



Rainmaker
PODCAST

EPISODE #14

NICK WOOD
BAILLIE GIFFORD

Welcome to the Rainmaker Podcast, with your host, Gui Costin. The goal of this podcast is to give listeners a unique look into sales strategies from top industry executives. We introduce you to the heads of sales and heads of distribution, who will help you understand the inner workings of the successful sales organizations, from philosophy to execution. This podcast is essential for sales professionals seeking wisdom from the best in the field. If you're not familiar with Dakota and their Dakota Rainmaker content, please check out Dakota.com to learn more about their services. This episode is brought to you by Dakota Marketplace. Are you tired of constantly jumping between multiple databases and channels to find the right investment opportunities? Introducing Dakota Marketplace, the comprehensive institutional and integrated database, built by fundraisers for fundraisers. With Dakota Marketplace, you'll have access to all channels and asset classes in one place, saving you time and streamlining your fundraising process. Say goodbye to the frustration of searching through multiple databases, websites, Form ADV's, and say hello to a seamless and efficient fundraising experience. Sign up now and see the difference Dakota Marketplace can make for you. Visit Dakota.com/Dakota-Marketplace today.

Gui Costin: What is up, everybody? Gui Costin, founder and CEO of Dakota. Welcome to the latest episode of the Rainmaker Podcast. I am joined by Nick Wood of Baillie Gifford. Nick, welcome to the show.

Nick Wood: Well, thank you very much, Gui. It's great to be here. My team are very complimentary about our relationship with you, so it's wonderful to finally meet you in person.

Gui Costin: Well, it's such a thrill to have you on board. An iconic firm, right? Almost needs no introduction, but I do want an introduction. And, you know, Nick, one thing I just want to point out to our audience is that the reason we're doing these podcasts is that we live in this world, this crazy world of fundraising, right, and there's not really any books... like, for SaaS businesses, or all these other businesses, they have all these books, and how-to guides, and best practices, and everything, and we live in this very sort of obscure world where there's really not a lot of public information about best practices around fundraising, and culture, and leadership, and all of those sorts of things. So, why we do this, right, is to provide these insights to sophisticated distribution people who might be listening,

as well as people, you know, first day on the job as an investment salesperson. So, really appreciate you being on.

Nick Wood: Yeah.

Gui Costin: Nick is a client relationship director in the Clients Department and became a partner of the firm in 2018. He joined Baillie Gifford in January of 1999 in the Investment Risk Department, becoming head of the department in 2007. In 2010, Nick joined the Clients Department, and focuses on our US Financial Intermediary clients and prospects. He is also Chairman of the US Equity Product group. Nick is a CFA charter holder, and graduated BBS in Economics from Massey University, New Zealand in 1994.

So, with that, could you just give a little, very fast background, a little background on yourself and your firm?

Nick Wood: Yeah, great. Well, the key to Baillie Gifford is we're a private, UK-based investment partnership. We're founded in 1908. We've been a partnership through our 115-year history. The partnership is a key source of edge, really, for us. We are long-term growth managers. The partnership allows us to retain our best people, our best investors, and to really focus on our core aim, which is to find well-run, innovative businesses, businesses that we believe are going to drive share price returns, in many cases, societal progress over the next five to 10 years for the benefit of our clients. In terms of our AUM, we have about \$300 billion in assets, our client assets around the world. About \$120 billion of that is here in the US. Our US business really grew out of institutional relationships in the 1980s, and then has really developed in the financial institution space in the past 10 to 20 years. Most clients here in the US invest in our international growth strategies, our EM growth strategy, and some in our global equity growth strategies as well. Now, you were kind enough to ask about me as well. So, I mean, don't tell Baillie Gifford's other 1,800 employees, but I simply have the best job in the office.

Gui Costin: Let's talk about that. Talk about the job.

Nick Wood: Yeah. So, I'm a wandering, optimistic Kiwi, a New Zealander, who came into Edinburgh 25 years ago, and I joined Baillie Gifford at that time, and I've been there ever since. And, basically, I am a living breathing Ted Lasso.

Gui Costin: Love that.

Nick Wood: I'm a foreign manager, and I get to manage and work with a group of highly talented Scottish-UK-based colleagues, and US colleagues here as well. And the really fun bit is that we are divided by a common language, which just makes the job a whole lot of fun, and we're all incredibly motivated to deliver for our clients over the long term here in the US.

Gui Costin: Yeah. So, tell me about the... Give me the size and scope of your team.

Nick Wood: Yeah. So, I mean, we're a very close-knit team. There are 12 of us, soon to be 13. Six of us are based in our Scottish headquarters. Five are in New York. We have recently recruited an individual who's working from home in Denver. His name is Connor Warren. And we're about to have somebody join us who will be based in Phoenix, Arizona.

Gui Costin: Oh, nice.

Nick Wood: So, we're really going nationwide, and we have overlapping responsibilities to cover everything from global and national financial institutions to RIAs, bank trusts, and multifamily offices. And perhaps just a little bit more about the history of our financial institution business. So, it really started a little bit over 20 years ago. We won some marquee sub-advisory clients. So, we've been a subadvisor for Vanguard across a range of strategies. That started in 2002. We also worked with the likes of Brighthouse in international equities, and Edward Jones as well. And then, in about 2016, we took the decision to expand our mutual funds to introduce a KNI class share and to make them available on platforms, and that really gave us the scope to expand our financial institution business. So, to us, this is a really fascinating space, because client needs are ever evolving. So, the mainstay of our financial institution business is sub-advisory and mutual funds, but we recently launched retail SMB. We're looking at active ETFs. And one other area that we've invested heavily in over the past 10 years is private equity growth. We are all about finding the next generation of entrepreneurs, of innovative businesses that we think are really going to matter and drive returns. So, we've started to invest quite heavily in private equity space, because what we want to do is find the next Magnificent Seven, before they become anything like household names, and taking that investment in private equity space makes us better public market investors as well.

Gui Costin: Well, that's great. So, tell me... I've got to get back to Ted Lasso, so I want to know about your team, and how is it structured, and give me that style, because now... I mean, I love Ted Lasso, right? I love his leadership style. We're going to get to leadership, but I really want to know, how is your team set up? And I know you have Denver, and Phoenix, New York, and Edinburgh, but what is sort of the construct? Do you guys do sales and client service? Like, how is it all divided up?

Nick Wood: Yeah, the lines are blurring between global and national institutions, and RIAs, and financial advisor teams at wire-houses, so we do have overlapping coverage. But really, we are very much client contacts first. So, you know, what we're trying to do is build strategic partnerships with our clients. We need clients to be aligned with the way that we invest, which I can come on to talk about. So, we are both client contacts and business developers, but I would argue, very thoughtful business developers, because we need clients that are aligned with the way we go about investing.

Gui Costin: Yeah, can you talk a little bit more about that?

Nick Wood: Yeah, I mean, it's really about long-term growth investing, and we invest... We're the most patient guys, or people, in the room. You know, there's a very, very strong link between earnings growth, and revenue growth, and share price returns, but it only really establishes itself over three and five years. So, we're your ultimate buy-and-hold investors, but that does come with a level of volatility. You know, we will tend to talk about hold discipline, rather than sell discipline. So, we really do need clients that have the ability to invest for five years and longer, to ride out those periods of underperformance that will be inevitable, and we think we can only really ensure mutual success for ourselves and our clients if our time horizon and our belief in innovation and technology-driven change are shared by our clients.

Gui Costin: Oh, I love that. So, obviously, these great businesses that you invest in, every great company knows how to communicate internally. This is kind of focus. Could you talk to me about the communication cadence, both internally, with your 12 to 13-person team, and then, also, you're a partner at the firm, obviously, and how you report progress up to the executive committee?

Nick Wood: Yeah. Sure. Great. So, I mean, first of all, you've met some of my team. So, Joe Stellato, Kristen Ross are terrific people,

and they're terrific at their job. So, when I'm thinking about communicating with them, the last thing they need is me micromanaging them. What they really need is a supportive environment to help them do what they're already great at. So, you know, I think communication is really all about culture, and I think, if you have a shared sense of purpose, shared beliefs, if you like, then communication becomes quite easy. So, at a firm level, we have five shared beliefs that govern the way that we communicate with each other and communicate with our clients. So, I think communication comes quite easy, even when, you know, in my case, I have sort of a double-edged problem. On the one hand, I've got Scottish colleagues whose, you know, usage of the English language is eccentric, to say the least, and then I'm separated by the Atlantic Ocean from my US colleagues.

But I think, if you've got a real sense of purpose, and then you have a sensible cadence to your meetings, then communication becomes a lot easier. So, both the Edinburgh and US halves of the team get together on a weekly basis, and then we get together as a whole team on a weekly basis, and then we get together, typically towards the end of the year, for an annual in-person away day, where we're really discussing what our strategic plan is, how we've been communicating individually and collectively with our clients throughout the year, and that's really when we come together and plan for the future. And, I guess, the other thing, we're quite structured and disciplined about how we go about getting feedback from our clients. So, we really don't leave that to chance at all. We do an annual survey. We get an independent firm to do a survey for us. They survey about a quarter of our clients every year, and what we're basically trying to work out is, are we delivering the returns that our client needs? Are we providing best-in-class client service? What can we learn from our peers, which is what we're trying to do today as well? And then, typically, at our away day, we get together, and we discuss all that feedback, and we work out what we can and should implement on and improve.

Gui Costin: Wow. That's the first time I've ever heard of a survey like that. That sounds like you've gotten really great results from that.

Nick Wood: Yeah, I mean, we've done it every year for, if not my whole career, certainly, close to it, 20 to 25 years. You know, and you collect a lot of information about that time, and you glean a lot of insights about what your clients are really looking for and expect from you.

Gui Costin: Yeah. Oh, that's great. So, tell me, I know you're a partner at the firm, and do you report weekly, monthly, quarterly sort of progress against your plan up to the executive committee?

Nick Wood: Yeah, it's not anywhere... So, there are 57 partners at the firm, and, you know, the partnership has really built up over the 115-year period. The partners get together, basically, on a quarterly basis, so it's far less frequent than you might imagine, but we also have a North American management group that gets together quarterly to discuss... You know, again, it's a fairly open-ended conversation about whether we're delivering for our clients, because that is what we focus relentlessly on.

Gui Costin: Right. I love that. So, the firm's been extremely successful. You've been extremely successful in your role, in the client relations role. Can you walk me through your leadership approach and how you think about leadership amongst your team?

Nick Wood: Yeah. So, if you think about what's made Baillie Gifford an exceptional long-term growth investor, it's the partnership structure and the 115 years' worth of stability that that has provided.

Gui Costin: You know, I wanted to ask you about that. You mentioned partnership quite a bit. Just for our listeners, like, it means a lot to you. Walk me through, just in a little more detail, how we should be thinking about the positive attributes of a partnership structure versus other structures.

Nick Wood: Yeah, it's really about I'm an owner of the business, and I think about myself as an owner of the business, and all I am trying to do through my career is leave Baillie Gifford in a better shape than when I was fortunate enough to become a partner. So, it allows you to just focus on the long term and all that you do in terms of delivering, finding great businesses over a five and 10-year period, and backing them with the patient capital that they need, and in how you organize, and recruit, and train your people. So, to us, this is a people business, and the potential to become a partner means that we retain our best investors. And what that means for all of our clients is that their portfolios are managed by people who know each other, trust each other, and have worked together in small teams for decades. You know, we think that gives us the best possible chance of delivering significant outperformance over time periods that really matter. And, you know, you asked me about how I think about myself as a leader. What I'm trying to do in financial institution space is

deliver exactly that same stability, quality, and commitment to delivering for our client base as we have on the investment side. So, we've recruited, really, very well over the past 10 years. My job as a leader is to create a great environment to share my 25 years' worth of experience in different roles at Baillie Gifford, and to build up, you know, loyalty and trust in what we're trying to achieve as a team. So, I'll just give you one example.

Gui Costin: Please.

Nick Wood: So, a man, a male, in my New York office, whom you know, was about to have his first child, and he said to me, Nick, I know what our parental leave policy is, but can I take four weeks off for the birth of my first child, and I said, no, Joe, you absolutely cannot. You should be taking six months off. That's our policy, and you're entitled to it. So, we had this strange conversation where he's trying to beat me down, and I'm trying to beat him up, in terms of how much time he takes, and I think it's really important, because what you're basically saying is, we want you to commit your career to the firm, which means we need to be there for you during the most important periods of your life. So, I don't view that as socialist or altruistic. I view it as, you know, looking after your people and making sure that they understand that Baillie Gifford will support them when they need it, because, you know, we all work very hard, and we need a sensible work-life balance, and to me, that's what loyalty and trust is all about. So, what I'm trying to do as a leader is demonstrate my commitment to each and every member of the team, day in and day out, and help them build strategic partnerships with their clients. So, one of the first things I do... So, Connor Warren joined our team about six months ago. He's been through a sign-off process, so we now trust him to go out and talk to clients on his own, but we're not really going to leave him to do that. So, I'm really here in the US this week because I'm flying out to Denver and Minneapolis to spend a week with him to introduce him to my clients that I've been working with for five or 10 years, and also to help him start to build a client base himself.

Gui Costin: That's great. So, two quick takeaways. One is I think it's brilliant that you've mimicked your sales process and client process based upon your investment process. It's absolutely brilliant, right? And to me, that's... And then the portfolio managers can really relate to you all, because you're mimicking what they do.

Nick Wood: Yeah, because you then end up with... This is something that Ted Lasso, you know, probably wishes he had said. It's like a circle of trust. You know, your investors know each other and trust each other, because they've worked together for decades, and then they're talking to their client contacts and business developers, and we've been there for a long time. And, you know, you hope you're working with the same clients for decades, you know, as we have with Vanguard. That's a 22, 23-year relationship. That's what we're trying to replicate and achieve elsewhere.

Gui Costin: Yeah. Another takeaway is, at Dakota, we have something called "family first." So, as I always said, if you miss a kid's event, whether it's a recital, a sports event, whatever, a graduation, whatever it might be, because of a work event, that's a fireable offense. Because nothing is that... Unless the house, the office is burning down, nothing's that important to miss any of those key events in your life. I do that because it's just the right thing to do. There's nothing that important at work that matters that much, if you're gonna miss something that's so important to you in your personal life.

Nick Wood: Yeah, that's right, and I think people ultimately work harder and are more loyal in commitment if there's more give and take and you encourage people to spend those crucial periods with their families, such as, you know, when they're having their children.

Gui Costin: Yeah, no, that's great. That's great. So, speaking of younger people, so, what advice, after doing this for 30 some odd years so successfully, what advice would you give to a young salesperson coming into this industry?

Nick Wood: I mean, 25 years. You're aging me.

Gui Costin: 25 years, OK. Sorry. Sorry. Sorry.

Nick Wood: I've been with Baillie Gifford for 25 years.

Gui Costin: I was just giving you some more experience.

Nick Wood: Yeah, so, listen, I think the best advice is, it's really hard work. You know, nobody's sitting there waiting for your phone call. So, you've really got to believe in the firm that you're working for and what you're doing. And I think you'll get a whole lot more satisfaction out of delivering what a client really needs over a 20-year period

than you will from any individual sale. So. I would say focus on that. Focus on building trust with your clients, building strategic partnerships, working out what they really want and need, and what Baillie Gifford has to offer, that will best work for them. I think it's that that you'll, and hopefully I will as well, that you'll look back on with some level of satisfaction when you're old and gray.

Gui Costin: Yeah. And, you know, Nick, it's really interesting listening to you. You, of anyone that I've spoken to, has such a passion for Baillie Gifford, and the company, and what you all stand for, and what you represent to your clients, both from an investment perspective and a client perspective, and it seems like that must be the case kind of through and through the company.

Nick Wood: I mean, that's certainly the aim, yeah. We want people to feel like it's a firm that you can work with throughout your career. And, you know, I've been very lucky in that, you know, I said I've got the best job of evading 100 people in the office, but I've done a number of things, so my career has developed and gone in surprising directions, and I, honestly, didn't really plan any of it, but sometimes you just get a little bit lucky in life. So, I started as a performance analyst. I moved into our investment risk team. I headed up our investment risk team. So, it's quite an interesting transition to go from the first half of my career, where I was running our investment risk team, to the second part of my career, where I'm this slightly quirky Kiwi guy who's tasked with looking after our clients here in the US, and building a team, and building a business here in the US.

Gui Costin: Well, your passion rings true. I just want you to know, it comes across, and I'm sure you're not surprised by that. So, as a distribution leader, and everything that you're doing to help grow the business and maintain the client relationships, what do you see right now as kind of one of your number-one challenges as a leader?

Nick Wood: So, I think, for us, you know, I mentioned at the beginning that we are long-term growth investors and have been throughout our 115-year period. You know, we're always trying to find the next decade of innovation and stuff, and that's where our history started here in the US, investing in railway bonds and rubber for... for Model T Ford tires and things. So, we were investing in the emerging market of the day, which was the US, 115 years ago. So, in my 25 years at Baillie Gifford, the most challenging period, performance-wise, for us was 2021 and 2022. So, the most difficult thing for us at the moment is our three-year performance track records aren't good

across our strategies, and volatility is high, so we really faced three headwinds in those two years. One was rising interest rates, falling valuations, and falling rates of growth. So, what we need to do now, and what our biggest challenge, is to admit our mistakes, to maintain client conviction in how we invest, and I genuinely believe, and you can see this starting to happen in 2023, that those headwinds are becoming tailwinds. Interest rates have stopped rising. Our valuations have stopped compressing. Growth rates are starting to re-accelerate. And our companies have proven far more resilient than recent share prices would suggest. So, I would argue that now is a great time to invest with an innovation, conviction-led growth manager, and I say that because we are going through a period of unprecedented technological innovation and change. You know, data-driven disruption, which started by disrupting advertising and e-commerce, is now spreading to the health care sector, to education, and to an energy transition. And I think all of this is just getting started. So, technology-driven change and innovation is a great environment for a long-term growth manager. But the last couple of years have also been a very challenging period for us. So that's what we're focused on and talking to our clients about at the moment.

Gui Costin: However, it seems that you've done such the right thing in coaching your clients to think for the long term, so when you do go through a very weird period for our economy globally, '21 and '22, and COVID, and that... sort of that egg through the snake that was kind of this fake growth, and then, right, this retreat, but you've obviously educated your clients to think longer term about your company and the investment strategies that you manage, so I'm sure they've all been very patient during this time period.

Nick Wood: Yeah, I mean, they have been. We really are only as good as our clients. So, we need clients that are aligned with how we think about investing and our time horizons. And, you know, we don't really have a sales process. We have an engagement process. So, what we're always trying to do is get our clients engaged with our approach to investment. What we really want clients to do is wake up somewhat bleary-eyed on the 1st of January, after a big night out the night before, and to be thinking, I wonder what great businesses, themes, and really interesting people Baillie Gifford is going to introduce me to in the years ahead. And, you know, it's not about ideas for ideas' sake. It's about, you know, stock markets are driven by the few companies, not the many. Stock markets aren't diversified. It's really a few companies that achieve incredible things over decades, and drive forward societal progress in many respects, that

are the reason we all invest in equity markets. And that is what Baillie Gifford is trying to capture, and then hold on to and support through patient capital.

Gui Costin: Yeah. Well, Nick, you guys have an amazing firm, amazing investment strategies, and it's not a surprise, for all the insights that you have just dropped on us, of why you've been so successful in your 25 years at Baillie Gifford. So, thanks so much for joining me today.

Nick Wood: Well, thank you very much. It's a pleasure to be here, and thanks for the opportunity to come here and talk to you all.

Gui Costin: No, it's been a blast. Your insights are incredible. So, with that, that's a wrap of another episode of the Rainmaker Podcast, joined by Nick Wood from Baillie Gifford. Thanks so much for joining, and we can't wait to see you on the next Rainmaker Podcast.

You can find this episode and others on [Spotify](#), [Apple](#), or your favorite podcast platform. We are also available on [YouTube](#), if you prefer to watch while you listen. If you would like to check up on past episodes, check out our website, [Dakota.com](#). Finally, if you like what you're hearing and seeing, please be sure to like, follow, and share these episodes. We welcome all your feedback as well. Thank you for investing your time with Dakota.

Gui Costin: Hey, thanks so much for joining Rainmaker Podcast. Hope you enjoyed the show, enjoyed the interview. I know I loved it. And, hey, if you wake up in the morning and you raise money for an investment firm, you do cold outreach, whether you're a sales leader or a salesperson, and you don't know about Dakota Marketplace, we would love to show it to you. It's world class. It's used by over 880 investment firms and over 3,600 individual salespeople. To learn more, go to [Dakota.com](#) and click on a [free trial](#).