

To mark the occasion of Zemenick & Walker's 25th anniversary and the recent retirement of Co-founder Jim Walker, we felt it was appropriate to indulge in a retrospective of the firm's origins. We hope you enjoy the story!

Autumn 1987 did not provide a warm welcome to the pair of aspiring business owners. Just a month after launching their investment advisory firm, Rich Zemenick and Jim Walker were confronted with Black Monday – a nauseating collapse of financial markets that sent the Dow Jones Industrial Average plunging 22.6% on Oct. 19, 1987, its single largest one-day percentage drop in history. Coming on the heels of a 14.9% decline over the prior two weeks, it was a truly harrowing formative experience.

Fortunately, these events solidified an enduring philosophical foundation for their firm – *the necessity of avoiding the temptation to react to the noise of daily market fluctuations and instead to make investment decisions based on a sober analysis of long-term prospects.*

The firm's founders traveled different paths to get to this point, but both were born and raised in the St. Louis area. Richard E. Zemenick grew up on The Hill in South

St. Louis. He graduated from Saint Louis University with a degree in accounting and earned his CPA designation. He enjoyed early success at Peat Marwick (known as KPMG since a 1987 merger) and eventually led its St. Louis area bank audit practice.

Rich left Peat Marwick in 1973 and, with three St. Louis investors, acquired and successfully managed seven banks over the next 13 years. His exceptional intellect, intense work ethic, and keen eye for details proved a strong match for the work. Rich could rapidly dissect dense pitch books, spotting gaps and holes others missed. He also thrived as a negotiator, tackling opponents in the boardroom, but also earning their respect. On more than one occasion, he was subsequently hired to help represent former adversaries.

Zemenick Meets Walker

While running the banks in 1975, Rich met James C. Walker, a young member of the

bond department at First National Bank of St. Louis. A proud Kirkwood native, Jim graduated from the University of Denver and served a brief stint in the U.S. Marine Corps. He remained in Denver following his honorable discharge in 1972 and tried out several jobs before deciding to return to St. Louis to pursue a career in investments that would ultimately span more than 40 years.

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Possessing a disarming wit and practical wisdom, Jim had the ability to quickly distill complicated subjects into their most basic components. His natural sincerity endeared him to clients, allowing him to deliver hard truths when necessary. After breaking into the investment world at First National, Jim broadened his experience at Mark Twain Bank, where he helped establish the firm's bond department. Later he moved on to Merrill Lynch and developed a more complete picture of the state of the financial services industry.

When Jim approached Rich about buying bonds for his banks in Illinois, Rich responded sternly, "I'll do business with you, but the first time you try to put one over on me, you're done." This relationship based on mutual respect quickly grew into

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Rich Zemenick

Jim Walker

genuine friendship. When Jim moved from Mark Twain to Merrill Lynch, there were fewer opportunities to do business together. Yet their friendship endured as they faced off in frequent tennis matches (each remembers himself as the frequent victor), socialized with their wives, Shirley Zemenick and Liz Walker, and witnessed the growth of each other's families. They considered starting a business together, but the timing was never right. When Rich sold his banks in 1986, they had the opportunity to turn conceptual ideas into reality.

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From Plans to Partners

Neither Rich nor Jim wanted to go it alone, realizing their individual strengths would be magnified in a partnership. Given their backgrounds, they naturally were drawn to a "financially-oriented" business. Consistent with their penchant for diligence, they spent the next year investigating the financial services industry, searching for a segment where they could carve out a competitive and valuable niche.

They gained a chance to size up the landscape at the 1986 Financial Planning Association (FPA) conference in Phoenix, Arizona. As it happened, they were not overly impressed. The conference attracted full-service brokerage firms, insurance companies, trust companies, and independent firms. Jim recalls "a lot of

polyester people...just covered in gold rings and chains."

They departed the conference with many important conclusions and their greatest realization: most of the industry was crippled by conflicts of interest. Brokers often sold high-commission products, enriching themselves at the expense of their clients. They also seemed to demand full discretion over client assets. Jim described the prevailing attitude among many conference attendees as, "Give us your money and leave us alone."

The experience led Rich and Jim to develop a concept they felt was unique to the industry – an investment advisory firm that, unburdened by conflicts of interest (like commissions, kickbacks, or in-house products), could make the client's well-being the primary focus. They would function as the Chief Investment Officer (CIO) – providing technical recommendations and advice, but leaving clients to make final decisions. This would require clients to be actively engaged as stewards of their own portfolios, an element that Rich and Jim found to be critical to achieving long-term investment success.

Rich and Jim finalized their concept with weekend planning sessions at Rich's home as well as conversations with friends, lawyers, accountants, and other contacts. Then they opened for business in September 1987. The excitement of a new beginning was soon followed by unanticipated challenges.

Z&W Opens Its Doors

Jim recalled standing in a client's kitchen, watching the market disintegrate on Black Monday. "I'm not even sure we had our business cards yet and the market jumped off a cliff. It was pretty bad," he remembered, "but on a long-term basis, we felt the market would sort itself out. Of course, it was still a tough time to start a business."

The duo moved from Rich's basement to a temporary office in Fairview Heights, Illinois, before finding what they hoped would be a permanent location at Chapel Hill, an attractive building near Mason and Highway 40 in St. Louis County. But their new office had a fatal flaw. "Every time the HVAC turned on, it sounded like a freight train coming right through our office! It literally rattled a soda can off a conference table right in the middle of a client meeting," Jim described. They were forced to relocate after just 90 days.

Investment advisory revenue was limited until they developed a sizable client base, so Rich and Jim survived the early years with consulting work and by preparing comprehensive financial plans for clients. Jim remembers working on a financial plan at Rich's house, reclining outside in lounge chairs while Rich's wife, Shirley, toiled inside, typing their handwritten notes since they did not yet have a computer. "She came outside, showed us what she had done, and we found a typo. So she had to go back to the typewriter and redo the whole page." Smiling at the memory, Rich added, "She just about killed us!"

To preserve cash, neither took salaries at first. Even after revenues improved, Rich kept a tight rein on spending, consenting only to monthly salaries of \$500 and bonuses at year-end if profits were sufficient. Jim knew it was the price to be paid in order to build the company, but he acknowledged, "I had to be awfully careful with my bonus money so I could make it through the next year on my \$500 a month salary!"

To promote the business and maintain solid communications, they met for weekly breakfasts at the St. Louis Club. Rich explained, "We had an agenda. Jim was in charge of reviewing the marketing plan and I went over accounting and operations. We always started our meetings by asking if we were still having fun and we both agreed that if either of us had a problem with the other

In this edition of
Perspectives, Zemenick &
Walker unveils new look

"With 25 years in business, we concluded it was time for us to invest in our corporate identity and commission a new design for our name," said Chris G. Griesedieck, CFP®, chairman and managing director. "We're optimistic our new look will serve us well for many years."

With its crisp, encompassing tagline, "Independent Financial Advice Since 1987," the logo conveys Z&W's focused approach to

servicing clients. It also reflects the firm's mission to provide superior investment advisory services to high net worth individuals, trusts, not-for-profit organizations, and retirement plans.



partner, we would bring it up immediately – no letting things fester.” Today, 25 years later, there is still lightheartedness in their relationship. Speaking in Jim’s presence, Rich laughed, “We were 50-50 across the board. There was none of this ‘Well, I’m working harder than you so I should get more,’ even though I worked harder than he did!”

Building Their Team

Amid the early hardships were plenty of successes too. Among the first was the hiring of Denise Suria, who was 19 at the time. Despite the good communications between the partners, Jim had absolutely no idea who Denise was when she showed up for work in January 1988. Apparently Rich neglected to inform Jim she had been hired! Despite her partially unexpected arrival, Denise has been a cornerstone of the office ever since.

By 1991, as the investment advisory business gained traction, Rich and Jim needed help managing client portfolios. They hired a young man not long removed from business school, John Johnson, a 1991 MBA graduate of the University of Illinois at Urbana-Champaign. In their search, Rich reached out to a contact who had just happened to speak with the grandfather of John’s wife, Laura.

Following an afternoon interview, Rich and Jim took John and Laura Johnson out for dinner and were convinced they had found the independent, intelligent individual they needed. The job was his the next day. Jim acknowledged the serendipity, saying, “When you’re as small as we were at the time, you need to have a little luck to find such a talented individual – let alone retain him for the next couple decades and have him become a partner.”

Over the next few years, the firm continued to grow. With a stable of valued clients, Jim and Rich began searching for talent again in December 1995. This time, Jim reached out to a friend in the investment industry, who handed him a stack of resumes he had received. Jim picked through the pile and found a recent graduate of Vanderbilt University with a degree in mathematics and a business administration minor, Bill Stude. Bill demonstrated his worth as an intelligent, thorough, and hardworking analyst and portfolio manager. He further impressed by advancing his education, taking night classes at Washington University to get his MBA.

Succession Plans

With a sharp and growing team, Z&W appeared to have reached a critical mass that suggested a degree of permanence. None of the partners’ children had a desire to enter the business, so they contemplated other options to ensure continuity for clients and provide opportunities for their staff. They had received unsolicited buyout offers in the past, but none seemed to be a good fit and were rejected without serious consideration.

Then the leader of Firstbank of Illinois approached them. Rich noted, “We were very comfortable with the bank’s CEO and his philosophy about the future of the investment advisory business.” A deal was quickly concluded in late 1996, but not before Rich fatefully inserted a clause late in the negotiations. It specified that he and Jim would be released from a non-compete should the bank be bought within a fixed period of time.

As a subsidiary of Firstbank of Illinois, Z&W was responsible for providing training to personnel at about 25 branches in how to sell their financial advisory services. It was exhausting work. As their stamina waned by early 1998, Rich and Jim caught a lucky break. Mercantile Bank bought Firstbank of Illinois, triggering the “free agent” clause in their agreement. Rich and Jim reclaimed their business within two years of selling it.

The reacquisition led to new discussions about the future. Now commuting weekly from his home in Florida, Rich sought to

reduce his management responsibilities and Jim wanted to focus solely on his investment and client responsibilities. The partners decided it was time to search for an experienced financial executive to complement John and Bill and help take the firm to the next level. Chris Griesedieck emerged from a number of qualified prospects as the ideal leader for the firm. He was recognized in the banking industry as a dynamic, energetic, and intelligent executive with unqualified integrity.

Chris had been president of Colonial Bank in Des Peres as well as regional president and executive vice president of Firstbank of Illinois. His 21-year banking career included executive and senior lending positions at Landmark Bank, BankCenter One, and Century Bank after beginning his career at Mercantile Trust Co. He graduated from Washington University in 1980 with an undergraduate degree in finance.

A New Plan for Continuity

To attract Chris to the firm and to reward John and Bill for their contributions and commitment to the future, Rich and Jim determined that selling their ownership stakes on an installment basis to their three successors was the next logical step. When the two of them were asked to reflect on the sale, Jim said he felt it was “the right thing for both our clients and employees.” Rich quickly interjected, “The second time it wasn’t a sale. It was a gift!”

The original partners were thankful to have found the ideal successors to steward their legacy. With Chris joining the team



In January 2000, the Z&W team included (back row, from left) Jim Walker, John Johnson, Brad Keene, Jeremy Salvatore, Bill Stude, Chris Griesedieck, Rich Zemenick, (front row, from left) Denise Suria, Tammy Arnold and Sylvia Pashea.

in March 1999, Rich and Jim confidently stepped back from firm leadership and moved into advisory roles.

Over the next several years, the present Z&W team took shape, starting in 1999 with Tammy Arnold, executive assistant to Chris since his banking days at BankCenter One. Tammy helped Denise with account administration duties and annual tax reconciliations, and strengthened the firm's checks and balances over securities transactions. In 2001, Janeen Kreinbrook joined the team and took control of client record retention, as well as the compilation of investment reports for the firm's steady stream of client meetings.

The partners then invested in the firm's trading, research, and account management capabilities with successive hires. In 2001, a client referral brought Bryan Schulz to the firm's attention. With a finance degree from Millikin University and several years of work experience under his belt, Bryan quickly pursued his CFP designation and soon was entrusted with a wide range of responsibilities. A year later, Jon Best was brought onto the team. A business major at Truman State, Jon demonstrated his commitment to professional development by quickly earning his CFA and CFP designations. He and Bryan became a complementary team, relieving the partners of a number of secondary duties and allowing them to maintain their focus on clients. In recognition of their contributions, Bryan and Jon entered into



The Zemenick & Walker team gathered with Jim Walker to celebrate his retirement on 12/12/12 at 12:12 p.m. With Jim (back row, far left) are current team members (back row, continuing from left) John Johnson, Mike Hill, Bill Stude, Jonathan Best, (front row, from left) Bryan Schulz, Janeen Kreinbrook, Krystal West, Denise Suria, Tammy Arnold and Chris Griesedieck.

long-term employment agreements and agreements to become future shareholders in the firm.

To further ensure the availability of adequate resources to meet client needs, the partners hired again in 2011, selecting Krystal West from a pool of talented applicants. Krystal graduated from Saint Louis University with a business major and a minor in mathematics. Her facility with numbers was well-suited to her bond purchasing and investment research duties as an analyst with the firm.

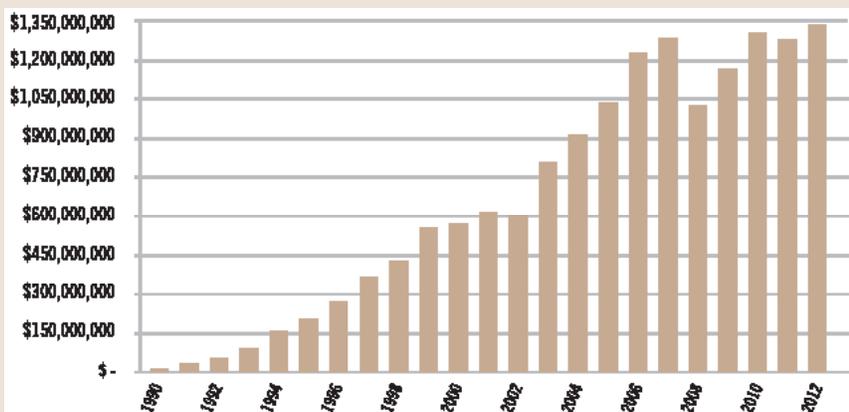
A Retrospective

Today, Rich and Jim are proud of the enduring relationships they built with clients and colleagues alike. As Jim proudly stated, "My greatest satisfaction is seeing how much everyone has grown with the firm. Without them, there would be no Z&W."

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ZEMENICK & WALKER, INC. - ASSETS UNDER MANAGEMENT



By the conclusion of its 25th year in 2012, Zemenick & Walker served more than 180 clients in 17 states, with total assets under management exceeding \$1.3 billion.