



# EPISODE TRANSCRIPT

## **From Bigger to Better: How a Former Smith Barney Superstar Found Her Competitive Advantage in Independence**

A conversation with Lori Van Dusen, Founder and CEO, LVW Advisors

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is From Bigger to Better: How a Former Smith Barney Superstar Found her Competitive Advantage in Independence. It's a conversation with Lori Van Dusen, the founder and CEO of LVW Advisors. I'm Mindy Diamond and this is Mindy Diamond on Independence.

Mindy Diamond:

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Mindy Diamond:

It's interesting how many advisors we talk to that share how they've grown up in the business, some with family members who were brokers and others who acknowledge those who served as financial mentors and provided knowledge and experiences that later helped shape these young prospect's lives and guide them toward a career in wealth management. In an earlier conversation with Lori Van Dusen dating back to an article I wrote about her a few years ago in Forbes, she shared how her interest in the markets and all things financial came from her grandfather who served as her role model.

Mindy Diamond:

Fast forward to 1987 when Lori began her advisory career with Shearson Lehman Brothers, which was later acquired by Citigroup Smith Barney. By 2004, she achieved the title of managing director with Citigroup Smith Barney. Even after having grown the business to nearly \$6 billion in assets under management, Lori found that she kept coming up against the rules that were designed for businesses different than her own. And on the institutional side, she felt at a competitive disadvantage because they weren't able to source the pipeline of investment options she felt her clients needed.

Mindy Diamond:

So in 2008, in a bold and courageous move, she left Smith Barney to assume the co-leadership role of Convergent Wealth Advisors' Institutional Group, one of the largest independent firms in the industry at the time. But even after growing her business at Convergent, she still desired greater independence. So in 2011, she forged her own path and launched independent firm VWL Advisors in concert or partnership with Focus Financial partners. It's a \$2 billion Rochester, New York based firm that serves



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high net worth individuals and institutions in a conflict free environment. It's a firm she designed, as she puts it, to be the next generation of advice, creatively serving clients as true fiduciaries.

Mindy Diamond:

Lori's a visionary and a real industry pro with numerous accolades, including Barron's Financial Advisor Hall of Fame and Forbes Top Women Advisors list. Her perspective on the industry spans more than two decades and takes a rare advisor's point of view approach to an evolving world. I'm really excited to have her on the show today to talk about building a business in the bank brokerage world, her early leap to independence and why she didn't choose another brokerage firm instead, what it was like to shrink her business and why she did it, and to get her perspective on building a business for the longterm. So let's get to it.

Mindy Diamond:

Lori, I'm so incredibly grateful for you making the time for us today. I know it's been a hell of a year for you, which we'll talk about a little later, but thank you for joining me.

Lori Van Dusen:

How are you, you're absolutely welcome.

Mindy Diamond:

Let's jump in. You've had a long and wonderful background and would love for you to share it. Let's start at the beginning. Tell us a little bit about yourself and the winding road that led to the formation of what's now \$2 billion LVW Advisors.

Lori Van Dusen:

Well, that could be a very long answer, but I'll try to make it succinct. I was a kid who was raised by a single mother and her grandparents. I'm a twin. I was the first person in my family to go to college. My mom has a high school education. My grandfather, who was my father figure, had an eighth grade education. He was, in my opinion, the Renaissance man. He was my mentor and my best friend, and my mom and my entire family was fantastic. My mom has worked in my practice or business since, I don't know, maybe for 25 years. She still works in it. LVW is a business that was formed after a pretty long and successful career in the bank brokerage world. We now sit at \$2 billion, but it certainly wasn't a very straightforward path.

Mindy Diamond:

Let's talk about that a little, bank brokerage world. You were at Smith Barney. Tell us a little bit about the time you were there. And I guess that's extraordinary to me, your background being the first to have gone to college, and I know you've shared with me in the past the relationship you've had with your mother and how spectacular she is. So how does a kid, who's the first in the family to go to college, go



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from being the first to go to college to a \$2 billion firm? How did you get to Smith Barney? Was that the first place you went to out of college, and what was that experience like?

Lori Van Dusen:

Well, I started as a musician. My grandfather after school every day would take me to the Eastman School of Music and I played piano. And then when I got old enough, 12, 13, I think someone discovered I had a voice. So I always thought I was going to be a voice major, a musician, and I kind of started out that way. Left the Eastman School of Music, went to Ithaca College, then went to Harvard. None of my degrees are in finance. In 1987, I decided that I would try Wall Street. I was out of college and graduate school. I always had an interest because of my grandfather. I grew up as a seven-year-old being shown financial reports and having my grandfather sit on a Saturday afternoon with me over lunch and tell me about companies he was thinking of investing in.

Lori Van Dusen:

I loved him, so I thought maybe I would love being a broker, at the time it was a stock broker or going to Wall Street. But I knew nothing coming out of Harvard. My degree is in, I got a Master in Education and I did not have, as I said, any finance degree. But I knew that Lehman Brothers had a really good training program that was arguably the best on Wall Street. So I just went. I don't know what they were thinking but I don't think they thought I was going to make it. I didn't really think I was unique or different although I was the only woman in my training program. I think it was in the World Trade Center in 1987. I think there were about 300 people, though don't hold me to that. But I know a few years later there were a small handful of people left, which is statistically what happens, and I certainly was the only woman.

Lori Van Dusen:

I guess I got there because I was shown by my grandfather and my mom who was a nontraditional mother, my grandmother, who was kind of a traditional Italian grandmother, but I was shown that I could do things. I wasn't ever somebody who was put in a box. I was just coached and mentored. So I didn't think I was unusual or different. I think being a musician, it's kind of like being an athlete. You have a lot of discipline and work ethic. I didn't know anything about finance even though my grandfather thought I did, but I knew that I could learn and I knew I was a really hard worker.

Lori Van Dusen:

It was shortly after I arrived in the World Trade Center that I thought, "I think I'm going to be successful at this." I think that's my past in a nutshell. It was Shearson Lehman Brothers, and then it became all of these other firms and finally Smith Barney. Smith Barney obviously folded into, well, maybe it's not obvious, but folded into Morgan Stanley. And right before that merger, I left to go independent.

Mindy Diamond:



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The first comment I'll make there, so much wonderful stuff in what you just said. But even though you described yourself as having come from a non-traditional family, what's clear is just how much love there was. It's the love and support and belief that your family instills in you that got you where you are and that's incredibly impressive. But back to the business. You and your team left Smith Barney in 2008 to go independent by joining a firm called Convergent. Tell us a little bit about what was behind that decision.

Lori Van Dusen:

Well, my kids were a little bit older. There's a lot I can talk about in terms of raising a family and doing this for a living and having a strong partner in my husband and all of the things that led to my decision to leave a really comfortable career at the time. My practice, which was started with a desk and a phone in the World Trade Center, was \$6 billion, just about that, between \$5 and \$6 billion. It was primarily institutional business, not for profits. I kind of always think again, this has a lot to do with my upbringing and my training and just my personality. But I always kind of wanted to play up. I started in the kind of advice business around families and then gravitated to not-for-profits and institutions because at the time in the '90s, there was no one really doing institutional advisory that I was aware of or doing it the way I was approaching private clients.

Lori Van Dusen:

So I had this kind of major practice. In Smith Barney, I was one of the top producers and I was getting increasingly frustrated. And from the very beginning, I think I was in an advice model. I just didn't know the industry didn't get that. I didn't believe in selling products. I was somebody who I studied under the case method at Harvard. I took a clean sheet of paper out, got to understand people and their past and their decision-making and their families. And at one point a client said to me, "I sit on this board of this university and I think they need somebody like you." And that's how I started really building a practice or a business around institutional advisory.

Lori Van Dusen:

By the time I left Smith Barney, my business was about 70% institutions, some very marquee clients, and about 30% wealthy families. The institutional business, you have to be objective. It's rigorous. You're accountable every day. There's always somebody who's smarter. There's always really smart people in the room. You have to drive consensus around ideas. You have to have a robust pipeline of investments and you have to be, everybody uses the term open architecture. There's all these kind of overused terms now, but you truly had to be that way because you would have a client, a lot of professional investors sitting around a boardroom saying, "Hey, I know about this idea."

Lori Van Dusen:



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I mean, at one point we had a client where we had two of the most senior people at Goldman Sachs, I won't say who they are but everybody knows them that's in finance, sitting around the table on the investment committee. You can't BS your way through anything and the credibility will show up every day. You do have to show your work. You have to do a post-mortem on everything, good, bad, every decision you've made and share that. And that was my practice that I built by 2008. And it had become increasingly frustrating to live in a bank brokerage environment because I kept running up against rules that I'm not saying were bad rules, they just were designed for advisors that were giving advice to smaller clients. They were rules designed for very different kinds of businesses. It was all about how do we not get into trouble.

Lori Van Dusen:

And my whole kind of personality culture that I had built was all about doing the best thing for the client, being better and solving their problems no matter what it was. And so I just felt that I was at the limits of, and I'd felt that for a long time for my particular business, not everyone's business but mine, which was pretty sophisticated and large and I needed to be proactive. I needed to be ahead of the curve and we needed to be as a team. And we needed to do what the client needed within reason. And it was getting really hard because brokerage firms are set up around a branch system and local reporting.

Lori Van Dusen:

There were just a lot of things that just were getting in the way of the team giving the best possible advice and the best possible investment solutions. There were points in time where this just seems crazy now, but we had clients that had to be invested in different kinds of vehicles that a lot of the folks in compliance just didn't understand. They didn't understand the difference between onshore and offshore. They didn't understand certain structures that we were using, if they were hedge funds or some kind of alternative investment. It was just really difficult. So I finally in 2008 decided to leave. There were other steps before. I didn't just decide to leave. But by 2008, I did.

Mindy Diamond:

So much to unpack there. I guess a couple of things. Probably the thing that's most compelling to me is you said we kept coming up against rules that were designed for different types of clients. And that is what being an employee of a big brokerage firm is about. They manage the lowest common denominator. It's not necessarily a bad thing as long as you fit into the box. And what you're saying is you began to feel increasingly less like you fit in the box. But today, that's not unusual. Every day we read about a big team leaving to either break away and go independent or go to Rockefeller or First Republic or whatever it may be. That's not unusual. But in 2008 it was exceedingly unusual, brave, courageous. I mean, it was all of those things.

Lori Van Dusen:



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Stupid.

Mindy Diamond:

No, no. I don't think that's true, but especially brave and outlier with largely institutional business. You found the courage not only to leave the largest bank in the world, but to go independent with a firm that nobody really heard of. You joined Convergent. So let's start with why Convergent. Who were they and why them?

Lori Van Dusen:

Well, they were one of the largest independent firms and it was really important to me to fully embrace a fiduciary model. I felt they were like-minded. They did not have an institutional business. As you referenced, they really weren't on the map. But I felt that their business and mine could be synergistic. It was very difficult to take almost a \$6 billion practice of sophisticated clients and hang up a shingle or do my own thing. I never thought about this in any other way other than how do I get to where I think the business will be, the industry will be, and what we should be doing.

Lori Van Dusen:

The reason I went to Convergent at the time was I thought they had built a platform like I had envisioned in my original business plan that I presented to Citigroup actually. That never really got resourced or took off. But I thought that Convergent had parts of that in place and that if with the right technology and what they had, I could help bring it to the next level.

Mindy Diamond:

And so you wound up leaving Convergent, and we'll talk about that in a bit, to go more fully independent because you realized at some point that you wanted to be able to do different and support it with more control and freedom than they were able to give you. Is that a good way to say it?

Lori Van Dusen:

Yeah. I mean, I think that I needed to have an intermediate step to see what I needed to build.

Mindy Diamond:

Okay. Good answer. Let me ask you a question then. In those days, the other wirehouses were offering life-changing money. There were boutique firms. You had come from Lehman, so firms like JP Morgan or what was Deutsche Bank or Credit Swiss or Barclays or Goldman, had you considered any of those or you just knew that you wanted to be independent?

Lori Van Dusen:

No, I didn't consider one of them. My motivation was never about money and certainly you're right, I could've taken a very large check and just gone for money somewhere else. But that was never my



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motivation from day one in the World Trade Center. To me, it was about how do we get to where the business is going? What's the future of advice? And I was certain the future of advice was a fiduciary model and independence and being able to solve the whole problem in a seamless way. And I could not do that in any kind of big bank brokerage structure.

Mindy Diamond:

Let me ask you a question. We often talk with advisors that have let's fill in the blank and say, institutional business. The same would be true we hear it from advisors with international business. Many of them believe that because the clients are institutional in nature and not private clients, that those especially can't be served in the independent space. We'll get to the formation of LVW in a minute, but I guess I'm just asking the thinking at the time. What you're saying, it was the opposite. You're saying that it was because your business was almost exclusively institutional that you felt it couldn't be served in a big brokerage. So maybe you can talk for a minute about the limitations you were facing. Maybe give us some specifics about what it was that wasn't working for you in the confines of a brokerage business given the nature of your claims.

Lori Van Dusen:

I would say if I just stick to answering that from an institutional lens, the small, mid to large not-for-profits that we were working with, if you think about the complexion of those, the boards and investment committees, a lot of times were made up of very sophisticated investors and we were not able to source the pipeline of investments that we wanted to. We could, but then we couldn't get them approved because they wouldn't either go on the radar of a large bank brokerage platform because you couldn't distribute them. So for example, you find a great hedge fund that's in the small and mid cap space and they want to raise \$300 million or \$400 million. That's going nowhere at a Morgan Stanley or some of these other firms at the time because you can't distribute it.

Lori Van Dusen:

A hedge fund manager doesn't want to give up a fee to the firm. There's really zero conflict of interest. We were just trying to source the best ideas. And I've often said the ultimate diversifier and power in a portfolio is skill. And a lot of these strategies that we were sourcing or wanted to source, we couldn't get them approved, we couldn't get them in portfolios. If a client brought them to us, we just couldn't do it. And so I felt competitively we were in a losing position. That's probably the major answer on the institutional side.

Lori Van Dusen:

On the private client side, we were just hitting walls around serving the whole client as we do now. We wanted to be and we're the quarterback for the client, the most trusted advisor. We wanted to integrate strategic partners into solving a family's entire financial problems and other problems. And if it





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wasn't part of the Smith Barney platform, we were having difficulty doing it. And in some cases it was mandated that we not help the client in certain ways because I think a lot of it was compliance related headwinds. So that was my thinking at the time. And you have to be a certain size. Let's face it, you have to be a certain size to be able to do I think what I did at the time. But it was really about investment access and implementation and solving the whole problem.

Mindy Diamond:

To that end, I'll tell you a funny story I heard yesterday. It's actually not that funny. It's kind of sad and mind blowing. One of our recruiters told me that she just worked with a big bank brokerage terminated advisor that was terminated for over servicing the client and looking to do exactly what you're talking about. We're not talking about a sales practice violation. We're not talking about anything egregious. We're talking about doing something in the best interest of the clients and terminated for over servicing. And I made the comment, "That's probably the biggest reason why people wind up going independent."

Lori Van Dusen:

Yeah. I think the advice model is here to stay and clients, it's a higher bar than it used to be. You have to be able to serve the client in multiple ways or be resource to them to solve a problem. It can be something that has nothing to do with investments or financial planning. It could be they are trying to get a COVID vaccination and they're in some city or they're in another country or whatever it is. So we just put on a medical concierge type of service where it's not part of LVW, but we can navigate for the client. It's the same kind of story now as it was then, it's how do you build seamlessness around the client?

Mindy Diamond:

Yeah. Stick with that example of having added a medical concierge. Could you have done that if you had... Let's say instead of now being independent, you were an employee at Smith Barney with a similar business. Could you have added a medical concierge to your team and still service the clients the same way?

Lori Van Dusen:

No, we couldn't do a lot of things and I can't speak for now, I can only speak for then. There were all kinds of crazy rules about let's say you weren't getting paid on something at all. There was no commission and you wanted to refer the client, this was a long time ago, but you wanted to refer the client to a provider of longterm care or some kind of insurance product. I remember at one point I was accused of selling away, which just seems ridiculous. What do you mean, I'm selling away? You can't do that. So there were a lot of obstacles and reconciling the past is leaving it there.

Lori Van Dusen:





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I just remember just being entirely frustrated and running up against obstacles constantly, but it wasn't about money I was making, it was about trying to do the right thing. And a lot of times in a brokerage structure, and I'm going to speak to the past, it was about them making money. If they weren't making money, you would get questioned or they couldn't distribute it. We used to have an internal joke among some of the people that did similar businesses across the country that a lot of the due diligence around investing was due diligence for distribution. And we just were of a different mindset.

Lori Van Dusen:

Well, things have changed and I have said this a lot too. I am entirely grateful for having been kind of raised on Wall Street and for the time that I was there for many reasons; the training, the access to people that are wonderful people, my friends, everything, and I missed that so much when I went independent. But I really was trying to create something that was the next generation of advice, which I think is where we are and where we're headed.

Mindy Diamond:

Yeah. Well, you were a visionary. I mean, you saw something that didn't exist and you wanted to create it, which is creative and courageous and amazing. But let me ask you a question sticking with those institutional clients for a moment. Not only were you asking them to move with you, many of whom I assume had to be put up for RFP, meaning that you had to rebid for them or re-solicit them or rewin them, but you were asking them to go to a firm they never heard of. How did they respond?

Lori Van Dusen:

Well, the amazing part of all of this is that all of them came with us. We didn't lose a client. I shouldn't say that so confidently, but I don't remember losing a client in that transition. Of course we were in the middle of a financial crisis. I think the clients really trusted us and the team, which are still some of the same people are phenomenal. I remember one specific conversation actually with one of the top people at Goldman Sachs who was chairing the investment committee at a college client that was a well-known college. I remember where I was sitting and I remember having this conversation and he said to me, "Well, I'm inclined to recommend we go with you."

Lori Van Dusen:

And this would have been the most obvious client to go to RFP, because you're not doing it for money clearly. It sounds like you're doing it to serve us better. We love the team. You have done a great job for us and I don't see any reason to change. It sounds like it's better for us. We had anticipated a whole bunch of questions in advance that our institutional clients would have and we had responses to all of those. And that was part of my due diligence process in kind of joining Convergent was to really understand the answers to all of those things and what we would likely be asked. Many of our clients



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didn't go to RFP. Some did. It wasn't until after I left Convergent after the Citigroup lawsuit that clients went to RFP.

Mindy Diamond:

Okay. Let's talk a little bit. So you left Convergent when?

Lori Van Dusen:

In 2011.

Mindy Diamond:

Okay. Let's fast forward then. You left Convergent, decided to bet it all on yourself and launched what is LVW advisors. I want to hear a little bit about what LVW is, its value proposition and your decision to partner with Focus Financial. But let's start with an obvious question. \$6 billion business at Smith Barney, \$2 billion business today. We talk a ton about the concept of shrink to grow, but tell me a little bit about sort of went into \$6 billion to \$2 billion.

Lori Van Dusen:

Well, it's a painful story. I'll keep it brief. But I think that because of the lawsuit, because of some of the issues in transition, clients did go to RFP when I formed LVW with Focus. But I also knew that I needed to kind of reinvent the business and build a better mouse trap, so to speak. I thought at the time I know how to play up. The team knows how to play up. We know how to give the most sophisticated advice, and we need to really broaden that advice to multi-generational families. And so I kind of went on a mission as clients for RFP to rebuild the business.

Lori Van Dusen:

I would say just as kind of a snapshot, we're at \$2 billion but the business has never been stronger, never been more resilient and more profitable than it is now. I know that it's set up for the next gen, so to speak, or for succession planning where when I was 70% institutional, our team had 70% of the assets and revenue being institutionally oriented. That's a tough business to transition to an X Gen and have it around for another 30 years. I think that necessity is the mother of invention.

Lori Van Dusen:

I was on my heels. Citigroup lawsuit was completely an intimidation move really not so much towards me although it was very painful to me. It was more to kind of send a message to other advisors who maybe wanted to go independent. But it was painful to me and my business and my transition. I had to rebuild and I rebuilt it better. I brought on a partner a few years later. There are a lot of things I did in thinking where is this business going? Where is it going to be in the next 10 years or 15 years or 20 years? And by the way, the institutional business was completely disrupted post 2008. So the margins weren't there, there was a lot of fiduciary fatigue and turnover on boards and investment committees.



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And so the whole process taught me so much about being a good businessperson, entrepreneur, how to create something for the next generation and embracing kind of the mistakes as actually blessings because they show you things you could have never seen.

Mindy Diamond:

You had a big business at Smith Barney, but you have a better business now. You've built the right business.

Lori Van Dusen:

Right. And I might just throw this in because it's interesting. I've reflected a lot on many things over the last year. My business at Smith Barney was created with a desk and a phone. I never got a piece of business from Smith Barney or its predecessor firms. I never got the phone calls that others got like, "Hey, there's a client who called in or a client that is thinking about hiring Smith Barney or whomever." Even though I was one of the most qualified people, I never got those phone calls, I never had splits with financial advisors, which made my transitioning easier.

Lori Van Dusen:

But I never had that advantage but it turned out to be a huge advantage because I had to do everything kind of the old fashioned way and create my own opportunities. The only opportunity I remember getting from Smith Barney was a Hail Mary pass around a client that was leaving the firm. My institutional business is sizable as it was created totally organically. Because I did that, I knew that I could recreate, with the help of my exceptional team, recreate the business better. I knew that I could develop it better, stronger and more, as I said, resilient.

Mindy Diamond:

Yeah. What is LVW's value proposition? I read something that you wrote, it might even been on your website that you talked about. Your ethos is all about putting the client first and you recognized early on that wealthy individuals and families, so on the private client side, they were lacking the same kind of objective advice and discipline that your team or you were delivering to institutions. Tell us a little bit about how that ties into LVW's value proposition, the vision for LVW.

Lori Van Dusen:

LVW right now, the complexion of LVW is about, don't hold me to this, but it's about 70% multi-generational family wealth, 30% institutions. So our institutional business is very different than it used to be. It's about 22 institutions, small to midsize, and then families. And I would say our families, and I'll get into kind of our value proposition and our institutional roots, our families kind of fall into three different verticals or groups. I would characterize the first as first-generation wealth business owners pre or post a monetization event. That segment of our clientele really resonates with me because that's what I am. So, helping to create structure around wealth that's mostly in a business, helping to sell a



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business if that's in the future for our clients, putting resources around their children or philanthropy, all of that stuff is really integral to advising that kind of family.

Lori Van Dusen:

We also have athletes and entertainers, and then we also have professional investor clients, which really come from our institutional roots. Those people that sat around the table and referrals from professional investors. For example, someone who runs a hedge fund strategy and we're helping them with all the rest of their investments in wealth and financial planning, or a real estate institutional fund or funds and we're doing everything else. Those are kind of our three groups of family wealth clients, and our institutions are smaller but similar to what we always serve, mostly around things we really care about; access to good education, health, wellness, the arts, that's kind of what LVW looks like.

Lori Van Dusen:

Our value proposition is not to be repetitive, but it's all about what I discussed earlier. I did not feel that families had the same kind of rigorous, accountable, objective advice and access to investments that the institutions did. I wanted to make sure that was our value proposition, that we can solve the whole problem but that those families got rigorous, accountable, objective, robust advice. Whether we delivered that internally with resources or we partnered to solve the total problem, I wanted to be able to do that and that's what we do now.

Mindy Diamond:

And is that what you describe as a true open source platform?

Lori Van Dusen:

Yes, it is.

Mindy Diamond:

What does that mean exactly?

Lori Van Dusen:

I talk a lot about culture and part of culture has to do with the language that you have that's internal to your particular business or firm. One of the things that we all talk about a lot internally at LVW is starting with a clean sheet of paper with a client, understanding them and inverting it. When I say inverting it, everyone that works for LVW knows what this means, but it's sit in the client's shoes and try to figure out what is the most important thing to them. Not what's important to some other client or another situation you've been in, but be present, understand their situation and solve for their problems. And oftentimes it may be something that you discover that, wow, we really should be doing this or offering this to other clients. So maybe we need to build it internally or maybe we need to find a strategic person that we trust that can help us solve this particular new problem.



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Lori Van Dusen:

And I think the advice model is here to stay. Robust advice around our kind of client is needed now more than ever. But the advice is going to evolve and change over the coming years, and so you have to stay relevant and you have to stay present and you have to listen to what the client is telling you, and every client is different. It's not the most leverageable business in some respects, but it's kind of the opposite of what was present when I left Smith Barney, which was we're going to develop products and then we're going to make them applicable to everybody. It's the inverse of that.

Mindy Diamond:

I want to talk a little bit about your decision to partner with Focus Financial. And so sticking with that notion of a true open source platform where you identify a client's need and either go out and source the way to solve for that need or create it yourself, to what extent does Focus help you with that? Because that sounds a little bit like it could be drinking from a fire hose.

Lori Van Dusen:

Yeah. Well, Focus has evolved a lot since I first started with them or even first started talking with them, which is a long time ago now. But they've evolved in terms of providing better technology for us, whether it's things like investment opportunities, helping us partner with others. There's all kinds of best practices around what we do that they've helped us with in terms of leverage. They're not necessarily bringing clients to us but they are helping us leverage what we do in certain ways. So I think they've evolved. We've evolved. I talked to Focus originally in 2008 before joining Convergent and I passed because it was so nascent or so early on and I just didn't think they had the resources to really help me.

Lori Van Dusen:

Well, now they're a leader in the industry and they've gotten to a point where they have a lot of resources around partner firms and we're able to tap into each other. So that's a huge benefit. It's like what we had with some of the peer groups at Smith Barney and the predecessor firms, what we were trying to create. Now if you can tap into other businesses and other firms that maybe it's something you don't do. For example, I'll give you a couple examples.

Lori Van Dusen:

We're not in 401(k) business but there are partner firms that are and they do a really good job with that and we can refer the client there but stay in the middle and stay present and make sure the client is served the way they need to be. But we don't want to build the resources to do that internally. There are several other examples of things. Whatever the solution is, you can look internally within the Focus kind of network or family to create a more robust offering. That's definitely evolved and that's definitely different from when I first joined.

Mindy Diamond:



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Let's rewind. I mean, what you're saying now is it sounds like Focus has done a great job of giving you a sense of community and the ability to scale to use them as a resource partner, which is invaluable. But if we rewind to 2011 when you opted to join them to sell a portion of your business to them, that's a big decision to sell a portion of your upside. Wondering what was involved in the decision then, and do you still think the notion of selling a portion of your equity to them was a good decision today?

Lori Van Dusen:

Well, I often tell our team there's no hope for a better past and hindsight's a great thing except we don't have it. At the time, there was no capital out there to do what I wanted to do. It sounds kind of crazy now because there's so much capital, but no one was doing what I was doing. I often say as well being early is the same as being wrong. And that would certainly describe a lot of my past. But with Focus, they were there, they helped me build a platform that I had envisioned long ago. They helped me put vendors together. I couldn't afford to be distracted. We as a team had enough distraction but we had to be focused on rebuilding the business with the best partner.

Lori Van Dusen:

And at the time, they were out there, they were supportive. I don't think about it as selling upside. There's plenty of upside. I think we struck a good deal for both of us. But again, it was for me never about money. It wasn't about, oh, I'm going to monetize a part of the business. It was about how do I do this in the best possible way? How do I build this platform? They're way better at that now. And as I said, they also have evolved as we have. Whether you're talking about needing a strategic partner to do family office like services or bill paying or insurance or concierge, medical, whatever, it can be found within the Focus family or you can find it outside of that, and that's the beauty of being independent in a model like this.

Mindy Diamond:

Were they impactful in helping you to identify your partner that you recruited or brought in several years ago, Joe Zappia, and were they impactful in helping you to get the deal done?

Lori Van Dusen:

Joe and I knew each other from conferences, he approached me. He was very curious about the process of going independent, had also looked at ways to do it. We had probably, I don't know how many conversations, but several conversations over the course of at least a year. And I said, "You know what, why don't you consider partnering with us? Why don't you spend some time on our investment committees, spend some time internally with us. You can test the cooking. I'll show you everything because Joe, I never want you to be in a position where you say to me two years down the road, 'I didn't know about this.'" Based on my experience and everything I had been through, I wanted him to know everything about the business and I wanted to know a lot about him and if he could be a good fit.



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Lori Van Dusen:

He wasn't sourced by Focus but the deal was certainly assisted by Focus. But the appeal of Joe to me was really talent. Joe is a perfect complement to me. He's really good at the things I'm really bad at. Compliance technology management, he had all of those kinds of experiences at Wells Fargo and I'm just devoid of skills in those areas. And also he complemented me from an investment standpoint. I've always been known for being pretty deep in a lot of alternative types of investments and that comes from our institutional roots. Joe is a really deep investor and really deep in the kind of more traditional investment areas. He was a great complement that way. So that's why the deal was done and it's why a deal should be done. It should be about a like-minded culture and skill and talent and bringing that together to be synergistic. It's how all partnerships in life should work.

Mindy Diamond:

Yeah, I think you're right about that. You bring up a good point because M&A right now is as frothy as it could be as we've ever seen it in the RIA space. Many acquisitions, many M&A deals are done just because it's about an asset grab. What you're talking about is while it's nice to bring the assets, it for you was much more about filling a strategic need and a complementarity and partnership and it sounds like it's worked very well.

Lori Van Dusen:

Yeah. It was not about the assets. We were pretty sizable. It was about Joe's talent and Joe as a person.

Mindy Diamond:

As you think about the future of LVW, are you looking to add other partners like Joe or is it more an opportunistic kind of thing?

Lori Van Dusen:

I would say this. When you've gone through a year like this past year, my personal year has been particularly rough, understatement. You start to think about what would happen if you were taken out of the business and what skills do you have as a founder and an entrepreneur and really a business development person. What are those skills and are they represented in the business if you're out of it? I think all of us as kind of founders or entrepreneurs are the people that are the kind of change makers if I could characterize myself like that. I think we need to be pretty introspective and as objective as we can be and also bring in third parties to help assess the gaps in the business. And that's the reason I would do another small deal or a deal or acquire talent. It would be to fill something that isn't present if a key person is gone in some way, shape or form.

Lori Van Dusen:





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I was out of my business last year for three months and what I saw when I reintegrated was a business that was not only sustained without me but growing and people that completely stepped up and were unbelievable and clients that were happy. So I'm not in a big rush and either is Joe to do a deal. But having said that, there are always gaps in every business and you have to really look at them critically. I think the reason we spend way, way too much time on the financials when we're doing deals, acquisitions, mergers, bringing on people, way too much time on the money side and not enough time on just thinking about how down the road is this going to solve the problem better for the client, because ultimately the success financially of a business is a by-product of that.

Mindy Diamond:

Lori, you've referenced a couple of times now really a rough year you've had and not just because of the pandemic. Would you be willing to share with us a little bit about what you're referencing?

Lori Van Dusen:

Yeah. Well, as everyone knows, in March we were in the start of something that became an economic stop. I was working, like everyone, 14 hour days, hopefully in the back room of my house and I'd come out and my husband who was working from home would say, "I never knew you worked this way. It's unbelievable. You're just back there all day long coming up for air or some food." And so we all have had a really rough year and especially in a business like ours where we never really stopped or shut down and it was crazy. The team and everybody just stepped up and our chief operating officer, who is phenomenal, ended up immediately, it seemed like immediate to me, taking our business virtually out of our office. And from a client's perspective, it seemed like nothing. That is a credit to the team. But never in my life had I contemplated anything close to what happened in June, which was very sudden loss of a very healthy, athletic man that I had been married to for 30 years. Talked to him in the morning and he was dead in the afternoon.

Lori Van Dusen:

I would say that not only can I understand sudden loss much better and empathize, but it gave me ultimately an appreciation for life every day and secondarily for this business and these people who are amazing who were able to just step in and step up and do what they needed to do without me. And when I say without me, I mean without me. I was not sure if I even could come back, but I did and I have and I navigate through this stuff. But it does help me say to other people, "Look, the thing that you think is not going to happen can." And so if you're running a business, you have to think about it as if you're not in it and what would happen. I just want to say I'm so grateful for my family, my two boys, my friends, everyone, the people at LVW. Everybody stepped in around me and I am very grateful for that. But it did show me a lot about what was created and what needs to happen. I would just encourage anyone listening to this to think about that.



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Mindy Diamond:

I so appreciate you sharing that gut wrenching story with us truly, and my thoughts and my heart is with you, for sure. But I will say it seems to me an enormous testament to who you are. It kind of come full circle. We started the episode talking about how you had a non-traditional family, yet it was all about the love and support and cheerleading you got that propelled you to where you are today. And here you are today, the founder and CEO of an extraordinarily healthy and fabulous business. And it was the love and support of the people you've hired, the business you've built, your family, your sons, et cetera, the world that really scaffolded you to get you through a terrible time.

Mindy Diamond:

So my money's on you, Lori Van Dusen. That's the truth. I've always thought that. I think you're pretty awesome and you've built something extraordinary. You were a Maverick in 2008, you were a Maverick again in 2011, and you've been through hell and back. You're a real role model for us all. So thank you for your time, for your transparency, for your generosity, your wisdom and all you do for the industry.

Lori Van Dusen:

Mindy, thank you for your time and your friendship. I very much appreciate talking with you today.

Mindy Diamond:

Pleasure.

Mindy Diamond:

Lori is a superstar and she would have thrived no matter where she chose to practice. But it was her absolute commitment to clients to serve them in the best way possible that dictated her choice to build what is today LVW Advisors. I thank you for listening and I encourage you to visit our website, [diamond-consultants.com](http://diamond-consultants.com), and click on the tools and resources link for valuable content. You'll also find a link to subscribe for regular updates to the series. And if you're not a recipient of our weekly email, Perspectives for Advisors, click on the articles link to browse recent topics. These written pieces are an ideal way to stay informed about what's going on in the wealth management space without expending the energy that full-on exploration requires.

Mindy Diamond:

Feel free to email and call me if you have specific questions. I can be reached by cell at (973) 476-8578, or by email at [mdiamond@diamond-consultants.com](mailto:mdiamond@diamond-consultants.com). Please note that all requests are handled with complete discretion and confidentiality. And again, if you enjoyed this episode, feel free to share it with a colleague who might benefit from its content. And if you're listening on the Apple podcast app, I'd be grateful if you gave it a star rating and a review. That will let other advisors know it's a show worth their time to listen to. This is Mindy Diamond on Independence.



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