



SEASON 3 EPISODE #22

ANDREW SAUNDERS
CASTLE HILL CAPITAL
PARTNERS

Moderator: 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.

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What's up, everybody? It's Gui Costin and founder and CEO of Dakota. Welcome to the latest edition of the reign America podcast. I am joined by Andrew Saunders, who is the founder of Castle Hill Capital Partners. Andrew, welcome.

Andrew Saunders: Thanks. Thanks so much for having me. This is

Gui Costin: Great. So thrilled to have you. So, Andrew Saunders is a seasoned investor and entrepreneur specializing in the growth and development of niche alternative investment strategies. He is the founder of Castle Hill Capital Partners, a New York City-based broker dealer and strategic capital raising firm with registered reps across the US. Additionally, Andrew co-founded and served as managing member of Uinta investment partners. Uinta delivers uncorrelated income strategies through a litigation finance strategy and a multi-strategy income fund that deploys capital into a targeted selection of specialty finance strategies and direct investments. Andrew invests personal capital in a range of private businesses and actively supports the scaling of alternative investment strategies to meet four key criteria. One, strategies in inefficient markets. Two, strategies that have limited competition and capacity. Three, teams with deep domain expertise and a proven track record of collaboration. And four, leadership with uncompromising integrity, significant skin in the game, creating strong investor alignment. His mandates and investments span hedge funds, private equity, specialty finance, venture capital, and a variety of public and private SPVs. Andrew grew up in Madison, Wisconsin, and was a 1993 graduate of

Haverford college. He spent his junior year at the National University of Singapore. Post-graduation, he lived in Southeast Asia for four years as a teacher in Kuala Lumpur, Malaysia, and entrepreneur in Indonesia. Andrew is blessed to be married and have two children and lives in Brooklyn, New York. Let's kick it off. Take us back. Where did you grow up?

Andrew Saunders: Sure.

Gui Costin: 30 seconds to a minute, but so we can get a sense of who you are--

Andrew Saunders: Yeah, and evidence of life is very small, we oversected in some places. So, I grew up in Madison, Wisconsin, and I went to school at Haverford College, a place you know pretty well.

Gui Costin: Yeah.

Andrew Saunders: After college, I lived in Asia for four years, which was sort of a non-traditional Wall Street path. I lived in Malaysia and Indonesia and came back and did eight years of corporate investor relations consulting. So that meant I did hundreds of PowerPoint presentations, hundreds of one pagers, hundreds of press releases.

Gui Costin: So, you would consult the ER teams at public companies?

Andrew Saunders: Correct. The issuer side. So, we do not have non-deal roadshows and-- I mean, skipping ahead, what drew me to Dakota is this idea of geographic concentration. We always thought in terms of money centers when we were doing roadshows, because you're taking senior management around. Flash forward, a team of us worked at a bulge bracket bank in the capital introduction role, and I was using a lot of those same skills, helping managers articulate their strategy, having a little empathy for the LP and the allocator, what information do they need to get out of a meeting and an interaction, and are my managers delivering that information, which was the same skill set from my IR days. But what I was hearing from LPs, back in '12 and '13 was, that's fine, Andrew. Long shorts, great. Event driven is great. But we're into commodities, we're into private credit, we're into private equity. And I was within the constraints of a prime brokerage platform. And so, a team of us left and we bought a broker dealer, and we started Castle Hill, at that point in '13.

Gui Costin: In 2013?

Andrew Saunders: Yeah.

Gui Costin: All right. So, take me from 2013 to today.

Andrew Saunders: Yeah.

Gui Costin: Size of the firm, everyone. Give us the whole--

Andrew Saunders: Yeah, it's been quite a road. So, we started with four partners, and then flash forward to today, we're two partners and 35-ish registered representatives. So, these are we hold their FINRA licenses, and they conduct sales activity through under our compliance and finance and oversight umbrella.

Gui Costin: Gotcha. And what funds-- how many funds do you have in your platform that are available for sale for those 35?

Andrew Saunders: And that gets into a structuring thing, so we describe Castle as an entrepreneurial platform where someone who wants to engage in sales activity, represent strategies, can bring those opportunities to us, and then sell them and get paid, right, through the sale of a security. Now, when we started the firm, we talked about-- we settled on four principles of that guide the firm, which is integrity, accountability, collaboration, and control. And so, I believe salespeople should be independent and they should be in charge of their own destiny, and they should be contractually paid. I don't believe in discretionary bonus. I like contractual revenue. But collaboration is really the key, is what we're going to-- how are we structured? And as we build a lot of guardrails around, how do we encourage independent actors who are acting in their own self-interest, who are pursuing a sales activity, to work together.

Gui Costin: How do you do that?

Andrew Saunders: So--

Gui Costin: Because, by the way, that's just-- and this is you have a very unique model, which I absolutely love. So instead of just being a loose confederation of 35 people, you're really trying to make it much more where everyone can learn from one another. I'm not trying to put words in your mouth, but you're taking a different tact on what a lot of people do, is just hang the license, they can do what they do.

Andrew Saunders: Correct.

Gui Costin: So, I'd love to hear more.

Andrew Saunders: Yeah. No, no, and that's the nice thing about this thing we do, is that there's all different flavors of-- like a four side, which might have thousands of registered reps, and there might be two old men in walnut-

covered office working on one deal. And that all of those are fine. We decided that early on, and this was a lesson learned from working at this bulge bracket institution, was that 25% of something is much better than 100% of nothing. It's empirically proven. And so, we like to work together, and we like win-win situations. And so, at the top of the funnel, we try to screen for people by articulating like, this is really what we're doing here at Castle Hill. And if this resonates with you, then let's continue talking. But if it doesn't, then that's OK. There's lots of places for you to go.

So that's the first thing, we try to focus on the top of the funnel. But secondly, we try to-- because all I have is a carrot. I don't have a stick. These are independent sales representatives that we support through the broker dealer. But I don't pay them. They're engaging--

Gui Costin: Straight commission.

Andrew Saunders: Straight commission. This is eaten what you kill. But a very aggressive payout. And so, the way we organize it is we-- when they join, spend a lot of time with them, indoctrinating them in terms of the culture of what we're trying to do. But then through technology and through communication, we try to create the incentives where people can break down barriers and work together. So, what does that look like? So, we're heavy users of Slack.

Gui Costin: I love it.

Andrew Saunders: Love it. We say email is for outbound, Slack is for internal. So, it's FINRA-approved, it's like some of us are of an age where we grew up on AOL Instant Messenger, so we get it. It's all right there, the threads are there, the client communications are there. We do a monthly sales collaboration call, and the keywords are sales collaboration call, where we try to bring everyone together. It's Tuesday at 9:00 AM, which is-- so we avoid Mondays, sometimes are holidays. And it's 9:00 to 10:00, and that's it. And it's once a month. So, it's not this onerous obligation that we ask of people. Because most of the people who come to us are running away from structure, they're running away from bureaucracy, they're running away from inefficiency. Why does a salesperson have to be in at 7:00 AM? They should be out. They should be engaging-- anyway.

Gui Costin: Yeah, I'm with you.

Andrew Saunders: Separate aside. And then, we're talking about where are those examples where reps have worked together to achieve success, and what are we hearing from our LPs, and who is the new people on the platform, and what is the next event that we're doing? We're not as prolific as you with your events, but we have a nice space in New York, and we do something in Newport, which is the heritage of the name of the firm. And we do something

in Miami in January. So here are these events that the platform is providing. We do product showcases where once three of our registered representatives suggest say, hey, I'd like to present fund A, B, C, once we get three of them, do that at 5:00 PM, maybe someone has a glass of wine, it's all on Zoom, and they introduce the strategy. Someone says, that sounds interesting. Then we do a teach in with the manager, but I'm not going to schedule a teaching in front of 30 people where 28 of them don't care.

Gui Costin: Right.

Andrew Saunders: So, it's really all kind of opt in, opt in, opt in, but we have to do work to create the structure where they can opt in. And then when people are successful, we have a bell in our office. We ring the bell, we give people all the credit in the world, and over time-- I describe it like a three-legged race. Stranger, stranger, stranger, both salespeople, initially protective of relationships, protective of clients. How do we break that down, how do we create complementarity in terms of working together to achieve an objective? Another thing I do is I look at-- when we build the top of the funnel, Gui, I don't need a lot of people to introduce me to Blackstone. I know where they are. I got it, but if you're, say, a salesperson in Birmingham, Alabama, that's interesting. Because I can't credibly cover that area. If you're in West Coast, or for example, if you cover a specific investor demographic, insurance companies, for example, that's interesting. And so, when I build this-- it sounds intentional, but it's become more intentional over time, this mosaic of all of these individuals who aren't banging into the same door, going to talk to the same person. That makes collaboration easier. That's when you start adding something.

Gui Costin: So, tell me about-- so you use Slack, which we're big users of Slack, huge. And especially the younger generation, I mean, it's like Slack everything, and communication and searching. It's really such a powerful tool if used properly. CRM. So how do you think about CRM? Because you do have a big operation.

Andrew Saunders: Correct.

Gui Costin: And data has to be managed.

Andrew Saunders: Well, that's an interesting tension point in our part of the business. When you're talking to someone in their 30s, 40s, 50s, who's built up a base of relationships and competency and they want to build their business on your platform, how much can you insist and how much can you suggest?

Gui Costin: Right.

Andrew Saunders: Right?

Gui Costin: Yeah.

Andrew Saunders: And on the compliance side, 100% insist. That's not in debate, but on the structure, there, we have only-- we suggest. So, there are-- we do not have a firmwide CRM. We want people to--

Gui Costin: I can see why, though.

Andrew Saunders: Correct.

Gui Costin: Yeah.

Andrew Saunders: And that works for us, because I'm thinking about all the time that I've saved by not doing CRM training with a 60-year-old.

Gui Costin: How about just playing traffic cop?

Andrew Saunders: Correct.

Gui Costin: Right?

Andrew Saunders: Right. And they're all calling the same-- wait. So, we have people who use Salesforce, we have people who use HubSpot, I use something called Capsule CRM. It does exactly what I need to do and no more. Contact management, tracks my emails, reminds me when to follow up.

Gui Costin: That's great.

Andrew Saunders: But what we're finding is that I assume people have systems, but we're now beginning to strongly suggest that they have a system, because as you know, the leverage is massive.

Gui Costin: And you're the-- I hate to say it; you're the biggest winner. If they're all managing their data using a CRM and they can do rapid retrieval, you and your partner are the biggest winners.

Andrew Saunders: Correct, correct. Again, we make little bits of money off of their production. But when you-- as one of my mentors said, if you move the cannon one degree up, the cannon ball goes a lot farther. Right? That's how geometry works. And so, if we can get everyone to just be-- and that's what my colleagues, Shannon, Jeff, and I are always sort of endeavoring to do, is through carrots, through communication, through suggestion, through intelligence sharing, through credit giving, encouraging people to just be that little bit more effective.

Gui Costin: Yeah.

Andrew Saunders: For their own benefit.

Gui Costin: Well, I love it. So, before we get into your leadership style and questions about culture, could you-- because I mean, I can't wait to get into that, just because, clearly, you're so thoughtful about the business. Talk to us about your other business, your--

Andrew Saunders: Sure.

Gui Costin: --as a fund funds.

Andrew Saunders: Correct, so--

And how did you think about getting started?

It was-- like everything we've done has been slowly sort of organic, from the base. But what I found myself-- so I have two roles, so I help manage the firm, I'm one the two founding partners, but I also have a sales hat, and I also raise capital. And I think that keeps me, I think, relevant. Being on the phone and going into meetings and seeing just the pattern recognition of when things are on the right track and when things are veering off the track. And I think in your book, you mentioned that was a great meeting. What does that even mean? So, the--

Gui Costin: That's just a waste of time.

Andrew Saunders: A waste the time. Are we splashing around in puddles, or what are we doing here?

Gui Costin: I'm a big boy just to give me the-- just give me the goods.

Andrew Saunders: Correct, correct. And so, I found myself gravitating toward strategies that were really completely uncorrelated and almost very niche and idiosyncratic. So, what does that look like? For me, it's like natural gas trading or electricity trading or specialty finance or lending to the media-- lending to middle market media companies, like video game producers or independent record labels. Small, niche pockets where the big boys, it's just not worth their time to enter that space. The competitive environments are smaller. There's some sort of moat. There's some sort of barrier to entry. And within those strategies, the specialty finance, I found myself sort of having three or four or five of these on the platform. And met a gentleman who had a litigation finance strategy, and we decided to come together to build this fund-to-fund vehicle, which is Uinta alternative income solutions fund, which is an all-weather targeting 8 to 10-- can I say that? I don't know, you can cut it out. All-

weather fund targeting a very steady return profile. Uncorrelated to anything is the purpose. And in there, you have just a portfolio of asset-backed, collateralized-- not cash-flow lending, but collateralized lending strategies to very niche pockets of the market.

Gui Costin: Right.

Andrew Saunders: And that's what you Uinta is.

Gui Costin: Well, congratulations.

Andrew Saunders: Yes. So that was a natural extension of, like, I know these strategies, I've helped them raise capital, I know the team. Well, why don't we put some money into them, create a structure, and allow and introduce this to other investors for whom this might be a value? And of course, we invest personally in it as well.

Gui Costin: So, 2013, you start the business. Let's shift to leadership and how you think about leadership. So, could you characterize your leadership style and then how it's evolved over time? And I'll caveat this in saying that my second book is what you read, *The Dakota Way*. Book three is called *Be Kind*.

Andrew Saunders: Yeah.

Gui Costin: Because I lopped off half of the second book to make this. And it's really a lot of lessons learned. So, I own the asset and I just how my leadership styles had to evolve, and evolve very, thank goodness, naturally, to what I consider to be way better than when I started. But that's not saying the case for you. Would just love to hear how you think about leadership.

Andrew Saunders: Yeah, so it's definitely evolved. Building a business that's transaction-based, it involves a tremendous amount of volatility. And so over time, my partner and I became much more comfortable with the idea that every January 1, we would look at each other and we would, sort of almost like a parlor game, decide, opportunity A is we're going to make the most money this year. We're always wrong. There's always something else that'll come up, that'll present itself that. And so over time, when you string together those ideas, then this idea that we're in crisis mode all the time changes to survive versus thrive. We're good.

Gui Costin: Have you been able to bring that down over time? The volatility?

Andrew Saunders: Yes. For sure. Absolutely. I mean, in terms of the success of the capital raising, in terms of the addition of talent, and also the diversification of what we're actually doing, and we'll get into that a little bit.

Gui Costin: Yeah.

Andrew Saunders: And when you're not-- [LAUGHS] I mean, this is being quite honest. When you're not stressed out about the business working, it's a lot easier to be kinder and a lot easier to be more supportive and a lot easier to be more helpful.

Gui Costin: Yeah.

Andrew Saunders: So, I alluded to my time in Asia. We talked about-- and there's a phrase, when I lived in Malaysia, it was like, the fish stinks from the head. And so, if we think about the four principles of integrity, accountability, collaboration, and control. It's like [? Jeff?] and I have to be 5x both of those. So, we need to embody and model that all the time. So, we have to be more honest, which is easier for me, because I'm not smart enough to hold a lot of lies in my head. But I have to be the person to model that behavior. When I make a mistake, I have to acknowledge it. So, I give so much credit away. And so that's really-- when success happens, I don't need credit. We're fine. The firm is fine. And I think that was a learned behavior. Because you start off, you need to prove things. And now, we're good. We don't need to prove things. Now we just need to help everyone else be more effective.

Gui Costin: Well, yeah. Well, just because what I really was trying to get at, you answered part of my question, but I'm really just curious. Just for all of us out there, there's different ways of treating people and behaving, like you were saying. You bring that agita down, because for me, the whole goal is super hard charging, do it with kindness, but try to be 80% low vol, where everyone's just executing every day, versus the ups and downs and crisis and fires being put out and this isn't working and everyone's freaking out, and it just wears everybody out. And if the goal, at the end of the day, of any organization is to keep your best people, which I think it should be, high vol, right, eventually doesn't allow that to happen. People eventually vote--

Andrew Saunders: Absolutely not. And I've-- either fortunate or not fortunate enough to have leaders in my past who modeled pretty volatile behavior. And that created a lot of anxiety and agita. We're in this unique situation where if I paid people, then I could actually influence them a little bit more. So, then it's really this sort of choreography of trying to encourage the right behavior. And how do we do that?

Gui Costin: Yeah.

Andrew Saunders: I think trust-- as we do this more and more, the other thing that somewhat complicates matters is that we're in the business of dealing with salespeople.

Gui Costin: Right.

Andrew Saunders: And they're all charming and they all can talk and they're all-- have some success, at some point. And so, working on trusting our gut and really setting expectations, like this is what we're in this, this a business. We're not the public library. We're going to hold your licenses, and we're in this to make money and to do things the right way. And I think the reputation of the firm is pretty strong. It's because there's not a big delta between the expectations that we set employees, clients, investors, and what we deliver.

Gui Costin: Yeah.

Andrew Saunders: And that's--

Gui Costin: I think that's everything.

Andrew Saunders: That's everything.

Gui Costin: And when I talk about in the book, it's the first core principle, is you got to set expectations.

Andrew Saunders: Correct.

Gui Costin: And then if you set expectations, internally, of certain behaviors, as long as you follow the behaviors-- if there's two rule books, right?

Andrew Saunders: Yeah.

Gui Costin: There are two-- as I said, there's two-- there's 300 members. There's a rule book for two, there's a rule book for 298, that doesn't work. It's got to be one rule book, one team.

Andrew Saunders: Right.

Gui Costin: And so, if you're walking that talk, the core principles, I didn't appreciate it. We put them together. We call them Dakotaisms. I didn't appreciate how much they are truly the guiding light of everything we do. So, we have a decision to make, I look at our 12 core principles and you point to them.

Andrew Saunders: Yep.

Gui Costin: That one was violated. We have an issue.

Andrew Saunders: Yeah.

Gui Costin: The whole thing. And it's just it's amazing how you can use your little words like North Star, but my favorite thing was when this consultant was asking us about our core principles. We're trying to come up with them, and it's like these terms. And I'm like, well, we have these things we call Dakotaisms. We grow apples, we sell apple bars, we don't try to convince orange buyers to buy apples. She goes; that's your core principle. [LAUGHS]

Andrew Saunders: Right, right.

Gui Costin: And so, we'd already done it. But I had to make it up as I went along just to show people, it's like, no, that's bad behavior. This is good behavior, that's bad behavior. No great meeting.

Andrew Saunders: No, no, absolutely. And I mean, my circuitous path through from being a teacher in Malaysia to being an IR to being at a bank, I was like that-- you know the movie Big? Tom Hanks is like; I don't get it. I'm in these big meetings, you're not supposed to talk.

Gui Costin: [LAUGHS]

Andrew Saunders: You know? And you're supposed to shut up. And so, it became quickly clear, and we were fortunate enough to have this window where we went-- there was a gap in the line and we went for it, to start the firm. But it was only through doing our own thing could we really live the values that we had, which is like, of course, we're going to work together. Zero sum is not in our nature. Everyone can win. How do we create win, win, wins? And that's not natural in a bank environment. That's not a natural-- I mean, maybe--

Gui Costin: No, I hear you. Yeah.

Andrew Saunders: So, and also, we had very good luck because we set expectations. But there are these odd situations, over 13 or 14 years of running the business, where maybe someone is a little bit in the gray. It's like integrity. Let's move on.

Gui Costin: Gotta goes.

Andrew Saunders: Gotta goes.

Gui Costin: No, that's good for them, too. That's how I've always looked at it.

Andrew Saunders: Yeah.

Gui Costin: It's good for them, too. And it's not a fit, it's not a fit.

Andrew Saunders: Correct.

Gui Costin: Right? And if you can't honor the core principles, no harm, no foul. You're not a bad person. It's just we believe in this, and you don't, and that's OK.

Andrew Saunders: Yeah. And I mean, what we do, it's not rocket science, but it's really hard. I mean, it's not-- raise money.

Gui Costin: Sales are impossible.

Andrew Saunders: [LAUGH] It's so hard in the best of circumstances.

Gui Costin: You're going to work every single day and someone's going to reject you all day long.

Andrew Saunders: Correct.

Gui Costin: Fundraising, it's the only sales job I know that you only can win, and you have to set up the meeting, and you only win by setting up more meetings than someone else with qualified buyers.

Andrew Saunders: Correct.

Gui Costin: No matter how sophisticated you get.

Andrew Saunders: Correct.

Gui Costin: But then, since that's so pedestrian. Then you got to flip into the storytelling.

Andrew Saunders: Yeah.

Gui Costin: Then you got to be in a meeting, and you have to take this super complex story and simplify it so the person can get it and retell it.

Andrew Saunders: Correct.

Gui Costin: That's a complete art form.

Andrew Saunders: Right.

Gui Costin: Right?

Andrew Saunders: That's a separate module.

Gui Costin: Yeah.

Andrew Saunders: And then you got to follow up.

Gui Costin: Right. And then in order to get there, you have to be so pedestrian. And you have to say to yourself, did I really spend all these years training and doing college to send emails? That's what you're getting at. That's why I say that-- with some coaching I gave to someone recently, they're like, what should I ask this person a question? I said, ask them what they're going to do the first day on the job. He goes, why is that important? I said, because if they say, I'm going to redo the website and I'm going to redo the pitch deck. Then you just say, really enjoyed meeting you, I'm moving on. I said, because those are called warm places to go live. Right? You don't really make money and raise money by going to the cold place, which is sending cold emails. But a lot of people, that's the first thing they do for six months, and they get fired and they don't know why. And that's why I wrote our book is just, no, no, no. The answer is, day one, I just want to start setting up meetings.

Andrew Saunders: I admit to a certain amount of cognitive dissonance with, well, I went to college and I'm booking coffees, but you have to be there at the mine face. That's not something you outsource. You can't--

Gui Costin: And it's also fascinating about the software business versus raising capital--

Andrew Saunders: Sure.

Gui Costin: Is that in raising capital, you meet somebody, they could be a 25-year relationship. You don't pawn off the relationship. If you know the CIO of x, y, z and what have you, family office, public pension fund, whatever it might be, you're with that person for 20 years. In the software business, I mean, we would have relationships, our account executives, they make the sale, it gets passed on to CSM, who's dedicated to that. Back to the hunter. You with me? So, it's a very unique deal. So, you can't have somebody booking meetings for you, because they're your-- five-year, 10 year-- what's up? Why is Rachel-- like, you can't send me an email? Right?

Andrew Saunders: Right. And that's what I-- and it's a great point. Because that's what I tell salespeople in alternatives. The natural inclination is to go work in-house. Find the next hedge fund, find the next private equity. Let's stay in the hedge fund space. But you have one bad month, and your kind of in the penalty box for 18 months. And what was a point of resistance for me when we started the firm was, I'm leaving this bank environment with a brand, like, will people return my calls when I'm just this guy?

Gui Costin: Yeah.

Andrew Saunders: Right? And if you have relationships, they do. And if there's one fundamental thing is like, that's the value. Especially if you think about the areas that we play in, which are capacity constrained, highly idiosyncratic, unique little strategies that maybe can scale to 2, 3, 500, \$750 million, these are not multibillion dollar ETF launches. And then you layer on-- you talk about AI, but what about the deepfakes and voice recognition and email spamming and text spamming? And so how do you cut through all that? And that's where the relationships really matter. They matter much more in alpha world than they do in beta world, because the actions of the individual are really-- you have to their temperament. But also, how do you get in the door to get meetings on the tape and start that conversation? So, we think a lot about that. And so, we host events, so people get to each other, we share a lot of intelligence and try to create this environment where I win by sharing. I win by like, hey, I had coffee with so-and-so, and they don't want anything I'm doing, but they want middle market private equity. Do we have anything on the platform? Yes, talk to Joe.

Gui Costin: There's no doubt that concept of helping other people get what they want out of life is way more gratifying than anything else you'll do. So OK, with that, two questions to close.

Andrew Saunders: Sure.

Gui Costin: What advice would you give a young person getting into the investment sales business today?

Andrew Saunders: That's the one where I was like, ah, I'll think of something. And then I just kept on writing. And part of this is I wish someone had taken me aside and told me these-- made these suggestions earlier. So, the first one is that everyone matters. Everyone. Senior person, receptionist, analyst, they all matter. First of all, in where you are in the arc of your career, they're going to move on and do other things. So, there are no small people. Everyone matters.

Gui Costin: Including the waiter, the waitress, the barista, the whole nine yards.

Andrew Saunders: The whole nine yards.

Gui Costin: Everyone.

Andrew Saunders: Whole nine yards.

Gui Costin: Yeah.

Andrew Saunders: I think when I was younger, I got wrapped up in a lot of office gossip and politics that I wish someone would have said, listen, no one cares and it's all going to come back to you.

Gui Costin: It's the single biggest waste of time.

Andrew Saunders: It's a colossal waste of time. So just don't engage.

Gui Costin: My line of the team is, to our president, said Rob, if we're talking about somebody, they got to go. Because I'm not wasting another minute-- so it's obviously not working, and they got to go. And I love them, but it's just not the right fit. But I'm not spending time during the day talking about people. We're here to produce and get stuff done and move things forward and help people grow their careers, serve our customers.

Andrew Saunders: Correct.

Gui Costin: All that other stuff is-- so I just-- when I came down, I had an interview with a new CSM, and she was making this comment, she worked at a somewhat bureaucratic big health insurer, and I said, are you familiar with what a day-one firm is? That terminology, Jeff Bezos coined it. And she goes, yeah, because I was at a startup.

Andrew Saunders: Yeah.

Gui Costin: I said, yeah, and the whole goal is to stay at day-one firm for your entire existence. And we have themes for our monthly offsites, we call them W days. The theme two times ago was speed.

Andrew Saunders: Yep.

Gui Costin: So, I said, we actually need to increase the speed at which you're getting stuff done, increase our decision making, not decrease. Because if we start slowing down our decision making, it's over. The ship has sailed, it's over. We got to maintain that speed and then eliminate all bureaucracy.

Andrew Saunders: Right. And you live that by your productivity. And the fish stinks from the head. You are modeling that behavior. You are not settling, which is the model. If you are like, yeah-- I know you're a good golfer, but if you're just golfing all the time, that sets a bit of incongruence between that.

Yeah, we talk about-- we have a mantra every year. I mean, we should maybe do one every month, but [LAUGHS] we're still working on-- but we talked about--

Gui Costin: In all fairness, we have these-- we had off-sites, then we convert them to W days, and there's no prep anymore. It's what's working, what's not working.

Andrew Saunders: That's great.

Gui Costin: So, the group comes in, it's unbelievable what can happen in 30 days despite communicating all the time. The only reason-- I then just woke up one time, like six months ago, I'm like, you know what? We probably should have a theme.

Andrew Saunders: Right.

Gui Costin: For each time. And so, I just-- the theme this time was communication.

Andrew Saunders: Yeah.

Gui Costin: Which kills me. You're doing something that's really working, and you just don't think to communicate to everyone like, hey, did you know that, hey, I've got this thing bubbling up over here. And I'm like, it's OK. Just take five seconds, 10 seconds, send it. Whatever you have to do but just communicate it. And so, my challenge to everyone is just think about, in your day to day, what are the great things that you're doing that might not be communicated that everyone would really benefit from. So that's the--

Andrew Saunders: Yeah, that's such an important point. We have on our whiteboard from a theme, from a mantra, from a sort of a positioning, if you will, just humble and hungry.

Gui Costin: Love that.

Andrew Saunders: We can have a great day.

Gui Costin: Love that.

Andrew Saunders: Tomorrow, we're still back at it like, and this is what we're doing. So, stay humble and hungry.

Gui Costin: And that's so a core principle to your company.

Andrew Saunders: Yeah.

Gui Costin: I mean, that's so your company.

Andrew Saunders: That's it.

Gui Costin: It's not like-- that's you.

Andrew Saunders: Yeah.

Gui Costin: I mean, I love that, but you've defined it as you. That's something no one else probably has as one of their core principles.

Andrew Saunders: Yeah. We don't have a lot of room-- this is not a place where egos really flourish.

Gui Costin: Yeah.

Andrew Saunders: Because it's just you're getting doors smacked in your face, you're working hard, you've got GPs and clients, like, where's the money? So, you're in the middle of relationship. But to a point about more ideas for younger salespeople, I think when you're young, you should spend a lot of time differentiating yourself, in terms, do you take your CFA, do your CAIA, do your CAIA. You can go out all night, you can get up at 4:00, you can study. You're still in the habit of being in college. There's a real good opportunity in your 20s to put some letters after your name and really differentiate yourself, which when you get in your 30s and 40s and have kids and start buying couches and whatnot, that changes. I mean, read. Be interesting on something other than work. You never where that affinity-- so I'm a big believer in affinity-based sales, and so whether that's college alumni, whether golf clubs, whether some-- but it could be in hobbies, it could be in something-- be interesting in something that's not macro hedge fund A, B, C. And that-- so go to college reunions, go to high school reunions. The network is so important, and it's not going to be completely on the screen. It can be leveraged through going to a running club or whatever. Really get out there. And pay it forward.

Gui Costin: Love it.

Andrew Saunders: Don't keep score. And that compounds. Oh, he's that guy. Yeah, he helped me here, he helped me there. I mean, so much of what I do, Gui, especially in the family office world, which are big buyers of some of the idiosyncratic-- and you know, it's not a channel. It's just a heterogeneous group of entities and wealth creators. And there is no through line in terms of what their asset allocation mix is. But I'll say, we're looking at this, we're looking at that. I said, OK, well, here's four ideas. None of them are my clients,

but I think they're pretty good. And in two years, maybe there's something for us. That's how I've built over time. And why not start that early? Why not start helping people earlier than later?

Gui Costin: Gotcha. All right. Last question.

Andrew Saunders: Sure.

Gui Costin: It's been so much fun. Biggest challenge you're faced with today in today's market environment.

Andrew Saunders: Yeah, I mean, this market environment, telescoping up a little bit higher is, when you're running an entrepreneurial firm, where are you spending your time? It's the best-- where is the best return on time? Is it human development? Is it sales? Is it processes? Which is sometimes take a step back before you go forward. Are we bringing on the right people? How are we getting better at screening? But in this environment kind of reminds me a little bit of COVID, where you were just having conversations and checking in and sharing intelligence. This isn't really a hardcore sales environment. This is people are-- not freaking out, but on the verge of freaking out, and you need to be there to educate them and to share, OK, well, I heard this from someone else, or I got this macro note. Can I share it with you? This is where you're just there to be of assistance and not say, hey, where are we with this? You didn't get back to my email. It's not really reading the room.

Gui Costin: So well said.

Andrew Saunders: Yeah. But we deal with idiosyncratic, uncorrelated strategies. And the market's been melting up for three years. And now we've got some volatility. And maybe this is a good time to then go out to people that didn't have time or the inclination or the space to look at what we were talking about three years ago, but because we have a CRM and because we track such things, it's time to revisit some of those conversations.

Gui Costin: We have a term that I did since day one, had to put this into writing. Every day is a great day to sell. Sunny, rainy, market's up, market's down, every day is a great day to sell. During COVID, we'd be doing our Dakota Live Show.

Andrew Saunders: Yeah.

Gui Costin: And this was in March, and people would be going-- and the market literally-- I mean, I had to comments Bode Miller couldn't ski that slope.

Andrew Saunders: [LAUGHS]

Gui Costin: And I said, look, guys, I'm just going to tell you, get on the phones, get on the emails. People are like, well, it doesn't make sense. I'm not going to start prospecting until the fall. And I'm like, you've lost your mind.

Andrew Saunders: Right.

Gui Costin: I said every day. And by the way, don't need to sell anyone anything. You have an allocator who's at home with three kids and three dogs. He wants to get in the driveway so badly, on the phone, to somebody to get out of the house. But if you're a small cap manager, even though small cap is getting killed, give them insight on what your portfolio manager is seeing in small cap. Just provide insight.

Andrew Saunders: Yeah. No. And I mean, that's how the whole business has changed. Not to veer off, but it used to could show up in Dallas at the Crescent and do a bunch of meetings, and then all of a sudden, you don't where anyone is. But during COVID, you knew they were home.

Gui Costin: [LAUGHS]

Andrew Saunders: So, you can get them. They're not necessary--

Gui Costin: And now it's all cell phones. If you're trying to call someone because their office, it's hard--

Andrew Saunders: And now they won't-- no one answers their cell phone. But yeah, no, this is-- but there's no crying in baseball. This is a very hard thing we do, but we're blessed to do it. I just keep-- we're surrounded by incredibly intelligent people, we're able to be of service, we're running our own businesses, we're adding value to investor portfolios.

Gui Costin: Love it.

Andrew Saunders: What else do I need?

Gui Costin: Yeah. Andrew, thanks so much for being on. It's a real treat.

Andrew Saunders: Yeah, my pleasure. Thank you so much for having me.

Gui Costin: And by the way, your leadership style just showed through in the interview. So, it's such a positive enrolling style that you have. So, congratulations.

Andrew Saunders: Yeah, we're having fun. We're having fun.

Gui Costin: And with that, everyone, that wraps another episode of The Rainmaker Podcast. Thanks so much for joining and can't wait to see you on the next episode of The Rainmaker Podcast.
[MUSIC PLAYING]

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[MUSIC PLAYING]

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 salesperson, and you don't about know 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.