

When it Mattered

Episode 24: Richard Wilson

Chitra Ragavan: Richard Wilson was driving home one night from college to his parent's home. Despite his usual pre-drive triple shot latte, Wilson hydroplaned in the rain straight into a cement barricade. That was, literally and figuratively, a turning point in his life. Today, Wilson helps ultra wealthy families create and manage their single family offices.

Chitra Ragavan: Hello everyone. I'm Chitra Ragavan and this is When It Mattered. This episode is brought to you by Goodstory, an advisory firm helping technology startups find their narrative. I'm joined today by Richard Wilson, CEO and founder of the Family Office Club. Wilson also is the author of four books on family offices. Richard, welcome to the podcast.

Richard Wilson: Thanks for having me here, Chitra.

Chitra Ragavan: You were an undergraduate student when that accident happened that put you on this path to wealth building, but you always were a budding entrepreneur. How young were you and what was that path?

Richard Wilson: Well, just when I was maybe five to seven years old, my parents would pay me a penny per pine cone, pick them up in the yard or they'd pay me a penny per page to read books. We had Christmas wreath sales in the Boy Scouts. We did lemonade stands. I would go along with my dad to his meetings because he had his own business and I'd sit in on his meetings with him. So it was pretty early on that I got exposed to entrepreneurship and I guess capitalism. So I kind of blame my parents for that.

Chitra Ragavan: And you became more successful at it as you grew older. I mean you had a lot of failed schemes and scams, but you also had some successful ones. What were those? Both of those.

Richard Wilson: Sure. So I had a yard service business and we had some neighborhood clients for that. I had a radio station, internet advertising business that kind of flopped. I also had a used textbook business when I was in college. I also had a long distance

telephone service business where I'd call all the parents in the school directory, and try to sell them on changing their long distance phone provider to the company I was representing, as kind of a commissioned salesperson. So a number of different things. Some worked a little bit, some didn't work at all, but I learned a lot at every turn.

Chitra Ragavan: And your used textbook business appears to have been really successful. As a mother of two kids who's given away quite a few textbooks. You probably picked up a bunch of those kinds of textbooks and made a lot of money out of it, didn't you?

Richard Wilson: Yes. Yeah, I drove to regional book sales. Like I drove to Arizona and back over a weekend. One time, I'd get textbooks out of trash cans around the university if I walked by and saw one. I'd buy them from other students, at garage sales, at Goodwill, at estate sales. Anytime I can buy a textbook for \$1 to \$3 for \$4, I could usually sell it for \$8, \$10, \$25 sometimes. So it was a pretty good cash turnover business, and I built up an inventory of about 7,000 books over a few years doing that in college.

Chitra Ragavan: So you were 18 or 19, and what were you making out of this business that you started?

Richard Wilson: I was doing somewhere between \$6,000 and 8,000 in revenue pretty consistently. And then costs were usually a third or a fourth of that revenue. So it was pretty good money for being in school.

Chitra Ragavan: And is that \$7,000 or \$8,000, 10,000 a month?

Richard Wilson: Yes, that's correct. Yeah, per month.

Chitra Ragavan: That's pretty remarkable.

Richard Wilson: Yeah, it was fun. I mean it really taught me about researching the buy before you actually commit to buy. You can research your inventory before you place that capital down. Look up how much it's selling for online, managing inventory, moving inventory. If it's not selling, then lower the price. Or whoever has other books posted online make sure ours just posted as the cheapest available so the website would push it through eBay or Amazon, and buy ours instead of somebody else's. So a bunch of things like that, just kind of business 101 type lessons that you learn better. At least in my case, doing things rather than having a professor teach you the theories about them.

Richard Wilson: And what was funny is that I went to Oregon State University for my undergrad and they had a whole entrepreneurial program. They made a big deal about it, but I very specifically remember getting a letter from the Dean saying, "Richard Wilson, you have been caught trying to start a business in the computer lab within the Business School. And if you're caught doing that again, then you could be suspended from the Business School for trying to run a business on school property." And I was thinking to myself... And the professors would tease me about it. They're like, "Yeah Richard, don't use what we're teaching you. That would be horrible."

Chitra Ragavan: That is such a statement on our educational system today.

Richard Wilson: For sure. I mean, it's completely backwards, right? I should get extra credit. Like I should be able to skip a class, if I started a business, you'd think, you know.

Chitra Ragavan: They probably could have learned a lot from you because you were doing it.

Richard Wilson: Yeah. I mean I was still learning the very basics, but I think it should be encouraged, at least within the business school. I could see within other schools, maybe, it not wanting to be encouraged. But I think that some people who might be able to give the most money back to a school, as an alumni, would be the people who are starting businesses in the computer lab. So I never even return their phone calls when they ask for a donation because I learned more on my own, the hard way. And I got hassled when I actually tried to implement the advice I was being taught at school.

Chitra Ragavan: So how old were you when you had that accident and what were your thoughts as you kind of walked away from that wreck? Your car was wrecked, but you were alive and unhurt.

Richard Wilson: Yeah, the car just kind of crumpled in half and it was the middle of the night, pouring rain. I just kind of stumbled out of the car and several cars stopped because my headlights were facing oncoming traffic. And some people saw my car spinning. And I just kind of walked away from it, luckily. And it just kind of opened my eyes to that my life could have ended right then. And, I think that it made me look around and just realize I was just kind of bumping through college, and just kind of bored out of my mind. So it was kind of a turning point of going from taking the normal 13, 14 credits a term to getting permission from the school to do 21 credits, 23 credits a

term, and just try to graduate a year early so I can get into the workforce and do something.

Chitra Ragavan: And so, at the time, were you working? Or did you have a lot of money when this accident happened?

Richard Wilson: No, I didn't have a lot of money. I was working for a technology company. It was like an internship helping them with a capital raise that they were doing, just research on investors, etcetera. But definitely didn't have a lot of money. And I think, I was in a small college town called Corvallis outside of Portland, Oregon. So, I think, I just wanted to get out of there because I just looked around and there was really nothing to do in the college town that was too productive. So I was just ready to move on.

Chitra Ragavan: But once you actually started working, you started to make quite a bit of money compared to the average person who's got an entry level job.

Richard Wilson: Yes. Yeah. There's two experiences that came from that. One is deciding that I wanted to get a job working with websites and website development and I didn't have any offers or inroads to that. So I called every company in the Yellow Pages. Only one called me back out of the 16 or 18 that I left voicemails for. And that one gave me a job. It was a pretty well paying job for being still in school, still finishing school. So that taught me a lot. And it taught me that if you're willing to put in that work, you can uncover opportunities that others would never find.

Richard Wilson: So when I graduated from school and the average graduate was getting offers of \$36,000 to \$44,000 a year, I decided to call everybody in the Portland, Oregon Chamber of Commerce. And luckily, I connected with one who ran a consulting business doing risk consulting. And she said, "Well, we usually want someone with seven years of audit experience for this role because it pays \$100 an hour." And I said, "Well, just try me out and if I don't do well on the first day you can let me go. And I'll prove it to you that I'm a good hire." And so she gave me a chance, and it worked out. In my first year out of school, I was making \$70,000 some \$80,000 a year. And then my second year out of school I was making six figures. And I think it was because of reaching out to many, many prospects until a really great opportunity came up.

Chitra Ragavan: What did that process teach you?

Richard Wilson: Really that you create your own luck and if you're willing to roll up your sleeves, and do the tedious, and the hard work, and kind of grind it out that you can find those anomaly opportunities. You don't have to accept the average, or the moderate, or the mediocre. So from that point, I always try to figure out how can I do something that's more unique, or niche specific. Or what is the plan regardless of how much hard work it'll take, if I know that that will lead to finding some anomaly opportunity, then that's what I wanted to focus on.

Chitra Ragavan: So how did you end up going from there to being in the family office business?

Richard Wilson: Sure. Well, risk consulting is about as exciting as it sounds. So it paid for my MBA in cash, and I just got that done in the evenings while working a lot. But then I looked around and I said, "Who else is going to pay a 22, 23 year old \$100,000 a year?" Pretty much nobody except for in industries where you get paid based on your results only. It doesn't matter if you have gray hair or not, or a decade of experience. I whittled that down to commercial real estate brokerage and raising capital. So I got job offers and commercial real estate space, but decided instead to move to Boston to try to work at a capital raising firm. And again, I had to offer to work for free. They wanted someone with seven years experience. So I say, let me prove myself and he let me work one day a week and then two days a week free than three days a week free.

Richard Wilson: And then you started paying me to work three days a week and then started paying me to work full time. And while doing that, we couldn't raise capital from small investors or the big institutional investors. So I realized I needed to find some in between type. So I called wealth management firms that served the wealthy and ultra-wealthy and found that some of them identified as a family office. And I said to myself, "Oh, okay, that's who I should be calling on to raise capital. Forget everyone else that I could call on as an investor, I'm only going to call them."

Richard Wilson: Well, I found that was near impossible because there were not very many family offices back then in 2007. There weren't any trail guides or any books on the topic. There were no podcasts, no websites on it really. So I just started sharing what I was learning and started getting a hundred hits a day on the website. Just posting one little blog post a week in the start getting 500, a thousand hits a day. And I got on the front page of the Boston

Globe and then I started writing more often and then it just took off at that point.

Chitra Ragavan: And then you had your own website, right?

Richard Wilson: Right. So then I purchased familyoffices.com early on. I started a LinkedIn group early on before LinkedIn was a big thing. I spoke over 150 times in 14 countries at other people's family office events. And at one point when the website started taking off, my boss said, "You have to shut down this website because it's getting too much press attention and it seems like a distraction from your job. You've got to shut that down or leave the company." So I left the company and while looking for my next job, the website started making more money than the past job was paying me. One of my friends at the time said, "You know Richard, you have something here, you should run with it." So I just kind of doubled down and started writing four articles a day instead of a two or three a week. And then things really kind of took off. We started hosting our own events. I got a book deal with Wiley and then we just kept on reinvesting and providing content really.

Chitra Ragavan: And as you started to move into this business, was it initially hard to kind of be in the company of people that wealthy? Is it kind of a different way of thinking and being. What was different for you and how did you go about building this company?

Richard Wilson: If you talk about imposter syndrome, I mean at the beginning I literally knew nothing. I was doing research to figure things out. I had only done some angel investor help for a technology company in college and had been around my dad who was on the nonprofit fundraising side of things. But the most challenging thing was at the beginning I was just researching and sharing what I was learning. And in the first year of doing so, a lot of non family offices would reach out to me asking for advice on how to reach them and how to talk to them and how to sell products to them. But then what was really interesting to me, it was that after just one year, the family offices themselves were offering to hire me as a consultant.

Richard Wilson: They wanted my help for setting up their family office. And I thought to myself, "You run a family office, don't you know a lot more than I do?" That was interesting, but the reality was they only speak to a dozen of their peers per year, or maybe three dozen if they're hyper-connected. I was speaking at a dozen plus conferences a year and meeting and talking to family offices every single day. So I spoke to hundreds per year. And so I had a better view of the forest even though they had a better view of the minutia and the day to

day portfolio management. And they saw value in that. So the first two or three years it was really stumbling around the dark. Sharing what I was learning. The next five years I had a decent moderate level of knowledge and a pretty good network. And now 12 almost 13 years later we've really learned a lot about this specific space because it's such a niche industry.

Chitra Ragavan: And how does this all work? I mean, what do you do for these people and how does it work?

Richard Wilson: Sure. So we help families set up a family office so that if they have a liquidity event or say their cash flowing in a business, say one, two three, \$5 million plus a year. If they're worth \$15, \$20 million plus or \$100 million plus in many cases they may help set up the solution. Which means get their family office quality solution providers in place. And what makes the ultra wealthy unique and investing is that most of the high net worth trust their capital with a wealth manager. They might have a single family residential property or two, his rental properties or Airbnb rentals. But the ultra wealthy like to invest in commercial real estate and other types of cash flowing real estate investments and also invest in operating businesses. Not just as an angel investor, but maybe a controlling stake or buying multiple businesses into a portfolio.

Richard Wilson: And that's very unique about them. But what I've found is that the whole wealth management industry, right after this, I'm going to speak at a financial planning event downtown actually about this exact topic. The whole wealth management space is built on diversify to an extreme, put your money in public markets, find the fund managers, spread it all around and the non-correlated things. But all of the ultra wealthy, almost all of them invest directly into real estate and operating businesses and they're under advised in doing so. Which means they basically have a ton of advisory and the public market exposure. But figure out what real estate they should be investing in and how to source those deals. Their wealth advisor really isn't built to help with that. They want you to point, click allocate to a REIT or a real estate fund on their platform. So the report comes out nicely and they don't have to leave their chair and their office, but that's not what the ultra wealthy do. So I think that's really important to bring up.

Chitra Ragavan: And what was it like for you to be in this world and how did it change you as an entrepreneur?

Richard Wilson: You know, I have to say at some points you start comparing yourselves to these people. I have several clients at \$240 million, \$400 million, \$700 million net worth, et cetera.

Chitra Ragavan: The slackers.

Richard Wilson: Yeah. Sometimes it makes you feel like, "God, again, what have I been doing with my life compared to these people who have made such an impact?" And it's not just about the money. One of my clients employees 2,800 people. That's a lot of families he's supporting and it's a lot of positive impact that he's made on the world. And value is created for all of them and all of his executives. So that's one thing that if you're not careful, you can get sucked into kind of a negative comparison. But they are the winners in the game of capitalism. None of my clients won the lottery. None of them inherited their wealth. They've done it through creating value and being very smart, true business people. So I think that the most exciting part of it that keeps it interesting to me is I'm always learning by hearing my client's stories and figuring out which of those stories and lessons and insights could I be using. Or how do I cross-pollinate a great idea that I heard in Berlin at a family office event for one of my clients in San Diego or Miami, et cetera.

Chitra Ragavan: And is there anything that kind of ties all of these families or individuals together and the way they approach the notion of wealth or wealth building?

Richard Wilson: Yes. I mean, I think that one thing that ties them together is that most people want a family office if they're first generation or early second generation wealth because they don't believe in having full control and managing their own destiny to creating that wealth for five, 10 many times 20, 30 years. Then once that wealth is created say, "Okay, let's trust Mr. Private Banker. Put all of our capital on your platform. Pay whatever fees they are, whether we can understand those fees or not." And hope they don't lose our capital. It's just not in their DNA. They have fun, they have passion, and they feel like they're giving back to society by managing the business the right way and they're adding value. They get excited by it. So one thing that I've realized that it's common among the first generation families is that they don't have to work if they don't want to.

Richard Wilson: And because of that they might work even harder than they did before because now they're not working on stuff because I have a mortgage over their head or they're worried about their college admission, price for their kids. They're all only working on things

they're very excited about because they get to say no to everything else that's not super exciting to them. They are doing it at a higher level to help their son or daughter get into the business or help create a legacy or to help their 2,000 employees. I think that's one commonality is that one for control so they can continue to create value and not just to hand all over and trust a third party to manage it all for them.

Chitra Ragavan: Looking back at your career, are there one or two examples or stories of families or individuals who really kind of influenced your way of thinking?

Richard Wilson: Yes, definitely there were. One individual, his name was Doug, just encouraged me at the beginning to really double down on what was kind of a white space, kind of an empty space. Which was a family office industry. And it worked so well. I remember the exact moment he told me that and where I was walking and I sat down in a chair and actually seriously considered starting the business. If he hadn't said that I don't think I would've ever started my business. That really influenced me greatly. Ever since then we've tried to only spend time in the white spaces between where competitors are, where there's growing demand or lots of demand. But not really anybody serving in that marketplace like our company's Family Office Club. But the work we do for families and helping them source great direct investments is sent to millionaire advisors because sent millionaire means \$100 million plus.

Richard Wilson: And I just feel like that's another white space. A serving those 55,000 a hundred million dollar plus net worth families globally and the other ultra wealthy that do direct investments. That was one that made a real mark. Then another one was from my mentor, Evan Pagan. You know early on he really taught me to kind of move the free line in whatever industry I was in. And give away more than all of the competition does combine in terms of thought, leadership and advice. Just like you do in this podcast, the more you give away and contribute, the more you get back in return in terms of values. That we giveaway great ideas that people can actually benefit from. And I saw him do that and his businesses. So I really believed that he believed in it. That combined with a mentor, Jeffrey Gitomer, who taught me to give away information to a target audience and he said within seven years you'll be a global expert on that. People will seek you out. Those two people combined really changed my entire life because my whole business is based on that whole premise.

Chitra Ragavan: That's really wonderful and I think a lot of people don't get that. If you go somewhere where no one else is going, that's where you can make your mark. Instead of just following the pack.

Richard Wilson: Right. I think that's like the most important line of this whole interview. I think so many people miss that. 6,500 people that come through our 30 live events each year and the family office club and we do some workshops on investor relations and how to run a family office. Like last week in Singapore we did. I always reemphasize that it doesn't matter if you're raising capital or if you're running a family office, focusing on that area where you're strongest and there's not a lot of competition. It's just so critical.

Chitra Ragavan: So looking back at your life, right? You at a very young age began to understand money in a way that very few kids do. But also very few parents take the time to invest in their kids this practical knowledge of how money works, what money can buy, what is the true value of money, how do time and money go together? And things like that. I think that there are a lot of lessons in your story for parents and for kids growing up without a true sense of money. Which is really what do you need to have in life to succeed.

Richard Wilson: Yeah. I'm glad you brought that up. I mean, there's two things that come to mind as you say that. One is that if there's any wealthy families listening to this. I think a huge mistake if you want to instill entrepreneurship, don't put your son and daughter in charge of your foundation where they're taught just to give away your money. It just teaches them that you have money coming out of your nose and that it grows on trees and you're teaching them the opposite of creating value and creating money and wealth. Giving away wealth is a great thing to do. There's nothing wrong with it. But if that's their only exposure to money, then you're not teaching them the values that made you successful as an entrepreneur. The second thing I've learned just by being around all this is that, my kids went to visit our friends in Atlanta and they had this little mini Tesla car. It's like an electric car for kids. And two kids can ride on it.

Richard Wilson: They had the time of their life driving it and they said, "We want to buy one." And I said, "Okay, well why don't you buy yourself one?" He started doing lemonade stands. So we're going to do it right in front of our home, but only five cars an hour go by our home. Maybe 10 cars an hour. So instead we went in front of the Starbucks near our office place and keep a stand here where I live. We usually bring in somewhere between 50 and \$60 each day we get the lemonade stands. So they're up to \$180 saved so far and they're saving up to buy the Tesla themselves. We have a great

time doing it. They start cheering for lemonade stand and they love it and they drink lemonade obviously, and eat half the snacks they are supposed to be selling. We have fun and I think it's teaching them to count the money and they've got a cash register and a bell to ding. It's just a good family time and it's also teaching them business at the same time.

Chitra Ragavan: And I think the lesson in it is you don't have to be really wealthy to understand those lessons. Anybody can teach those lessons to their kids and to learn those lessons themselves.

Richard Wilson: Right. Yeah, for sure. I think it's even more important if you're not ultra wealthy or really wealthy. One can say that if you're really wealthy, while then the next generation could maybe flow without a lot of these lessons. So I think that these are things that if you're entrepreneurial at all, it can be really helpful in passing that onto the next generation. Whether your business \$200,000 a year in revenue or 2 million or 20 million. I think they're important lessons in my opinion, at least.

Chitra Ragavan: Looking back at that young man who walked away from that wrecked car, do you have any closing thoughts on your life's trajectory from that point on?

Richard Wilson: I had one more that didn't come up that it wasn't as traumatic. But I was on top of the Marina Sands resort in Singapore looking at all the buildings and I was drinking a Corona with one of my friends who happened to be in the town at the same time. I just looked at these buildings and thought, "Man, I've done nothing in my life." Again, I had that same kind of feeling of like, "What am I doing?" I'm playing such a small game compared to people who build these buildings in downtown Singapore. I stopped drinking for one month after that just to see if it would give me more energy. And that was eight years ago and I've never drank again.

Richard Wilson: I think that those turning points where you see to get to the next level, you just need to have more integrity. Which means like in my mind, integration between everything. Like the right people on your team, the right values, the right food in your mouth, you live in the right spot you have friends that support you. You know, family that's supportive. And the more that everything is a lot of aligned and integrated, then the more that you're going to move through the world and get to that higher level of success and fulfillment. The more friction there is and the more frustration there is less progress. So I think that all of those lessons have kind of taught me

that integrity and integration of everything is more important than anything else for my life at least.

Chitra Ragavan: Wonderful. Thank you so much for joining me today.

Richard Wilson: Thank you for having me here, Chitra. Appreciate it.

Chitra Ragavan: Richard Wilson is CEO and founder of the Family Office Club and the author of four books on family offices. Thank you for listening to When It Mattered. Don't forget to subscribe on Apple podcasts or your preferred podcast platform. And if you like the show, please rate it five stars, leave a review, and do recommend it to your friends, family, and colleagues. When It Mattered is a weekly leadership podcast produced by Goodstory, an advisory firm helping technology startups find their narrative. For questions, comments, and transcripts, please visit our website at goodstory.io or send us an email at podcast@goodstory.io. Our producer is Jeremy Corr, Founder and CEO of Executive Podcasting Solutions. Our theme song is composed by Jack Yagerline. Join us next week for another edition of When It Mattered. I'll see you then.