

## Edward Jones' Unique Corporate Culture



John Bachmann with  
Dean Roger Martin

The Rotman School welcomed **John Bachmann**, managing partner of *Fortune* magazine's 'Best Company to Work For' for three years running — **Edward Jones** — in October as part of its ongoing *Rotman Integrative Thinking Seminar Series*. Bachmann talked about how Jones has differentiated itself and thrived in a crowded market. He joined the leading brokerage firm in 1959 and has been running it since 1980, when he succeeded **Ted Jones, Jr.** as managing principal.

"When the market crashed back in 1969, the securities industry faced major losses," he said, tracing the roots of Edward Jones' unique approach. The firm was "insignificant in the industry and undercapitalized," says Bachmann, "but we had our strengths: we were conservative, we were focusing on underserved markets; and we had a major strength in strong, face-to-face relationships with clients."

Rather than organize itself around its products, as most firms do, Edward Jones decided to organize itself around its customers. "We chose to focus on serving the individual investor interested in high-quality, low-risk investments held for the long term." And in a world where individuals are increasingly re-

sponsible for their retirement, that was a smart choice to make.

The firm went on to develop a unique culture with defining features that include a single distribution channel; one profit center — consisting of a single Jones representative per district; no vertical integration; no earnings goals or budgets; and no job descriptions.

No budgets? "Budgets require assumptions, and we don't make assumptions," says Bachmann. "Instead, we focus on cost control. But profits are a requirement — we're very clear about that." No job descriptions? "Job descriptions aren't what knowledge workers need," he says. "Because of the high level of autonomy we offer, we attract a different kind of worker. Our representatives are very industrious, and they don't consider their fellow reps as rivals — they view them as colleagues."

When Bachmann took over the reins in 1980, he transitioned the firm from its role as a distributor of financial products to a merchant, responsible for helping a client find the products that make the most sense for them. Edward Jones does not offer aggressive investment products like options, commodities or penny stocks, nor does it sell its own line of proprietary products. "We act as a screen for 'what is good or not', and we don't have our own products to peddle, so our customers trust us implicitly," says Bachmann.

Now boasting more than 9,000 investment representatives in the U.S., Canada and the UK, the next focus for Edward Jones is growing its business in Europe. Any advice for today's companies? "There's more than one right way to do anything. And look beyond your historic markets if you want to survive in 30-40 years."

-by *Karen Christensen*