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Vining-Sparks Turning Analysts Into Bond Traders

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Among music fans Memphis is well known as the home of Elvis Presley. In financial circles, the personality is different.

"Different cities are acclaimed for different things," says Jim Vining, president and CEO of Vining-Sparks. "Detroit is where they make cars. If you want to be in the car making business you head for Detroit. If you want to be in bonds, you at least have to be familiar with Memphis."

Memphis is second only to New York when it comes to bond sales and underwriting, says Vining, who heads one of the top three local bond firms; the other two are First Tennessee Bank and Morgan Keegan & Co., Inc.

"There are a lot of cities where certain activities have started, bringing talented people to the area and once growth starts to occur, it's like a magnet," Vining says. "That's how Memphis is in the bond market."

Vining has been a revolutionary in the Memphis bond scene since 1973, when he headed Union Planters' securities clearing department. In 1981 he founded Vining-Sparks, a securities firm devoted solely to bond sales and underwriting.

In 1990 he more than tripled the company's size by acquiring the majority interest in the investment operation of the Union Planters Investment Bankers' Group.

Recently, Vining-Sparks has taken a new approach to securities that senior vice president Jeff Little believes is the future of the industry.

Although the company has more than 160 salespeople in 16 offices; until recently Vining-Sparks' branch offices were in other cities. Several Vining-Sparks executives, headed by Little, have recently established the first Memphis branch, the Premium Strategies Group (PSG), located at 8245 Tournament Drive at Southwind.

The group is a team of Vining-Sparks' executives and salespeople who combine selling with strong analytical backgrounds and degrees. Little refers to his staff and himself as analysts who happen to sell, not a salesperson pretending to be an analyst.

While the [Premium Strategies Group](#) team consists of seven CPAs, two CFAs and three MBAs, many bond brokers have little more education than high school or college degrees and are simply good salesmen who rely on analysts to put the bond packages together for clients, says Little.

Little used to be one of those analysts. Holding a CFA and a CPA, Little was formerly a manager in the Memphis office of Arthur Andersen & Co., providing audit and consultation services to financial institutions and broker/dealers.

In 1998, Little came to Vining with the idea and the commitment to provide financial backing to the endeavor. Little says he had been thinking for a while about the idea of a separate branch about the time several salesmen for Vining-Sparks wanted to increase their production capacity.

"They felt like as a team they could better leverage sales," says Little. "In the former environment

they felt like they were maxing out."

To help salesmen find the best plan for a given client, Little recruited senior vice president of Vining-Sparks Brian McBride as the director of portfolio strategies for Premium Strategies Group.

"What appealed to me about the job was being around a small group of extremely talented people who I know can get the job done," says McBride, who was previously in charge of investment strategists at Vining-Sparks. He says he now enjoys being more on the front line, in the hub of an analytical sales force environment.

He says there is more of a feeling of confidence that his plans will be implemented and a greater sense of instant gratification, knowing his ideas for a customer's portfolio are being passed to a salesman who is also a true analyst.

"I know what they are capable of and that they can carry my ideas to the finishing line," says McBride.

Premium Strategies Group currently has six salesmen, which Little says could expand to 11 if he found the right individuals to mesh with the group's skills.

"I don't want to get too big, because then we lose the synergy of sharing ideas, which is a big part of this concept," he says. Although Little is the head of the branch, he only uses his office for conference calls and meetings; otherwise he is in the trenches with the other salesmen, working side by side as they share ideas and strategies.

Little's goal is to recruit more analysts from the big five accounting firms and train them to sell the way he learned to -- by understanding the products and how they relate to the customer's portfolio. He feels confident about attracting such talent because of the unique environment of Premium Strategies Group.

"Most CPAs view themselves as analysts, not salesmen, and our environment is more unique to that type of individual," says Little.

He says that new recruits would have a higher chance of sales success because of the training and mentoring they would receive from the group as a whole along with the backing of the Vining-Sparks name.

"I provide them with the training on how to sell analytically," says Little. "When they are talking to a client, they will have the last analysis of the company in front of them and can explain why that investment fits their needs.

"I am committed to bringing in what the client needs. Most bond salesmen underwrite their own products and push those," he says. "We do that backwards. We don't push anything. I have no problem selling something even if we don't own it if it is what the customer needs."

Little has also provided the current and future sales force with the technological and personnel support needed to produce more sales and serve more clients. Generally in bond sales, there may be 80-90 salesmen sharing a secretarial pool of 10 assistants, says McBride. Premium Strategies Group has one sales assistant for every two salesmen, one of which is a CPA and all of which have spreadsheet skills.

"They are not just secretaries," says Little. "Having more sales assistants with these type of skills per salesmen allows them to cover more accounts and make more money."

Little also prides Premium Strategies Group on having an upscale facility at Southwind, with technology such as multifax servers linked to the computer network and a direct intercom to the Vining-Sparks sales floor.

"The biggest concern was being at a branch and not on the Vining-Sparks trading floor," says Little. "In some ways it (the intercom) is better than being on the floor because you can hear better

and trade quicker because there is no chaos.

"Half of Vining-Sparks sales representatives are in branches around the world anyway, so the technology was already set up to do this."

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