adaptability and nimbleness of response has paid off. Today, the SEI Wealth Platform supports trading and transactions on 104 stock exchanges in 45 countries and 33 currencies. With offices in New York, London, Toronto, Dublin, the Netherlands, Hong Kong, Johannesburg and Dubai — asked to list them, West momentarily lost count — the company has \$5.5 billion in market capitalization and about \$507 billion in assets under management or administration.

QUITE CONTRARY

In an industry known (and sometimes reviled) for its hubris, West is happy to be known as a contrarian. "The No. 1 thing that causes failure is arrogance — the certainty that you've got it right," he recently told Drexel University's *Market Street* magazine. "I'm afraid of arrogance."

For West, the antidote to arrogance is innovation, which is as important to him at 70 as it was at 14 and at 40. "If you're always creating, it's hard to be arrogant," he told *Market Street*. "When you're doing something that's not been done before, it's always humbling."

"What drives Al is the desire to anticipate the needs that the customers don't even know they have yet, to try to build solutions for future needs," says Withrow. That urgency is belied by West's laid-back persona, Withrow adds. "He's a very unassuming person, very understated, and if people didn't tell you he's the CEO, you wouldn't know it. But don't interpret that as a lack of passion about his objective."

It's unlikely anyone will make that mistake, says professor Frank Linnehan, interim dean of Drexel's LeBow College of Business. The school named West its 2013 Business Leader of the Year. At the award ceremony, "Al was humble, and made it a point to recognize the people at SEI who have been through all the transitions with him," says Linnehan. "He's selfless and other-centered in his leadership. Al doesn't try to stand out and make himself the center of attention. He sits at his desk like everybody else. It's a way of saying, 'We're all in this together.'

"For Al, management and leadership isn't a science," says Linnehan. "It's an art." **CEO**

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\$507 billion in assets under management or administration



on the money

SEI serves five wealth management markets:

- Private banks
- Financial advisors
- Institutional investors
- Investment managers
- Individuals

up and away

If not for his less-than-perfect eyesight, Al West might have had a very different career trajectory — one that included flying around the world as a commercial or Air Force pilot. Instead, he's got a global reach with SEI offices across four continents and eight countries.

Oaks, PA (Headquarters)

Boston

Burlington, MA

Cayman Islands

Chicago

Dublin

Dubai

Hong Kong

Johannesburg

London

Montreal

The Netherlands

New York

San Francisco

Toronto

Wilmington, DE

Farm to finance: SEI's corporate headquarters is situated on 90 undulating acres in Oaks, PA, with a look more akin to a gentleman's farm than a financial brain trust. The campus setting fits the corporate counterculture, where Al West outlawed secretaries, offices and executive parking spaces.