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Ameriprise Seeks Veteran Staff

Nicole Garrison-Sprenger June 4, 2007

When college graduates come to Michael Bischoff looking for a job as a financial planner, he sends them over to Ameriprise.

"Firms like us, we're not a good training ground," said Bischoff, chief financial officer of Webb Financial Group, an independent financial advisory firm in Bloomington. That's because small firms usually don't have the time or resources to train new people. They need advisers who can hit the ground running.

Minneapolis-based Ameriprise, meanwhile, has brought thousands of people into the financial-planning business over the past few decades through what is considered one of the best training programs in the country. Bischoff, who joined Ameriprise in 1989 when it was known as IDS, is a product of that program. He was 22 years old and fresh out of school.

But a change in hiring strategy at Ameriprise could make it harder for 20-somethings and people

with no experience to break into the business.

The company is focusing harder on recruiting experienced advisers from other firms - people with at least a few years of experience and an existing book of business. In recent months, Ameriprise has hired about a dozen executives to scour the country and recruit advisers from rival firms.

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Executives say they aren't necessarily trying to boost the total number of advisers at the company, which stands at more than 12,000 today. Instead, they want the people they hire to be more productive and committed to staying with Ameriprise for the long term.

"Over the course of the year, as we anticipated, we expect our total employee adviser count will decrease

with the intended net effect of increasing per-adviser productivity and improving the profitability of our adviser force," James Cracchiolo, CEO of Ameriprise, said in a conference call in April.

That leaves less room for newbies, who are more expensive to train and more likely to leave. In fact, as of April 2007, Ameriprise had hired 30 percent fewer employee advisers (the category of adviser most college graduates and other people new to the business begin at) than at the same point in 2006.

So have the changes had any impact on productivity yet?

It seems so. Net income in the first quarter of 2007 increased 14 percent compared with the first quarter of 2006. Increased adviser productivity was a big factor in the jump.

The preference for hiring experienced advisers, while not new, has become a bigger focus since Ameriprise was spun off from parent American Express in late 2005.

To aid that transition, American Express gave Ameriprise millions of dollars to get the Ameriprise name out to the general public, improve technology and give advisers the tools they need to do their jobs.

Those investments have made the company more attractive not only to its existing advisers but to advisers at other firms, said Manish Dave, senior director of business development for Ameriprise. Case in point: Ameriprise snagged James Barnash, chairman of the Financial Planning Association and an adviser at Lincoln Financial, who said in December he would manage an office in Chicago. A trade publication called his move a coup for Ameriprise.

While Bischoff of Webb Financial thinks Ameriprise's shift in strategy makes sense, he worries about what a pull-back in the hiring of new advisers will mean for the financial planning industry in the Twin Cities if training opportunities are reduced.

"If they are going to train less there will be a smaller pool of individuals for companies like us to choose from," he said.

That may be good for Ameriprise, since the company wants to hang onto advisers and not lose them to other firms in town. Dave is quick to point out that the company is still hiring college graduates as well as people with experience in other industries who would like to try their hand at financial planning.

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In fact, Ameriprise is still advertising to attract such people. In a May 29 posting on NWJobs, a Pacific Northwest-area job site, the company boasts, "Ameriprise Financial has a proven model for success

that has helped recent graduates like you begin a winning career. With our comprehensive training program, you'll have the resources you need to succeed ..."

Said Dave: "Where a lot of firms have shied away from that ... we're committed to (hiring) professionals that are looking for a career as an adviser whether they have a book of business or not."