Limiting Downside Risk

**An Interview with Christopher J. Williams,
Founder, Chairman, and Chief Executive Officer, The Williams Capital Group, L.P.**


Christopher J. Williams

EDITORS' NOTE *Christopher Williams is also Chairman, CEO, and founder of Williams Capital Management, LLC. Williams began his career with Lehman Brothers in New York, where he was a Senior Vice President. Upon leaving Lehman Brothers in 1992, he formed Williams Financial Markets, a division of Jefferies & Company. In 1994, Williams founded The Williams Capital Group and has since directed the firm's strategic effort in investment banking and its expansion into asset management. Both* Fortune *magazine and* Crain's New York Business *selected Chris Williams as one of the most powerful minority business leaders in America. Williams is Chairman of the Board of Overseers at the Tuck School of Business at Dartmouth College, and serves on the Board of Trustees of The Mount Sinai Medical Center and Teachers College,at Columbia University. He is a member of the Economic Club of New York and remains a longstanding supporter of the Partnership with Children. Williams holds a Master of Business Administration from the Tuck School of Business and a Bachelor of Architecture from Howard University.*

COMPANY BRIEF *Established in January 1994, Williams Capital (www.willcap.com) provides a full range of investment banking and underwriting services to a wide range of clients including governments, municipalities, and corporations. Headquartered in New York, the firm maintains several offices nationally. Through its wholly owned registered investment adviser subsidiary, the firm also manages a variety of investment grade fixed income investment strategies for a variety of institutional clients.*

Is the U.S. undergoing a true economic recovery today and where will growth come from?

We're in a recovery but it's uneven. It's clear when we look at the sales data at the consumer level. For example, we see that certain segments of the economy are benefitting from increased spending. We're seeing that consumers at the lower end of the economy are struggling and have not recovered. They have little to no home equity, limited access to credit, and vulnerable employment circumstances.

The upper end of consumer spending, as reflected in purchases of luxury goods and certain durable items, is showing relative strength.

So we have to be mindful that a large segment of the population is not participating in this recovery.

Does unemployment need to be looked at differently going forward?

We should look at the quality of employment that is being generated. In the midst of the recession, many CEOs forced their leadership teams to identify how they could operate more efficiently – where they could cut costs and personnel, and change their operating protocols.

As a result, many companies have been able to leverage expenses more easily: they have increased profits even in periods where their top line remained stagnant or even declined.

However, there is a great deal of demand for skilled labor, and a lot has been discussed about how the educational structure in the U.S. does not prepare many graduates for careers in the growth industries. So it's a longer term, structural issue for our country.

We have to train more people in the technical skills that are required for employment at various levels and in a variety of today's industries.

Is there merit to the talk that the U.S. is losing its global competitive edge?

We are no longer the exclusive provider of technical talent for industry. However, the concern is based on more fundamental issues. Our relative decline in K-12 educational dominance is apparent in America's rankings in mathematics and literacy rates.

America does, however, still produce the highest number of innovators so the world executes much of that which is conceived in the U.S.

What we can do is make sure that we have the most creative workforce and the best trained leaders.

How has your firm performed so consistently year after year?

I don't know that I can say that our performance is as consistent as your question implies, but the results that we have generated come from the fact that Williams Capital engages in certain business lines that happen to have performed well over time. We're like any other firm in that our performance is subject to changes in the broad market.

The difference is that we have managed our downside risk in order to limit exposure to significant swings in the market. Because we don't carry extremely large positions that are financed with debt, we are less vulnerable to adverse market changes.

On the other hand, our low risk profile has its drawbacks. Because of our conservative posture, we are less able to benefit from favorable market movements than can certain firms that adhere to more aggressive operating procedures.

Our business model is one that relies on our ability to remain close to our clients and deliver the highest level of service. By developing long term relationships, we have been able to capture a consistent and meaningful portion of our clients' business.

We also have to review the range of services that we offer and adjust such services in accordance with our expectations of clients future needs.

How critical is it that the next Mayor of New York continues to focus on the public/private partnership?

I think each of the mayoral candidates will look to engage the business community, but it's one thing to seek their support and it's another to truly support business growth as has Mayor Bloomberg. The Mayor took a leadership role in defining what we could do to make New York better. He championed the big ideas and got the right people – particularly those in the business community – behind these ideas. This is a creative leadership quality that helped Mayor Bloomberg become an extremely successful businessperson and, subsequently, a great leader.

Have you seen a change in the makeup of boards and what makes an effective board today?

Board service entails significantly more work than in the past, because of the complexity of the business and the regulatory, and compliance environments in which companies operate. The role of a board member requires a great deal of time and attention. The demands placed on today's corporations also require boards to be thoughtful in determining the mix of skill sets required to create a well-functioning and value-added board. ●