

Something Extra EP 065 – Danny Ludeman

Lisa Nichols: Danny, I'm so excited to have you on the show today. Thank you so much for agreeing to be with me today and I'm so excited for our listening audience to get to hear your story. Let's just jump right in cause there's a lot of things I want to talk about. So, talk to us a little bit about your upbringing. Where did you grow up? Just talk to us a little bit about that.

Danny Ludeman: Okay well, Thank you for having me Lisa. It's a pleasure. I was very fortunate. I grew up in a very loving family. My parents became Christians when I was about 7 or 8 years old. I grew up in Southern Florida for the first 9 years of my life. 6 years in Miami and 3 years in Fort Lauderdale. And then we moved to Richmond, VA when I was 9. And I accepted the Lord as my savior around 12 years old. I feel very very fortunate, very very blessed. We didn't come from a whole lot, but that was also what was kind of cool to see what my father, because he was a stock broker in Miami, Fort Lauderdale. That was brought us to Richmond. He worked for a bank called State Planners Bank back then and then rose to become present CEO of that bank.

Nichols: Is that right?

Ludeman: It was wonderful to see the transformation, what God was doing with him. I'm very very grateful and I would say that who I am today is clearly a combination of the values that my parents instilled in me at a very young age.

Nichols: Well, so talk to us a little bit about your, you can talk about your educational journey.

Ludeman: It's interesting to look back on it because I think, in many respects, I can see this journey which ultimately led me here to start and run Concordance.

Nichols: You didn't see that though, back then, right?

Ludeman: I didn't see it at all. So I went to Virginia Tech undergrad Economics major and then I started off at a very small brokerage firm called We First Securities of the 299 financial advisor in DC right after school. And then I came back to the home office and was given some management responsibilities. And they grew and grew, eventually. And ended up heading up the firm. But what bothered me was that we could compete with a lot of the larger wirehouses on culture, on the family-feel, but we couldn't compete when it came to providing the whole array of services for a client. And so, the brokerage business is a very scale-oriented business and so one of the first things I did was we interviewed 7 larger firms, 6 banks and 1 insurance company. And we picked First Union because they wanted to invest in our business. So we sold the First Union and then we went on, the two things we did were on a quest to get scale and scope. We bought 15 firms on a 10-year period and became the second largest brokerage firm in the country. The last one was A.G. Edwards, not the biggest one but the last one, as much as I tried to keep the headquarters in Richmond, VA. The deal wasn't going to happen..

Nichols: Unless you moved here, Right?

Ludeman: So I was calling on A.G. Edwards ever since I got my job, so I'd come to St.Louis one day, first 3 years were Ben Edwards, and then the next 7 years were Bob Bagby, means we're usually very short. They were fiercely independent and wanted to consider merging with us and then, something happened when I called in April of 1997. That's when I found out later that they're being pursued by this other entity. So we could match social issues, price, pretty much everything..

Nichols: It could be more of a friendly situation, right?

Ludeman: Exactly. But the other firm won't be willing to keep that quarters in St.Louis. And so that was a give. And so we made a decision to move the corporate headquarters. We actually moved 1400 families to St.Louis which was the largest corporate relo ever done in America in terms of number of people moving. But it also violated every rule of Merger 101 because you don't want to disrupt both sides and so what I fell in love with about St. Louis was the city really did rally to help us. And so, a lot of people that were in Richmond, just like people in St. Louis, they never moved in their life. They're born and raised in the area. They've gone to school in the area. And so because we needed people to move, Civic Progress, Regional Business Council, The Chamber, probably 10 organizations came together and helped this put what was referred to as Meet Me in St.Louis Weekends. So we brought, probably 1800 families in over an 83-week period. And out of those 1800 families that came, 1400 moved.

Nichols:1400. That's incredible.

Ludeman: It was when you feel a little vulnerable. You know, I mean that's why I ended up staying in St.Louis. I love St. Louis. It's just the heart that the city had. They helped me and helped our firm greatly by recruiting all these people.

Nichols: Right. So then, you were the CEO for Wells Fargo Advisors for several years. You can talk a little bit about that and then I want to really talk about your retirement and your half-time.

Ludeman: Well, when we came to St. Louis in 07 as Wachovia securities and then, Wachovia, like a number of firms during the great recession, fell on hard times, and then Wells Fargo came in and bought Wachovia. I've been on both sides of mergers, I 've been bought twice and I bought a lot of firms, Wells Fargo was a wonderful partner, they didn't have a very large brokerage operation, and so one of the first things they announced the day after deal was that they're committed to what became Wells Fargo Advisors, committed to St. Louis, committed to The Campus, and so that took a lot of concern and worried out of the way. So, Wells Fargo - they handled the merger very, very well, they listened, they really did not understand the brokerage business very well. But what I was thrilled with is that the then current CEO John Stump, but now the CEO Tim Sloan, they spent a lot of time. We had weekly meetings where we would pick a topic and we'd present a deck that we give to them a couple of days in advance. They would always be very well-versed. They read each page but we did that for a year and a half, and so they got to understand the business, they felt comfortable with the business, and they invested a lot of money in us. So it really worked out extremely well

Nichols: And realized that they didn't know a lot about it. So you guys were the subject matter experts. I think that's an important part of a leader too.

Ludeman: I was just thrilled that they kept an open mind. I mean, a lot of times I'm guilty. A lot of people are guilty of forming an opinion based upon, could be old information, could be partial information, and sometimes when that happens, we tend to look, it's called confirmation bias, and we tend to look at people, institutions, businesses, through a lens that confirms our initial impression. And so, somebody may do 99 out of 100 things exactly right, but if they do one thing that's a little different, that's what they will tend to hang on to. So it was really them. I was just pleased that they were open-minded and wanted to truly learn. It's also a big lesson in leadership in that a lot of leaders, if they don't understand a business, and I saw a lot of this happening with shifts around where a leader being put in charge of a business and they would basically delegate the responsibility for that business to some of the leaders, which is a good thing, but they never really took the time to learn the business and therefore added very little value. So until individuals believe that you truly have your best interest at heart, people can misinterpret that. They're just messing around with you. Maybe, I think there's another mode of maybe they're trying to catch you... I had a boss like that... At Wachovia where he didn't understand the business, and I misunderstood what was needed there, and so we had the thirst for information. He would go talk to people all over our company, 10 levels down. At first I felt like he was intruding on the business, and so I kept a little bit of a curtain around our business, somewhat fearful that he was really just looking to catch someone...

Nichols: Doing something wrong. Right?

Ludeman: Exactly. And catch us in something, that's exactly the phrase. But then I learned that he just didn't know the business, had a thirst for the business, and once I spent time with him, it changed on a dime, and I realized that he really did have my best interest at heart, and the more information I provided him, the more details I provided him, the less need he had to go trying to find certain things, and it just changed the whole relationship.

Nichols: Right. Well, so how long were you the CEO for Wells Fargo Advisors?

Ludeman: 15 years. So I've only been in one firm my whole life. 35 years, lots of different names, but one firm. And so I took over in 1998 and then retired at 2004. So 15 years as CEO which is, I would say, is too long. I got a lot of advice from people locally here actually, early on in my career, or friends of my mentor, Jim Wheat, that you want to be careful that you don't define your life by your career. So many people do that, but we're only stewards of the business, and therefore we have to catch ourselves because it's easy to get into an ownership mentality. It's easy, sometimes to let your ego get a little bit ahead of you. And so one good friend recommended that he thought that CEOs ought to declare, not necessarily publicly, but a time frame for when they should step down. And so 10 years was my goal, but that's right when we bought AG Edwards, a couple years later, Wells Fargo bought Wachovia, so I also learned, you can't necessarily extract yourself from an organization on your time-frame.

Nichols: There's not a formula. Right. It's a timing.

Ludeman: But I think his advice was one of the main reasons that I retired. One, I lost a little bit of my mojo, but a lot of it was I done it too long. And it's important to give other people the opportunity. So I spent a lot of time

developing because we bought a lot of firms I'm surprised they didn't have necessarily great leaders, underneath the CEO, there wasn't a lot of development, so...

Nichols: So you spent a lot of time probably doing that, did you?

Ludeman: I can't imagine working in a company your whole life and then leaving and then not feeling like it's in good hands. We had, I mean there are a number of people that could head it up, when I left.

Nichols: Well, thank you for sharing that. Well, we're going to take a quick break and then we'll be back with Danny and I'm excited for him to tell you what he's doing today.

AD: Hi everybody. I just wanted to take a second and tell you about something our team at Technology Partners can do for your business. We have spent over two decades, partnering with organizations and helping them solve their IT needs from a 360-degree perspective. A huge part of how we solve those needs is by developing custom applications of all shapes and sizes. If your team is looking for software and an out-of-the-box solution just isn't right, it's time to consider how we might be able to help. Go to tpi.com/customapps and learn more about our awesome capabilities.

Nichols: Alright, we're back with Danny Ludeman, and I want Danny to talk a little bit about his journey after he retired from Wells Fargo Advisors and then he'll get into a little bit about what he's doing today which is really exciting.

Ludeman: So when I retired, the only thing that I was certain of is I wanted to go to seminary, not to become a minister per se but just to learn more and on my application when they asked me questions about it, I applied six months to a year before I retired because I wasn't sure if they would accept me. Been a while since I applied to a graduate school but I put on there that my purpose was to learn more about how to love God with all my heart, strength, soul and mind and how to love my neighbors myself. So that was the purpose. So, I did get accepted and I enrolled, I started classes January 2014. And so that was happening and then I received this beautiful letter as a result of the article, from a woman named Candice O'Connor who was chairperson of this very small non-profit in town called Project COPE, and Project COPE had been doing wonderful things for about 30 years, very small where they had like one case worker, they had 11 apartments, and they were serving people that were coming out of one of the 21 state penitentiaries in the state of Missouri. The coolest thing they did was they formed these partnership teams with houses of worship where people from this house of worship would spend. There would be about five or six on a team, and then they would walk side-by-side their partner, as they call them, for a year. So they were looking for an Executive Director, and so I met with her only because the letter was extremely beautiful. Later found out she was a Pulitzer Prize-winning author so that probably has something to do with the letter. After listening to her what they did, I went back and talked to Susan and I said, "I'm just not sure about this will help people... But this might just be too much in the bows of society for me." I didn't really know anybody go into prison, but it scared me.

I feel somewhat embarrassed now to admit that, but I think it's like a lot of things that are new, that we don't understand that we have certain perceptions about. Again, that's where fear comes in. But because she was persistent, I met with her again and it was in the second meeting. That is the sole reason I started Concordance

and I'm here now. And that was... she related it to statistics, she said that 77% of people that come out of prison commit another crime, within a three-to five-year period, and it's been that way for 30 years, no improvement. And so it was a head thing for me. A lot of the things I don't do well, but one of my God-given talents is strategic planning. And so I went back and talked to her, and said, "Listen, I can't be Executive Director now, I just need more time to discern, but I will help you do a strategic plan." And it wasn't just a plan for Project COPE, it was really more of a plea of how do you solve this holistic problem? And so from there, I called the governor who I got to know, this woman Governor Nixon because of all the jobs we moved to St. Louis, so he was my second person on the committee and he said, "Danny. I'm probably not going to be able to make a lot of your meetings." So he put his Chief of Staff on... Then the fourth person was the Head of Corrections for State of Missouri and then it grew from there.

County Executive Charlie Dooley, County Executive Steve Elman were part of this, all the police chiefs, it grew to about 70 people and like any strategic plan you'd be familiar with, we took five work streams, allocated them out, somebody looked at just the effects of cognitive thinking on just being incarcerated alone. So if you and I went to prison somewhere around the 9th to the 12 month, our thinking would change as a survival mechanism. And you need to undo that when you come out. We looked at the 4500 laws of Missouri that are on the books. It affects some type of re-entry activity. And so, the question that the group was trying to answer, and there really was one question with one some part to it, and that was with proper leadership, proper resources, and using only evidence-driven practices could you materially lower re-incarceration rates? First in St. Louis, then Missouri, then the rest of the country. And it was unanimous at the end of the nine months. So from that point, we hired WashU to develop our whole re-entry model and after we developed the program and while we're doing that, it took WashU about a year and a half to do it, then I met with a number of people in the community, I wanted to see if they would support this effort, and then I went out and started raising money.

Nichols: You raised a lot of money in a very short period of time Danny, didn't you?

Ludeman: Yeah, I was very fortunate the business community rallied behind this, and so it was... And that's what I like about St. Louis, because when there is a big problem and a spotlight is focused on that problem, St. Louisians rally like nobody I've ever seen before, so it's been wonderful. We've been providing services, we took our first class, May of 2016, so we've been doing this for two and a half years. Our goal has been to serve 250 participants each year, 42 in each class, so we have a statistically significant population. We just finished interviewing class 13, our program is 18 months, we have clinicians and educators in three prisons. They tend to release mostly to St. Louis, so we're in the two men's prison, Pacific and Bonne Terre and then we serve the women's prison in Vandalia. The results have just been incredible. WashU put a goal on there, of cutting incarceration rates by a third, by offering these 12 holistic integrated - only using evidence-driven practices that proven the work for this population. And to date, we've lowered it by about 55%. We're still early, but more excited about that.

Nichols: That's so exciting. And so, for you, you've got some new initiatives and I want to talk a little bit about that. There's many things that someone needs when they're coming out of that situation. And one is employment and so you're skilling-up people, but I also want to talk to you about your plans for expansion.

Ludeman: What I'd like to just go back on because I don't think I stated this. So there's an awful lot of myths about this population, including ones that I had. What has been probably the biggest learning for me has been that the

overriding issue here that our world will face over the next several generations is the impact of trauma on individuals. So every single one of our participants, we do a lot of assessments in the first four weeks in our pre-release program. Every single one of them has had a horrific traumatic event defined as either being shot, stabbed, raped, physically beaten, or seeing a loved one die in front of them by the age of nine, all of them.

Nichols: Every one of them?

Ludeman: All of them. Not one exception. And so that leads to mental health issues. 83% of our participants have a disorder. It leads to physical health issues, lack of education, no job skills, no consistent work, homelessness, no healthcare, no family or community support. And each of these individuals that we're all creating God's image, like you and I, have this perpetual stigma of being a felon for life. And so, the reason there has been absolutely no improvement in this country in 30 years is because you're dealing with so many complex issues, and the second reason is, this is not a cause that people wish to support financially. It's like my first reaction. These individuals can appear to be scary or whatever or not really... But what happens is, whether you're in St. Louis, across the country, limited funding, as a business person, you realize that you can only focus on one or two things and you want to do it well but the research is shown time and time again that one or two solutions has been a failed proposition in truly helping this population. It is not hard to find a participant a job, it's extremely hard for that participant to keep a job because if you can't stay sober, you got other serious mental health issues, maybe you're not taking certain medication. And so, that's like one of those myths. And don't get me wrong, it's always wrong to commit a crime, and that's another myth. None of our participants say they never did it, but they made a choice, a bad one, and now they paid their debt to society, and now we're trying to give them that second chance. But I made an incorrect assumption of what I thought the problem was. A render judgment and categorize these traumatic sufferers as they, if they were more responsible, if they just had made better choices, if they just worked harder as I had, then they would not be in this position. And so as a result of both my complicity, my ignorance, I actually contributed to the problem because when we're complicit with perpetrators and broken systems, if we refuse to see what's really happening around us and enter in then by definition, we're adding to the problem. And there are people all over this world, that are suffering from trauma. So, Susan and I actually had to stop looking at these assessments after the fourth class. It was too painful, but there in lies the problem, I think. We don't want to look at horrors occurring all around us, and so we choose not to know or we try to block it out until it infringes on our world, on our own comfort, on our own relationships. I believe that the evil, sin, suffering, that do not touch our world, we work extremely hard and keeping it at a distance.

Nichols: Keeping it away. Right.

Ludeman: Now after these two and a half years of running Concordance, I've worked with many, many people in the normal course events, would never have been brought into my life, and maybe perhaps the thing that's affected me most is just listening to people that have no words, it's like wordless grief because these things were not a part of my life.

They belong to other people, but they were brought to me and I was invited in and going into such things is naturally disturbing. It affects our thinking. It affects our feelings. It's affected my sleep. And so I had to change my mind about things I was sure were true, and ask questions that I thought had already been answered. And my love of comfort, my tidy life, and just the nature of things in this world meant that my heart had to be transformed by God

because I love these things too much in my natural state and God commands us to do justice, love mercy, and walk in humility with those that are pressed. But I want all of your listeners just to imagine for a moment that whatever horrific event that occurred in your own life or your listeners life or maybe through your child's life, just imagine going through that alone. All the fear, all the depression, all the anxiety. All alone. And I would ask, how do you think you would survive? Where would you be right now? Because that is the experience of all of our participants. It's just been very eye-opening for me, it has changed a lot of my view, but it didn't come from me. I started doing this because it was a head thing, it was a problem to be solved and it quickly became a hard thing.

Nichols: Well, thank you so much for sharing that story.

Ludeman: That may be a bit too much, but I just wanted to cover lots of things.

Nichols: Isn't it good? It's been such a pleasure. I just so enjoyed talking to you. I could just sit here all day and just listen and you're just doing some awesome work. I'm so glad that you had eyes to see and to open your eyes to what's going on but I want to talk... Before we close out today, I really want to talk about the Something Extra. This is Something Extra podcast. Talk to me a little bit about what you believe that something extra is that every leader needs and it can be a couple of something extra. Not just "a"... But a couple, maybe.

Speaker 2: Humility would be one that comes to mind. And I like the definition that CS Lewis uses around humility which is not thinking less of yourself, but thinking about yourself less because again I think we're prone to make a lot of stuff about us and if you don't have true humility and you don't understand that your sole purpose on being created on this planet is to love God with all your heart, all your mind, all your soul, and to love your neighbor as yourself, then I don't really believe you can be this servant leader.

The primary job of a leader is helping other individuals in the organization become the best that they can and that requires a great deal of not only humility, but it requires honesty, but a lot of these things won't happen until people truly believe. Not through your words. We talk around here a lot, we don't really listen to people's words that much. We watch their feet because it's natural that I may want you to judge me on my good intentions, but you can only judge me on my actions.

And so when we talk about watching feet and helping people to be the best they can become, this internalization that my job is to first and foremost understand you. Understand you not as a professional, but I as a person.

Nichols: As a human being.

Ludeman: So every interview I've done for 30 years, the first interview I do is I ask him to start from birth, and stop at high school and just tell me everything about them because I want to get to know them as an individual, not as a professional. We can cover that later because when you take the time to truly understand somebody, it implicitly validates the self-worth of somebody else and I believe the deepest hunger of the human heart is to be understood first. And when you understand somebody and what they're dealing with, everybody's got their own story, then I think you can truly help that person. But there is one thing that I was taught, I've tried to do this all my life, is we strive to be the very best there is. Not the best we can become. And if you have that mindset, it does lead you to a different place, in terms of how you manage your team, how you make clear specifically in writing what the

expectations are, how you evaluate people constantly, how you give feedback, praise, but also pointing out to people. And being honest with people. We have a thing around here. We'd like to catch people doing good and catch people doing bad. But the whole point here is being the very best, not the best you can be, you will manage your team differently because you have a standard and to be fair to the organization, you need to make sure that everybody is operating at that particular standard. You'll run your organization, quite differently, and I think it actually has this self-correcting effect. People typically will opt out to if they don't fit the culture. If your culture strong enough, then they'll feel comfortable being there.

Nichols: Right. Exactly.

Ludeman: But humility would be one. Because we're naturally inclined to think about ourselves and I've actually tried to give people a little test. Like see how long during the day, can you go without thinking about yourself?

It's hard and I think that's one of the issues that you have, even when we talk about trauma, because when people are hurting, it's very hard not to be thinking about yourself, and so I've always felt in one's life, sometimes you're going to be in a place where you truly can help others and you're healthy, you can provide a lot of value. The reason I believe I was blessed is to bless others but there are also times when people are hurting, and it's okay to acknowledge that place in your life, and when that's happening, we ought to be hugging and spending as much time helping those individuals that really is difficult for them.

So everything I think about in terms of career, personal life, or whatever, is how may I best serve my king? Like Paul talks a lot about, he uses the word bond-servant which is so powerful because it gets at the heart of the fact that we have been purchased by the Lord, and a lot of distractions happen throughout the day and so by just staying focused on relieving me from the bondage of self, and asking God... How may I do your will... Not my will, if I don't do that...

Nichols: It's a daily thing.

Ludeman: It's a hard thing.

Nichols: It is a hard thing. It sure is.

Ludeman: Thank you for letting me diverge a little bit, but I don't want to come across as holy. I'm probably the most sinful person.

Nichols: Sure, absolutely. Well, thank you so much, this was awesome. Loved our time together.

Ludeman: Thank you.

