

## 2008 Pacesetter Award Winner

### Vista Capital Partners Portland, Oregon

Doug Johanson opened Vista Capital Partners with his partner, Michael O'Reilly, on January 1, 2001. He admits the timing was less than ideal, but starting an investment firm in the "worst bear market since the Great Depression" also had its advantages. "It allowed us to grow even more quickly than we otherwise would, because of the success we had holding up during a tough market," Johanson says.

Through a focus on long-term investing, exceptional client service and a culture that attracts some of the brightest people in the business, Vista has enjoyed incredible growth over the last seven years. In 2007, Vista managed more than \$386 million in assets, attracting most of its clients through referrals while using virtually no advertising.

#### **A Unique Approach**

Vista differentiates itself from other firms by using index funds to build low-cost, globally diversified portfolios that maximize after-tax performance. The firm adheres to a long-term asset allocation target for each client and makes no attempt to time the market. This disciplined, repeatable philosophy favors sustained growth over short-term success. In addition to superior long-term performance, using index funds allows Vista to focus on what it believes matters most: asset allocation, driving down the costs of investing, minimizing taxes and staying disciplined.

Vista's approach yields exceptionally sound client relationships and an extraordinary number of referrals. "Our investment philosophy gives our clients and other referral sources an extremely high degree of confidence that their referrals will have a successful long-term investment experience," Johanson says. "When the fear or risk of underperformance is eliminated, it's very comforting. I think that has played a part in our growth."

#### **Exceptional Client Service**

From the beginning, Johanson and O'Reilly knew the firm's ability to consistently deliver the highest level of customer service was key to its success. They dedicated themselves to putting proven processes in place that would make exceptional service the norm.

At Vista, each client is assigned a team of three professionals that includes a senior portfolio manager, a portfolio manager and a portfolio administrator. "I think the client benefits from having a team. If someone's on vacation or at lunch, there's always someone in the office to take care of them," Johanson says. "Our employees also benefit from the mentoring that this structure facilitates and the flexibility that it promotes."

All three professionals work as a team, sharing any client correspondence and holding regular meetings to discuss each relationship and portfolio. At the center of Vista's process is a 16-point checklist that addresses client needs. Items on the list range from regular account reviews, to timely email explanations for every trade, to birthday cards.

"We've been very methodical about it," Johanson explains. "The combination of having a process in place along with the people who execute it has worked very well."

## **An Environment that Encourages Growth**

Johanson offers five best practices that have helped Vista foster growth on its terms.

- **Create a culture that attracts employees.** “We take the management of our employees as seriously as we do the management of our clients’ money,” Johanson says. “We created an environment that encourages independent thinking, honesty, flexibility and having fun along the way.” The approach has clearly paid off. Vista boasts an impressive zero turnover rate among its employees.
- **Make business development and investment management separate functions.** According to Johanson, having co-founder Michael O’Reilly as a dedicated business development resource is a huge asset: “It allows the rest of us to stay focused on our clients’ portfolios and wealth management issues. It differentiates us.”
- **Select your clients with care.** Vista credits its detailed selection process with producing an annual client retention rate of 98 to 100 percent. “I don’t want to give the impression that we’re unduly selective,” Johanson says. “But we’re solely a discretionary advisor, so our clients have to trust us. Our initial meetings are kind of a mutual interview process, and we’re not afraid to say, ‘No thank you,’ to prospects who we feel are not a good fit based on our ideal client characteristics.”
- **Reflect your clients’ values in your work.** In addition to donating 2 percent of annual profits to charities, the firm has started a program called Vista Green to address environmental issues that clients care about. “We were doing a lot of green things already, but we wanted to expand on them and let our clients know,” Johanson explains. “It’s our attempt to improve our stewardship of the environment.”
- **Serve your clients and growth will follow.** “We built a reputation in our community for being reliable, trustworthy, candid and very good at what we do,” Johanson explains. “Our rapid growth is a direct result of the favorable experiences our clients have had.”

## **Looking Forward**

Vista has a vision for controlled growth over the next three to five years that includes 25 to 30 new clients and approximately \$50 million in new assets each year. “I think that kind of growth gives our talented group a career path,” Johanson says. “It allows them to grow with their responsibilities, but it’s also very manageable.”

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