EPISODE TRANSCRIPT

Preparing for Succession: What Made Selling the Right Path for this $2B Firm

A conversation with Louis Diamond and Kevin Myeroff, Principal and Senior Strategic Advisor at Sequoia Financial Group.

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is, Preparing for Succession: What Made Selling the Right Path for this $2B firm? It's a conversation with Kevin Myeroff, Principal and Senior Strategic Advisor at Sequoia Financial Group. I'm Mindy Diamond, and this is Mindy Diamond on Independence. This podcast is available on our website, diamond-consultants.com, as well as Apple Podcasts and other major podcast platforms. If you are not already a subscriber and want to be notified of new show releases, please subscribe right on your favorite podcast platform or on the episode page on our website.

Mindy Diamond:

For Apple Podcast users, I'd be grateful if you'd give the show a review. Your input helps us to make the series better and alerts other advisors like you who may find the content to be relevant. And while you're at it, if you know others who are considering change or simply looking to learn more about the industry landscape, please feel free to share this episode or the series widely. The idea of planning for succession is a difficult one, particularly for entrepreneurial types who fear it defines an endpoint in their career. But the reality is succession and retirement are not one and the same. It's ultimately about business continuity first and foremost.

Mindy Diamond:

And for a successful business that you've built and nurtured over the years, there's great value to having a path outline to ensure an enduring legacy for you, your team, and your clients. Consider my guest on this episode, Kevin Myeroff started building his financial planning firm back in the late 80s after a stint with Ernst & Young. He started working with his dad in real estate investment and realized that it just wasn't for him. But opportunity knocks as it often does, and he spearheaded advising clients on tax law changes. So with that taking off, they joined broker dealer Integrated Resources, which as Kevin shares, went through a series of sales to eventually become Royal Alliance Associates.

Mindy Diamond:

In working with Royal as NCA Financial Planners in Mayfield Heights, Ohio, he built the firm just some $2B in assets under management, with a client base that he describes as the millionaires next door. Kevin made it a point to conduct due diligence every five or six years, exploring their options and to ensure that where they were was the right place for them, their business and their clients. Yet as time passed, he realized that he had to start thinking about succession, more so over the last few years. And after exploring his options, what came to the top rose out of a relationship he developed with Tom Haught of Sequoia Financial, located just south in Akron.

Mindy Diamond:

Preparing for Succession: What Made Selling the Right Path for this $2B Firm

A conversation with Louis Diamond and Kevin Myeroff, Principal and Senior Strategic Advisor at Sequoia Financial Group.

Sequoia was acquiring firms like NCA and proved to be the right fit for Kevin and his NCA team. So they sealed the deal in November of 2021. In this episode, Kevin takes us on a journey that shares what it really takes to build a $2B business. He discusses how his wildly successful internship program has created long term team members, many poised for leadership roles at Sequoia. And Kevin discusses the thought process of succession, his concerns over team members, many of whom have been with him since they left college, and what mattered most in terms of his plan. He shares why he opted to sell to Sequoia instead of another firm or to sell internally.

Mindy Diamond:

Plus, Kevin talks about integrating into the firm, communicating the change to clients, as well as life after the transition and much more. Having counseled Kevin over the years, I can easily say he is thoughtful and introspective, and has built an incredible business. There's lots to learn from him in this conversation that's being conducted by my partner Louis Diamond. So let's get to it.

Louis Diamond:

Kevin, thanks for taking time to speak with us today.

Kevin Myeroff:

Louis, I'm so happy to be here.

Louis Diamond:

Very good. Let's jump in and can you share your background and how you came to be a financial advisor in the first place?

Kevin Myeroff:

Yes. My story's a little funny. Graduated from college, went to Ithaca in upstate New York. I went to work for Ernst & Young. It was Arthur Young. It was so long ago before they merged. I was a CPA with them. And after three years I did what most people there tend to do, is go look for a job as a Chief Financial Officer with one of the Fortune 500 companies. My father said, when I told him I was leaving, he said, why don't you come work with me? And I said, What do you do? Because I knew he had real estate and I knew he was in the real estate business, but I wasn't exactly sure what he did. This was in 1986, right about when all the tax laws were about to change to make real estate not a very attractive investment.

Kevin Myeroff:

And it was in a time where you could sell these private limited partnerships, where doctors could write off three to one whatever they purchased. So you put $100,000 in, you get a $300,000 deduction in your tax return. Tax rates were 50%, so they put in 100 and they save 150. It was like a no brainer. Gave me the Yellow Pages and told me to start calling people. And that was it. Nine o'clock in the morning, I think at 11:30 I quit. My father said, you know what, I have a sense that tax laws are changing and this industry's going to change, why don't we do something else and let's try to do it together? He asked what I'd like to do. I did a lot of teaching when I was at Arthur Young and I worked with people on their corporations with their finance. So that'd be fun to do with individuals.

Kevin Myeroff:

Financial planning really wasn't even a term or a word. Then we started down that path. My dad said, you lead, I'll push, and then here we are today.

Louis Diamond:

Amazing. Every path is potentially the right one. I was actually similar to you. Started off that EY and realized that it wasn't the right move and that led me to where I am, so grateful for that opportunity. But we're not talking about me, we're talking about you. In 1989 you joined the independent broker dealer, Royal Alliance Associates, and that's been an enduring relationship for you. Curious, what led you to pick Royal at that time?

Kevin Myeroff:

With my father, his expertise being in real estate and private deals and having that type of client base, we were looking for somebody that had that. Back then there was a company called Integrated Resources, that eventually turned into Royal Alliance. And so I never left. I was in the same place all the time. So we started with Integrated Resources because they had the type of private placements that we wanted. They eventually went bankrupt in the whole junk bond period. And then that we were purchased by other companies, eventually Eli Broad and then some private equity firms later on. But I stayed with them the whole entire time. I was just blessed to work with great peers, and the four or five presidents of the company that I went through during my time were all just absolutely wonderful, great people that I got spent a lot of time with. It was fun.

Louis Diamond:

Sounds that way. And over time, how has your relationship with the broker dealer changed? Or in other words, has the way that your practice interacts with them changed over the years?

Kevin Myeroff:

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Well, obviously I started so long ago that when somebody came in and we did eight mutual funds for them, we literally filled out eight different applications. And then eventually technology started coming around and there was something called a brokerage account and we went to brokerage accounts, we were commission based. Now we're virtually 99.9% fee based, and now I'm totally fee based in our new relationship. And so it changed mostly through technology, but it's also been great because I had a lot of leadership roles within the broker dealer over time that just kept carrying on from one president to the next. I always had a say in how things went, which was nice.

Louis Diamond:

That's really nice. And probably leads me to my next question is, what kept you there all those years? There's been a crazy amount of innovation and change across the independent space. Like you mentioned, Royal Alliance has had a number of different owners, so potentially different opportunities to seek other platforms. And certainly given your size and scale, having the ability to be completely self-sufficient was always a possibility. So aside from the, I guess the relationships, was there anything else that kept you there all those years?

Kevin Myeroff:

Besides the relationships, believe it or not, I felt there was an obligation to our clients that every five or six years I should go around and see what else was available. Is there some better place I could take them? There was this woman by the name of Mindy Diamond, you may have heard of her.

Louis Diamond:

I've heard of her.

Kevin Myeroff:

Okay. Mindy and I went through and then eventually me, you and Mindy went through a number of different iterations and I can't say enough about your firm, because she would literally come back to me at the end and say, Kevin, based on what you want and based on what's out there, I think you should stay. Just stay where you're at. And that gave me the confidence that I was still in the right place and that my broker dealer was innovating quick enough that I wasn't falling behind where other people were.

Louis Diamond:

Thank you very much for sharing that. It definitely made Mindy's day and we appreciate you mentioning that, because that is kind of the way we like to operate. If you don't find something that's better enough, then you stay and clearly it was working for you all of those years. Why don't you just explain for us what the business looked like today or even before the transaction as far as the number of professionals, assets, any other metrics you want to share just to give the audience a sense of the business.

Kevin Myeroff:

Right. We are a holistic financial planning firm and we started team planning way, way back. We had a very, very strong internship program. Last year, 104 people applied for our internship program, and we've had that for decades. And so we were at a point where almost two thirds of the people that worked in our company have never worked anywhere else. They were interns, they came here and we were able to create these great fantastic teams. And we work with what I call the millionaires next door. It's a sort of a Midwest term. If you saw these people, you wouldn't really think they had money, but they all do and they're great to work with, they like to listen to what you have to say. We believe that the asset management was becoming more and more commoditized, so we had to get better, better on advice. The type of advice we could give, the services that we could offer, concierge services that might be available. We kept growing those.

Kevin Myeroff:

Just south of us in Akron, Ohio, there was a guy that I knew by the name of Tom Haught, he was running a company called Sequoia Financial Group. His firm and mine were very much alike. I'm a few years older than he is though. And we just had a cordial relationship for a very, very long time. Then he started into this acquisition mode, never thought in a million years we'd join forces at any time. But when I started looking at my succession plan and the specific objectives I had in order to achieve this, and once again I went through with you and your mom and this process and we decided based on what I needed, this would be the best fit. And I'm glad we made that move.

Louis Diamond:

Definitely. We'll spend probably most of the interview talking about that. But just a couple more questions about NCA as it was called before the transaction.

Kevin Myeroff:

Sure.

Louis Diamond:

I think I remember that all client facing professionals in your team were CFPs or were pursuing the CFP, which is pretty cool. Can you talk about the culture you created around that?

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Kevin Myeroff:

Yes, and that's important. 75% of my executive team are female. The majority of our planners are female planners. I just hired great people and we had great interns and I really didn't recognize whether somebody was a man or a woman, it was just who's good. And it just wound up that way and it was great. I thought that added a lot to the company. We require people to be CFPs because we think knowledge and talent is so important and we want to keep growing that talent over time and you can't do that without learning. And then that has served us well and it's really kept people here because our retention was crazy. People just didn't leave here.

Louis Diamond:

It was really interesting. And to get, like you mentioned before, 100 plus applications for an internship, and it's not like you were Morgan Stanley or Goldman Sachs is really incredible, speaks to the culture you created.

Kevin Myeroff:

Thanks. We were only looking for three or four people, but we decided that an internship program should not be cheap labor to get stuff done. It's more like marketing for us. And so we try to have a very involved process where the interns learn through their whole time. It's more work for us when they're here than when they're not. But what a great way to interview people over a three month period to decide if they fit your culture and the right people to hire.

Louis Diamond:

And oftentimes those internships led to full time positions?

Kevin Myeroff:

Almost all the time. We would hire one to two people every single year.

Louis Diamond:

That's amazing. And over the years you personally have consistently been ranked as a Barron's top 100 independent advisor, which to make that list once is an amazing accomplishment, but to do it year in and year out, managing well over a billion dollars in assets. What was your secret for success or anything that you'd share for someone listening who would look to build something in your shadow?

Kevin Myeroff:

You know what, I don't know how we actually wound up there. We applied, we spoke at their conferences. We just try to run a really good business that we'd be really, really proud of and add value to our clients. And we were just literally blessed with Barron's and others that have ranked us very, very highly in the United States, which we were very proud of, the team was very proud of and it just made us want to be better and better and better to stay at the tip of the spear.

Louis Diamond:

What's one thing that you think you did well, I'm giving you permission to pat yourself on the back, that someone else could try to replicate in their own practice?

Kevin Myeroff:

I think what we did well, or when people ask me, how do you grow? My advice is always hire somebody. Even if you don't feel you're ready, you hire ahead of capacity. Because of our marketing we were able to draw lots of people to us and we just had to have more and more people to do that. So find people, you bring them up, you get out of their way, find talented people and get out of their way. And you have to be a great delegator. If you're a control freak, you're going to have a very, very hard time growing a successful business. You could get big and you can make money, don't get me wrong. But if you want to grow something that's going to be lasting and have some legacy to it, you got to be willing to delegate. And what I always tell the control freaks that I try to help, is that if somebody else could do it 80% as good as you can, that's more than good enough.

Louis Diamond:

I love that. That is a great tip. Hire ahead of your needs to build that capacity. Okay. So let's move on to your succession planning, which is I think one of the more interesting segments that we'll talk about. When did you start thinking about your succession plan? Let's just talk about that journey.

Kevin Myeroff:

Well, I didn't really want to start thinking about it until two years ago, but your mom had me thinking about it for the last decade, which was really nice because it made when I really started focusing on it, I had some things in place and how I was growing the company. For about the last two years we were trying to think what we wanted to do. Did we want to go to a consolidator? Did we want to go to an integrator? Do we just want to try to do an internal transfer within our own firm? We evaluated with the help of you guys all those different options.

Louis Diamond:

It's been a process, it's hard for any advisor, especially one who's built such an impressive company over the years to begin thinking about, okay, what does life look like after I step away? So would you say it was probably the last two years that you really were thinking about it and how did you get started on it?

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Kevin Myeroff:

The last two years I had sort of an advantage because if you remember I said people just don't leave here. And two thirds of the people here were here since college and we had the same amount of people in their 20s, 30s, 40s, 50s. And I care about these stakeholders as if they were my own kids. When I sat down I told myself there's three things that could come out of some type of integration, merger, whatever you want to call it. And that's, how do I come out at the end both financially and emotionally? How do my employees come out and how do our clients come out? And if I put that in order of importance, one, two and three were how the people that have helped me get to here come out. I was most concerned about them.

Kevin Myeroff:

And then they were one, two and three, then four and five were how my clients and then I put myself at the end. And when I decided that's how I was going to find somebody and I was going to include my people in the process the whole way through, it made it a lot easier for us to have good discussions and get to the right place.

Louis Diamond:

I'd say so. That ordering is I think pretty refreshing because usually people talk about client first, which is of course the case, but you flipped it on its head and put employees then clients then yourself, which is very cool. I think it's a very fair question though is, if you had this existing team of advisors, these folks that were part of the internship program that you hired over the years and clearly they were all very accomplished and credentialed, what were their thoughts on stepping into the CEO role? Wouldn't it have been better for them or more exciting for them to just buy you out and not have sold the business?

Kevin Myeroff:

And by the way that is the road that I wanted to go. That was my number one plan, heading that direction. And I had great leaders, number of people that could have led this firm. I think I made some mistakes in the process as I never let those leaders work together for a long period of time or a long enough period of time. I wish I would've had them running this firm while I was still here for five years instead of six or seven months. But one of the fortunate things I guess in the end that happened for all of us, was that the multiples just exploded during the two or three years I was looking at this. And if I view these people as my kids, I just didn't want them to have to go borrow that kind of money and put that debt burden on them.

Kevin Myeroff:

And then once the market downturn started and those things were happening, it made me feel like it wouldn't have been the right thing to do for them. I think they were disappointed by that, but I think it wasn't the right thing. And then I had a group of people which consisted of my brother and my wife and a couple very close friends, they said something to me that really hit. They said, Kevin, if you don't find somebody to integrate with, if you just sell this internally, you will never be out. You care so much about these guys that anytime something would go wrong in the business, you'd be back here. You'd be thinking about them all the time. You'd have the stress of it even though you don't own it anymore.

Kevin Myeroff:

And the only way that you could put yourself in a position where you could go on to whatever my plan B is and I have lots of things that I want to do, I couldn't do that unless I could have somebody else make sure there were other Kevins and leaders in the next firm that could help my young leadership grow. I wouldn't be surprised if some of my leaders aren't running Sequoia Financial Group at some point.

Louis Diamond:

First, I want to comment on what you're saying about the multiples and the debt burden and then I'm going to ask you a follow up question about what you said about how you would never be able to step away unless you integrated with someone. Because I think it's kind of the entrepreneur's dilemma. First on the multiples, I'm with you that we have seen a dynamic develop where it's become prohibitively expensive for a next generation team regardless of their skill set or aptitude, to step up to buy even minority portions of these large and thriving independent firms. And it makes it so that either you have to take a significant discount to fair market value, or they get stuck under a mountain of debt and you're stuck somewhere in between.

Louis Diamond:

You're almost too successful, if you will, to pull off the internal succession. I think that's something that a lot of firms are going through and that it is one of the many reasons why we're seeing a very active MNA market. I think you're a perfect case study. But I wanted to hit more on what you said about if we didn't integrate with someone and it was an internal succession, that the advice you got was that you would never be fully out. Can you elaborate on that and why you think that's the case?

Kevin Myeroff:

Yeah, because I really care about these guys. If the market started going down and they were getting to a point where they could barely pay their debt like two, three years of down markets, which can happen, right? I've been through it in my life, then I would've come back to work. I would've been talking to clients; I would've been trying to keep people calm. I love this business, greatest business in the world. I wish I was 25 years old and heading into it right now, but I'm 61 years old and looking forward for what's coming next. And part of that is to reduce my stress that comes along with running a business like this where we can't control every aspect of it.

Kevin Myeroff:

The markets are the markets, and they do what they can. The only thing I control is the delivery of great advice. So as long as we continue to do that, they'll always be a bull market and great advice. So as long as we continue to do that, we'll continue to have clients. But I would never truly be able to step fully away because I'd always want to come back and save these guys and help them.

Louis Diamond:

I think that makes sense. And thinking about your skillset as the CEO and for a while the rainmaker, the lead advisor, you filled a lot of roles and that of your next generation team. How were you thinking about that? Was there one person that had all the skills that you did? Would it have been a consortium of individuals and how were you thinking about the skills that your next people up would have to have in order to succeed you?

Kevin Myeroff:

There can only be one CEO to run a comp, so you have to pick somebody that's going to run it. But the five of them decided that they would all need to participate in order to run it. Not one of them had all my entire skill set and between all of them they did. And that's the way we would've ran in that direction. Now in this other direction we went, and by the way, I made what I would walk away with financially the exact same whether I did an internal transfer or if we went and merged with somebody. Any additional income that I received, I shared with them. And so I told them what the number was that I was looking for coming out with, and we wound up getting 50% more than that and that money went to them, and it bought them stock in the new company, they're all owners in the new company, they all walked away with cash.

Kevin Myeroff:

So in the end it was a good deal, but there was still some disappointment. But I'm happy to report they're all still here and survived our transition and they're starting to have the fun getting into the business that we've been in.

Louis Diamond:

That's I think a really interesting way to distribute the pie, is you had your number that you were well entitled to and instead of pocketing the rest, you made sure that others that helped you along the path and were going to stick around for a while, were compensated fairly and probably more than fairly to be part of the transaction.

Kevin Myeroff:

Correct.

Louis Diamond:

Let's talk about the overall process. As you were thinking through what a new partnership or integration or your overall succession plan looked like, what were your major considerations or what were your criteria for evaluating different options?

Kevin Myeroff:

Culture was one of the things we were interested in. Future growth, how are we going to grow? My decision to do something now was we were almost a $2B firm. A decade ago I said, you have to be a $1B firm in order to stay and offer the types of services to both your clients and employees. And then I decided it was going to be a $5B firm and three weeks later it was, when running the numbers, I was like $10B. Need to have $10B. And so the quickest way I could do that was find somebody that had $8B and join them. And that is literally the route that I took with people that I've known for a really, really long time. And so culture was important, very, very important.

Kevin Myeroff:

Like investment styles was important. Their ability to adopt best practices, not that everything had to be done exactly their way. For example, they quickly adopted our internship program within days of us being there, they adopted that. And they're looking at other things we do to say, man, I think old NCA may do that better than we are here. I can't say enough about the leadership at Sequoia Financial Group because they're really open to best practices. They look at new acquisitions as one of the benefits of that is buying some best practices. And so it's just built into their culture.

Louis Diamond:

How about from, we'll call it an ego or control standpoint, you were required to change your name in the transaction and of course many of the things that you did were changed or you went along with what Sequoia was doing as the buyer. How did you get comfortable with that?

Kevin Myeroff:

Right. I didn't need it from my ego standpoint, but I wanted the transition for the clients to feel seamless and like it was more of a merger than an acquisition, and it wasn't, they acquired us. And so Sequoia was great about that. We still called ourselves NCA right at the very beginning for the first few weeks then it was, there was a whole campaign done around Sequoia Financial Group, NCA Financial Planners joining forces. We had a whole logo, it was on our papers, it was in our advertising. And the phone was answered as NCA Financial Sequoia for almost six, seven months. And then clients got used to both names. They started realizing this was going to be good for them and then we just dropped everything. And just recently we're all Sequoia now.

Louis Diamond:

Amazing. Can you walk us through your sale process? And you don't have to share names of firms that you were talking to. There's probably NDAs in force and the like, but just the way you're thinking about the different options you had in front of you and then ultimately what was it that led you to Sequoia?

Kevin Myeroff:

Right. I just been a loyal person for a long time and when I find somebody I truly trust, I sort of stick with them. When I started the sales process, there were some things that I was looking at and connections that I had. Then I came to you and your mom and I said, hey guys, I think this is a group I want to go with, but you've been by me for 20 years and I trust you. If there's somebody you think that's better, walk me through there. And then you guys went back to the drawing board and came up with some options you thought I should at least discuss and talk about. And then when we came to the end, once again, you guys have just been so upfront and transparent with me. You said, Kevin, I think you got the right deal right now. And then that's what I did.

Kevin Myeroff:

And so I was lucky I'd known you guys. It's sort of like if somebody walks into a financial planning firm for their first time with $3 million and I'm always amazed where they just hand that money over and they've known me for 10 minutes. If you have a referral that sends you there, you're much more comfortable handing that money over. I've known your family for decades. And so it just made it easy, and you've always been super transparent.

Louis Diamond:

Thank you again. And for the audience, this is not scripted. We're not paying Kevin to talk this way, but we appreciate it. In this expanded landscape, especially for mergers and acquisitions, there were possibilities for you to take on a minority investor, keep the NCA name, keep your own RIA, or even join an RIA, but keep really NCA intact as is. Your leadership team could have stepped up to be combination of CEOs and presidents, et cetera. But ultimately you went for the full-fledged merger integration with Sequoia. So was there something that I guess you preferred about the full integration then we'll say like a halfway move or more of a financial transaction, which would've been taking on some capital from a family office or a private equity firm or a PE back platform?

Kevin Myeroff:

I really felt strongly that we needed to be somewhere between $5B and $10B and very quickly in order to stay at the tip of the spear. I just didn't see if they did internal buyout or even used one of the consolidators to get money. I know the consolidators still offer help and services and try to get you there, but they're not in your office every day. It's very different than going to an integrator. It's nicer in a lot of ways that you mention, Louis, right? You get to keep your own name; you get to do things just the way you wanted. You get almost always stay at the same BD that you've been at or custodian that you've been at. So you don't have all those headaches and I think short term you get rid of a lot of pain.

Kevin Myeroff:

But for us in our specific situation, it would just be putting off some things that would've had to have been done here if we had to keep growing. We didn't have the right infrastructure to get to the next place. We would've needed some management levels. We would've needed more people, more advisors, significantly better technology. I didn't want to recreate all that and I'm only around for another three years or so and I couldn't have done it in that period of time. So in the end I felt that with this very specific integrator was the way to go for our people.

Louis Diamond:

Sounds that way. So why Sequoia? Tons and tons of other integrators around the country, many, much larger than Sequoia, maybe some even would've paid you more, but what was it about Sequoia? And maybe even before that, if you can just describe Sequoia's value proposition for anyone who's not familiar with them.

Kevin Myeroff:

Sequoia's clients first and employees and stakeholders matter significantly. Lots of resources going in to make sure, we don't have a business without our clients and we're not in business without happy employees. And so that's their goals. And once again, another group that I've known for a long time, I've watched them grow, I've known the CEO personally. I just had to make sure that our conversations that we've had over the last two decades just casually were really how that firm was run, needed to meet their management, their leadership team and what are their future plans and what does their capital structure look like. Can my people be owners now? Not in two years, three years or five years.

Kevin Myeroff:

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I wanted my senior people to come in and literally have equity immediately, and I was willing to give up something on my side to make that happen, because I felt so strongly about it. They were just good people with very like cultures, like investment style. It was an easy decision for me.

Louis Diamond:

I believe that they're backed by a company called Kudu and they also have some sort of affiliation with a relatively large CPA firm. Can you explain that?

Kevin Myeroff:

Sure. The affiliation with the CPA firm has actually changed over the years only from a shareholder standpoint because of some of the reasons on the CPA side and some of the business they were doing, they couldn't actually own a piece of a financial planning firm. The firm was called Conning Company and they've just been really great at referring to the Sequoia folks for a long, long, long period of time. It was great relationship in both directions and continues to be a great relationship in both directions. Kudu, and I got to meet the principles of that. Once again, just really, really great people. They do not have a holding period. They're long, long, long, long term investors.

Kevin Myeroff:

And so that was of great interest to me. I didn't want my people going through another type of liquidity event right away, could happen down the road, but I didn't want it happening immediately. And Kudu wasn't looking to sell us, and they offer a lot of great thought leadership. I was excited to see they were part of the transaction.

Louis Diamond:

Sounds like the right fit. Thinking back to, the transaction closed in December of 2021, so it's pretty fresh. When you reached out to clients to gather their consent and to notify them of the change of control, what was their reaction and what did the very simple conversation sound like?

Kevin Myeroff:

They were happy for us because our clients are also our friends, and we care a lot about them and they care a lot about us. They were happy and they knew I had to retire and have some succession at some point. They were really glad to see the size of company we were going to. Their biggest concern is were we going to be too big? Were they still going to get the type of personalized service that we've been giving them in the new entity? And we were able to assure them that would be the case and the service and the technology would even be better than what we currently had at NCA. So 99.9% of clients came with us in this transaction, which was just really heartwarming that their trust is there and here we are nine months later.

Louis Diamond:

It seems like it's working. So now been nine months like you said. Can you talk about what life has been like transferring from being the CEO of NCA and now your title is Senior Strategic Advisor in Principal of Sequoia. What has that process been like?

Kevin Myeroff:

It was pretty seamless because Strategic Advisor was sort of my role at NCA too. My senior advisors were really running the company for the last year, my leadership team. I spent most of my time on the strategy side stepping more and more away from actual client relationships. So just about every day I'm in some portion of a client meeting, but don't sit through all of them. And it was easy. I've never cared much about titles. It wasn't a big deal for me, though I do, there's an eight person executive committee that runs the firm and they were nice enough to add me to that committee. I felt that was a good place for me to be while we were integrating and getting everybody comfortable. And what an amazing group of people I get to work with on that committee and they actually like to hear what I have to say. So that's good.

Louis Diamond:

It seems very cool. What's been the best part of this transaction? And then let's say one thing that's just been, maybe not negative, but it's been a little bit harder with transitioning from being a CEO.

Kevin Myeroff:

I think the best parts yet to come. I personally have had a little bit easier of a transition, because I've been working with the executive team and getting that integration. My team has had it tougher, because they're actually doing the work of integrating, and Sequoia sends over a complete integration team to help us through the process. But integrations are hard, because they're hard, especially when you go from a broker dealer to a pure RIA and then you're switching from Pershing to Schwab and the intricacies that happen there, some legacy assets that are BD assets that have to go somewhere else because they can't come to Schwab. It just takes time and effort.

Kevin Myeroff:

And we were lucky because Royal Alliance could not have been more professional and nicer to us in this process. I was very transparent with them the whole way through, and they've really treated me and our firm just in a fantastic way on the way out.

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Louis Diamond:

That's nice to hear, that after all those years with the company that they still had your back. What about something that's been difficult, we'll say about giving up control, is there anything that sticks out?

Kevin Myeroff:

You know what, when you go to bigger companies and there's more systems in place and at first it feels like there's, well because there are, there's more rules and things you have to go through. When I had a problem with my computer, I yelled down the hallway and somebody from our IT would come over here and they'd fix it. Now I have to put in a case, and it could take a couple hours before somebody calls me to fix my computer. Things like that are getting used to, and we're trying to come up with better practices for some of those things because we don't really want to change the advisor's experience. We want everybody to have the same type of experience they had before.

Kevin Myeroff:

And to be honest Louis, we're in that period, and I know you've helped a lot of people here, so you could probably give all of us some advice, but how do you differentiate between the change is hard or we're just doing something that's not as good as we did before? And so we're still trying to figure that out. Is this one thing they want us to do upsetting us because it's different? Or is it upsetting us because it's not as good as what we were doing? And like I said, Sequoia is very interested in best practices. If we really believe that it's not as good as what we were doing, they would sincerely take a very hard look at what we were doing and think of changing everybody else.

Kevin Myeroff:

So getting more into an organization that's ready to grow significantly, that has to have systems, managers, things like that in place, and then coming from a completely entrepreneurial firm and jumping into that, that's like, whoa.

Louis Diamond:

Yeah. It's different.

Kevin Myeroff:

I was telling somebody the other day, while we've gotten frustrated at times through this process, I can't imagine who wouldn't, there's never been a time where we've disliked anybody in what I would call the legacy Sequoia Financial Group. We've always liked them. They may have not made us happy with how they wanted to do something, but we worked our way through all those and we're finally on the other side of that and looking forward to our new life here.

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Louis Diamond:

Thank you for sharing that. And I think that's exactly right. Change is always hard. I like that distinction you drew between, what is it that's hard, is it the actual change or is it that we're being asked to do something that's not as good or not the best possible way? But it sounds like if you find the right partnership then you have a forum, you have a voice, and at least they're open to hearing input and perhaps some of the things that you did better can make its way into their way of operating.

Kevin Myeroff:

Exactly.

Louis Diamond:

So what does your personal plan look like before you truly hit the beach? If there is a beach or a golf course or a hiking trail, how many years? What are the action items you have to take in order to be fully out of the company?

Kevin Myeroff:

Right. I have an agreement to stick around for three years. They were kind enough to make it so I didn't have to be in any specific location. And if they had things for me to do or wanted me to participate in, which I truly enjoy, I had the final option if I wanted to take on that task or that job or not. They're just so confident they have so many fun things looking forward. And I see that when I sit in these executive committee meetings that I'm excited to jump in and get on some of these. But they're like, if there's something you don't like to do, then pick something else. They've had a great attitude about it and they've stuck to their word.

Louis Diamond:

It's a three year plan. How do you know when you're done? What does the end look like for you? Is it just every duty and responsibility is off your plate, or what work do you have to do in order to make it to the finish line?

Kevin Myeroff:

From Sequoia's standpoint, they may want me to stick around longer to do more things, and we may decide to do that later on if it's working the way that I hope and it becomes a little bit less stress than actually running the company. But from my viewpoint, I wanted to be here long enough so I could make sure that all the people that have grown up in legacy NCA are in a good place, they feel comfortable and they're really, really, really happy about where they're at. That could take a couple years to get everybody there as we're taking on new roles, new tasks, different systems. And so for me that's when the end is, when everybody's like, Kevin, this was a great move, then I'm good to go at any time.

Louis Diamond:

Right. And how about your team members, has there been any attrition on the team member side and what sort of roles have they morphed into or how have their roles in day-to-day changed?

Kevin Myeroff:

Right. For the financial advisors, which were a third of the team, nothing's changed. They're still doing the same things they've been working on, the same clients they've been working on. They have more resources, they have to learn a lot more technology. They have to learn how Schwab works versus how Pershing work. All those things are sort of coming into play. The harder were some of the other roles, we had some positions that were very different than their positions. Our chief investment officer, our CIO, went right into the team with Sequoias where they have six or eight full-time people just working on the investment team and he's very happy. He likes the position he has there and he's glad to be there.

Kevin Myeroff:

So everybody in the firm came over with the exception of I had one minority partner that this just wasn't the right thing for him and he went a different direction. So he didn't even come with the deal to begin with, but everybody else came over with the deal.

Louis Diamond:

That's what you hope for. It's the leap of faith, right? Besides the clients going to react, but how's the team going to react? And you hope that everyone comes along and there's a place for them and that their jobs just get better and they don't lose out on things that they're passionate about. It sounds like that was the case.

Kevin Myeroff:

Right. And for some of them that may have been getting burnt out in the current jobs they had here, there's so many other opportunities at Sequoia because they're bigger and so they could go into management, they could move into asset management. There's different options.

Louis Diamond:

Amazing. Last question for you, just a bit of parting advice for those thinking about starting on their own succession planning or embarking on a sale process.

Kevin Myeroff:

Yes. Start thinking about it five years before you even think you want to do it. You really want to start thinking about that. Thinking about your leadership team, what skills does your leadership team need to have if you're going to either do a consolidator or an internal sale? Because you have to make sure they get those before you get to the decision point of leaving. And so you got to start building those leaders. You got to start delegating the things that you do and you have to start taking more of a hidden role and a mentor role in order to have a good integration, at least from my standpoint. And then you have to surround yourselves with good professionals. You want to find a consulting firm like Diamond Consultants.

Kevin Myeroff:

You want to find a good attorney that's done these type of things before and seek out some friends and some other industries that know you well enough to help you make the right decision for yourself. If it wasn't for my friends, I may have made a decision that wouldn't have been the best.

Louis Diamond:

I think you should consider writing a book on this topic. Maybe that's your next chapter. That was very wise.

Kevin Myeroff:

Thank you.

Louis Diamond:

Thank you for opening up about your journey. I know it's not easy to talk about some of the changes you were making and even just thinking about the overall sale process. It is private. So thank you very much for sharing your wisdom, being honest with us about the good and the bad of it. And then also just for inspiring people to take action on their own. Thanks again, Kevin.

Kevin Myeroff:

It's my pleasure, Louis. We have a great industry with great advisors in it, and so if I could help anybody, it's certainly my pleasure.

Louis Diamond:

Very good.

Mindy Diamond:

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For Kevin and many successful entrepreneurs like him, the best succession plan was one that not only ensured his future, but provided the right path for the team he fostered over the years and the continuity of the client relationships they built over time. And as he shared, I don't think that once he exits Sequoia, we'll have heard the last of him. I thank you for listening and I encourage you to visit our website, 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.

Mindy Diamond:

These written pieces are an ideal way of staying informed about what's going on in the wealth management space without expending the energy that full on exploration requires. You can feel free to email or call me if you have specific questions. I can be reached at 973-476-8578, which is my cell or my email mdiamond@diamond-consultants.com. Please note that all requests are handled with complete discretion and confidentiality. And keep in mind that our services are available without cost to the advisor. You can see our website for more information. And again, if you enjoyed this episode, please feel free to share it with a colleague who might benefit from its content.

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